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PROPOSED DIVESTMENT OF 99.0% INTEREST IN KEPPEL DC SINGAPORE 4 TO KEPPEL DC REIT

Keppel Corporation Limited (the “**Company**”) wishes to announce that Thorium DC Pte. Ltd., as vendor (the “**Vendor**”) has entered into two conditional sale and purchase agreements (“**SPAs**”) with (a) Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT (the “**Trustee**”), as purchaser, in relation to the proposed sale of 9,900,000 ordinary shares being 99.0% of the issued share capital of Keppel DC Singapore 4 Pte. Ltd. (the “**Subject Company**”) and (b) Keppel Data Centres Holding Pte. Ltd. (“**KDCH**”, together with the Trustee, the “**Purchasers**”) as purchaser, in relation to the proposed sale of 100,000 ordinary shares being 1.0% of the issued share capital of the Subject Company, (together the “**Proposed Divestment**”). The Subject Company owns the data centre located at 20 Tampines Street 92, Singapore 528875 known as Keppel DC Singapore 4 (also known as “**KDC SGP 4**” or the “**Property**”).

The Vendor is a joint venture company held by Alpha DC Fund Private Limited (“**Alpha DC**”) and KDCH in the proportion of 70.0% and 30.0% respectively. KDCH also holds a 65.3% interest in Alpha DC. As KDCH is an indirect subsidiary of KCL, the Vendor is also an indirect subsidiary of KCL. Accordingly, the Company currently has an effective interest of 75.7% in the Vendor and in the Subject Company.

Completion of the Proposed Divestment is subject to fulfilment of various conditions precedent contained in the SPAs. Upon completion of the Proposed Divestment, the Company’s effective interest in the Subject Company would be diluted from 75.7% to 26.0% (prior to the Equity Fund Raising (as defined herein)). Consequentially, the Subject Company will be an associated company of the Company.

The purchase consideration payable to the Vendor in connection with the Proposed Divestment (the “**Purchase Consideration**”) is based on the adjusted net asset value (“**NAV**”) of the Subject Company as at the date of completion of the Proposed Divestment of S\$301.2 million. The estimated aggregate Purchase Consideration payable by the Purchasers on the date of completion of the Proposed Divestment is S\$382.7¹ million and is derived from:

- (i) S\$388.8 million, being the agreed value of 100% interest in the KDC SGP 4 (the “**KDC SGP 4 Agreed Value**”); less
- (ii) S\$87.6 million, being the adjustments for the Subject Company’s adjusted net liabilities (excluding the carrying value of KDC SGP 4) as at the date of completion of the Proposed Divestment; plus
- (iii) S\$81.5 million, being the entire existing shareholder’s loan owed by the Subject Company to the Vendor, which would be assigned to the Purchasers in proportion to their respective shareholdings.

The Purchase Consideration will be paid to the Vendor in cash and a deposit of S\$1.01 million has been paid in full to the Vendor.

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the date of completion of the Proposed Divestment.

The KDC SGP 4 Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property. In this respect, the Vendor has commissioned CBRE Pte. Ltd. (“**CBRE**”) and Edmund Tie & Company (SEA) Pte Ltd (“**ET&C**”) to value the Property as at 13 September 2019 on a discounted cash flow analysis method. The valuations of CBRE and ET&C are S\$380 million and S\$387.6 million respectively.

Copies of the SPAs are available for inspection at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, during normal business hours for a period of three months from the date of this announcement.

Following the completion of the Proposed Divestment, the Subject Company will also enter into a business transfer agreement with Keppel DC Singapore 2 Pte. Ltd. (“**KDC SGP2**”), a wholly-owned subsidiary of KDCH to acquire the relevant assets and contracts of the Subject Company for a nominal consideration of S\$1.00. KDC SGP2 will be the master lessee of the Property and will also be appointed by the Subject Company as a facility manager of the Property, pursuant to a lease agreement and facility management agreement respectively (together with the Proposed Divestment, the “**Proposed Transactions**”).

In connection with the Proposed Divestment, Keppel DC REIT Management Pte. Ltd., in its capacity as manager of Keppel DC REIT (the “**Manager**”) intends to undertake an equity fund raising comprising (i) a private placement of new units in Keppel DC REIT and (ii) a *pro rata* and non-renounceable preferential offering of new units in Keppel DC REIT (the “**Preferential Offering**”, together with the private placement, the “**Equity Fund Raising**”) for purposes of partially funding the acquisition by Keppel DC REIT of the 9,900,000 ordinary shares in the Subject Company.

To demonstrate support for Keppel DC REIT’s long-term growth and the Preferential Offering, Keppel DC Investment Holdings Pte. Ltd. and Keppel DC REIT Management Pte. Ltd. (each in its own capacity), which are subsidiaries of the Company, have each provided an undertaking that it will accept, subscribe and pay in full, for its provisional allotment of new units under the Preferential Offering based on its entitlement.

As at the date of this Announcement:

- (a) Temasek Holdings (Private) Limited (“**Temasek**”) has a deemed interest in 25.70% of the units in Keppel DC REIT held in aggregate by its independently-managed portfolio companies;
- (b) Mr Loh Chin Hua, the Chief Executive Officer and Executive Director of the Company, is also Chairman of Keppel Capital Holdings Pte Ltd, a subsidiary of the Company which, holds 50% interest in the Manager;
- (c) Mr Alvin Yeo, Non-Executive and Independent Director of the Company holds 95,550 units in Keppel DC REIT; and
- (d) Mr Tan Puay Chiang, Non-Executive and Independent Director of the Company holds 100,000 units in Keppel DC REIT.

Save as disclosed, none of the directors and controlling shareholders of the Company has an interest, direct or indirect, in the Proposed Transactions.

The Proposed Transactions are not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year.

For details of the aforementioned transactions, please see the announcement made today by Keppel DC REIT Management Pte. Ltd., in its capacity as manager of Keppel DC REIT.