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**PROPOSED DISPOSAL OF INTERESTS IN
TWO DATA CENTRE BUILDINGS AT 82 GENTING LANE, SINGAPORE 349567**

1. INTRODUCTION

1.1 Master Agreement and Notes Subscription Agreement

Keppel Ltd. ("**Keppel**" or the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce, pursuant to Rule 703 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), that:

- (a) its wholly-owned subsidiaries, namely Geras DC Pte. Ltd. ("**Geras DC**") and Keppel Griffin Pte. Ltd. ("**Keppel Griffin**"); and
- (b) certain investment vehicles, namely, Alpha DC Fund Private Limited ("**ADCF**")¹, ADC Geras Pte. Ltd. ("**ADC Geras**")², ADCF C Private Limited ("**ADCF C**")³ and Keppel DC Singapore 6 Pte. Ltd. ("**Keppel DC SG6**")⁴,

together with:

- (i) TPM Pte. Ltd. ("**TPM**") and Times Genting Pte. Ltd. ("**Times Genting**"), both of which are wholly-owned subsidiaries of Cuscaden Peak Investments Private Limited ("**Cuscaden Peak Investments**"); and
- (ii) Memphis 1 Pte. Ltd. ("**Memphis 1**"), which is a joint venture entity established by Geras DC, Keppel Griffin and TPM,

have today entered into a master agreement (the "**Master Agreement**") with Perpetual (Asia) Limited, in its capacity as trustee of KDCR Singapore Sub-Trust 1 (the "**Purchaser**"), in relation to the proposed disposal (the "**Proposed Transaction**") of Keppel's effective interests in two data centre buildings, namely, Keppel DC Singapore 7 ("**KDC SGP 7**") and Keppel DC Singapore 8 ("**KDC SGP 8**") both of which are located at 82 Genting Lane, Singapore 349567 (the "**Property**"), to the Purchaser.

In connection with the Proposed Transaction, Keppel Griffin has today also entered into a notes subscription agreement with Memphis 1 and the Purchaser, with Memphis 1 as issuer

¹ ADCF is an investment fund in which the Company has a 65.3% interest.

² ADC Geras is wholly-owned by ADCF and is an investment holding company within the ADCF group.

³ ADCF C is a parallel investment fund of ADCF. Each of ADCF, ADC Geras and ADCF C are managed by a subsidiary of the Company.

⁴ Keppel DC SG6 is a wholly-owned investment holding company under the Group.

and Keppel Griffin and the Purchaser as subscribers, for the issuance of two new classes of notes.

1.2 Information on the Purchaser and Keppel DC REIT

The Purchaser is wholly-owned by Keppel DC REIT, which is a real estate investment trust listed on the SGX-ST. Keppel has a 20.43% interest in Keppel DC REIT⁵ and the manager of Keppel DC REIT is a wholly-owned subsidiary of Keppel. The Proposed Shares and Notes Transactions (as defined in paragraph 3.2 below), together with the financing arrangements relating thereto, are subject to approval by independent unitholders of Keppel DC REIT pursuant to Chapter 9 of the Listing Manual⁶.

2. BACKGROUND

2.1 Information on Memphis 1

Memphis 1 is a joint venture entity which is 9% held by Geras DC, 51% held by Keppel Griffin and 40% held by TPM (Geras DC, Keppel Griffin and TPM collectively, the “**Existing Shareholders**”). It is the sole legal and beneficial owner of the initial lease granted by the JTC Corporation (“**JTC**”) in respect of the Property, the leasehold term of which is 60 years commencing from 16 July 1980 and expiring on 15 July 2040.

Memphis 1 has issued two classes of debt securities, being the existing Class 1 Notes which are tied to the performance of KDC SGP 7 and the existing Class 2 Notes which are tied to the performance of KDC SGP 8 (collectively, the “**Existing Notes**”). The holders of the Existing Notes (collectively, the “**Existing Noteholders**”) are ADCF, ADC Geras, ADCF C and Keppel DC SG6 (holding in aggregate 60% of the Existing Notes), and Times Genting (holding 40% of the Existing Notes)⁷.

2.2 Information on Memphis 2/Third Data Centre

There is also a planned third data centre (“**KDC SGP 9**”) to be developed on the Property. Memphis 1 (as lessor) and Memphis 2 (DC2) Pte. Ltd. (“**Memphis 2**”) (which is held by various Keppel investment funds) have also entered into a sub-lease agreement in respect of KDC SGP 9 (the “**KDC SGP 9 Sub-Lease**”) which is subject to the JTC’s subletting consent. The lease term of the KDC SGP 9 Sub-Lease will be from the Completion Date (as defined in paragraph 3.2 below) until one day prior to the expiry of the head lease in relation to the Property.

⁵ Keppel’s interest in Keppel DC REIT arises from its shareholdings in (i) Keppel DC Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Telecommunications & Transportation Ltd, which is in turn a subsidiary of Keppel, and (ii) Keppel DC REIT Management Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., which is in turn a subsidiary of Keppel. Keppel DC REIT Management Pte. Ltd. is the manager of Keppel DC REIT.

⁶ Completion is also conditional upon (among others) Keppel DC REIT having secured sufficient financing to discharge the payment obligations in accordance with the Master Agreement. See announcement released today by Keppel DC REIT, which is available at <https://www.sgx.com/securities/company-announcements>, for more information.

⁷ The economic interests in Memphis 1 are attributable to the Existing Shareholders and the Existing Noteholders in the respective proportions of 1% and 99%.

For the avoidance of doubt, the Proposed Transaction only relates to the disposal of interests in KDC SGP 7 and KDC SGP 8, and not KDC SGP 9, to the Purchaser.

2.3 Information on the Agreed KDC SGP 7 and 8 Value

The disposal of the interest in KDC SGP 7 and KDC SGP 8 is for an agreed aggregated property value of KDC SGP 7 and KDC SGP 8 (the “**Agreed KDC SGP 7 and 8 Value**”) of S\$1,030.0 million (on a 100% basis) (if there is no Land Tenure Lease Extension (as defined in paragraph 3.4 below)) and S\$1,380.0 million (on a 100% basis) (if there is Land Tenure Lease Extension), negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of KDC SGP 7 and KDC SGP 8⁸. Please refer to paragraph 3.4 below for further information on the Land Tenure Lease Extension.

3. KEY TERMS

The key terms of the Proposed Transaction are summarised below.

3.1 Disposal of Shares (49%) in Memphis 1

Geras DC (9%) and TPM (40%) will dispose of 49% of the shares in Memphis 1 (the “**Proposed Share Disposal**”) for an estimated purchase consideration of S\$3.6 million⁹ (the “**Share Purchase Consideration**”).

The Share Purchase Consideration is based on the adjusted net asset value (“**NAV**”) of Memphis 1 as at the Completion Date, and is derived from 49% of the NAV of Memphis 1, representing 0.49% of the economic interest of KDC SGP 7 and KDC SGP 8, adjusted for the Agreed KDC SGP 7 and 8 Value (without the Land Tenure Lease Extension).

3.2 Redemption of Existing Notes/Subscription of New Notes

As part of the Proposed Transaction, the Existing Notes held by the Existing Noteholders will be redeemed by Memphis 1 (the “**Redemption of the Existing Notes**”). The redemption amounts for the Redemption of the Existing Notes (the “**Redemption Amounts**”) to be received by the Existing Noteholders will be determined based on the adjusted NAV of Memphis 1, taking into account the fair value of KDC SGP 7 and KDC SGP 8.

For the purposes of, *inter alia*, funding the Redemption of the Existing Notes, Memphis 1 will issue new Class A Notes (the “**New Class A Notes**”) and new Class B Notes (the “**New Class B Notes**”) to:

- (a) the Purchaser, who will subscribe for 100% of the New Class A Notes for a subscription amount of S\$553.8 million (the “**New Class A Notes Subscription Amount**”) and

⁸ Independent valuation reports of KDC SGP 7 and KDC SGP 8 were commissioned by the manager of Keppel DC REIT and the trustee of Keppel DC REIT, and provided by Knight Frank Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd both on 1 September 2024.

⁹ The actual amount of the Share Purchase Consideration to be received by Geras DC and TPM will only be determined after the Completion Date.

99.49% of the New Class B Notes for a subscription amount of S\$472.8 million (the “**Purchaser New Class B Notes Subscription Amount**”); and

- (b) Keppel Griffin, who will subscribe for 0.51% of the New Class B Notes for a subscription amount of S\$2.4 million,

(together with the Proposed Share Disposal, the “**Proposed Shares and Notes Transactions**”).

The New Class B Notes are expected to be issued in multiple tranches with subsequent tranches used to fund the working capital and any potential future capital expenditure of Memphis 1.

Accordingly, the total purchase consideration for the Proposed Shares and Notes Transactions payable by the Purchaser on the date of completion (the “**Completion Date**”) of the Proposed Shares and Notes Transactions is S\$1,030.2 million (without the Land Tenure Lease Extension), determined based on the aggregate of:

- (i) the Share Purchase Consideration;
- (ii) the New Class A Notes Subscription Amount; and
- (iii) the Purchaser New Class B Notes Subscription Amount (excluding any amounts which is retained by Memphis 1 to fund the working capital and any potential future capital expenditure of Memphis 1),

out of which S\$203.4 million¹⁰ before (1) any post-completion adjustments and (2) debt repayments and NAV adjustments will be attributable to the Company based on its effective economic interests in Memphis 1. The purchase consideration payable is an estimate and is subject to post-completion adjustments¹¹.

Following the Proposed Shares and Notes Transactions, Keppel DC REIT will have an economic interest of 99.49% in KDC SGP 7 and KDC SGP 8. The remaining 0.51% economic interest will be held by Keppel Griffin. Should the Call Option (as defined in paragraph 3.3 below) be exercised, Keppel Griffin will no longer have any economic interest in KDC SGP 7 and KDC SGP 8.

3.3 Call Option for Shares (51%) in Memphis 1

Keppel Griffin will also grant a call option (the “**Call Option**”) to the Purchaser to require Keppel Griffin to sell the remaining 51% of the shares in Memphis 1 (the “**Call Option Shares**”) to the Purchaser. The Call Option may not be exercised unless and until the written consent

¹⁰ The purchase consideration attributable to the Company on the Completion Date will comprise (i) the purchase consideration for the disposal of 9% of the shares in Memphis 1 by Geras DC, and (ii) Keppel’s effective economic interests in the Redemption Amounts payable to ADC Geras, ADCF and Keppel DC SG6.

¹¹ These include adjustments to take into account outstanding fitout costs for KDC SGP 8, and income support for KDC SGP 7 and KDC SGP 8, to be borne by the Existing Shareholders and the Existing Noteholders, in accordance with the terms of the Master Agreement.

of the JTC to the sale and transfer of the Call Option Shares from Keppel Griffin to the Purchaser, on terms and conditions which are satisfactory to Keppel Griffin and the Purchaser (each acting reasonably and in good faith), is obtained.

The purchase consideration for the Call Option Shares will be determined based on 51% of the adjusted NAV of Memphis 1 as at the completion date of the Call Option, representing 0.51% of the economic interest of KDC SGP 7 and KDC SGP 8. For these purposes, the adjusted NAV of Memphis 1 will be determined in accordance with the Master Agreement, and is based on the lower of (i) the Agreed KDC SGP 7 and 8 Value plus any applicable land premium paid by Memphis 1, and (ii) the average of two independent valuations of KDC SGP 7 and KDC SGP 8 (which takes into account any applicable land premium paid in respect thereof) obtained by the manager and the trustee of Keppel DC REIT not earlier than six months prior to the exercise of the Call Option.

It is currently expected that the Call Option may be exercised sometime in 2H2025. Following the exercise of the Call Option, the New Class B Notes held by Keppel Griffin as described in paragraph 3.2 above would also be acquired by the Purchaser or redeemed by Memphis 1 at the time of completion of the Call Option.

3.4 Land Tenure Lease Extension

Following the completion or expiry of the Call Option, the Existing Shareholders and the Existing Noteholders will submit an application to the relevant authorities to extend the land tenure of the Property for another 10 years until 15 July 2050¹² (the “**Land Tenure Lease Extension**”).

In the event that the Land Tenure Lease Extension is approved during the five-year period from the date of the application to the relevant authorities, the Purchaser will pay Geras DC, TPM, the Existing Noteholders and (if the Call Option is exercised) Keppel Griffin an additional amount of S\$350.0 million¹³ (the “**Lease Extension Consideration**”), which was arrived at by taking into account the difference in the values in the independent valuations of KDC SGP 7 and KDC SGP 8 with and without the Land Tenure Lease Extension. Accordingly, the Agreed KDC SGP 7 and 8 Value taking into account the Lease Extension Consideration would be S\$1,380.0 million.

Therefore, where there is the Land Tenure Lease Extension and if the Call Option is exercised, the total purchase consideration payable by the Purchaser will be S\$1,380.2 million comprising the total purchase consideration for the Proposed Shares and Notes Transactions payable by the Purchaser on the Completion Date (as disclosed in paragraph 3.2 above), the purchase consideration for the Call Option Shares and S\$350.0 million for the Land Tenure Lease Extension, out of which S\$280.0 million¹⁴ before (1) any post-completion adjustments

¹² The current land tenure of the Property will expire on 15 July 2040.

¹³ If the Call Option is not exercised, the Purchaser will pay Geras DC, TPM and the Existing Noteholders an additional amount of S\$348.2 million.

¹⁴ The purchase consideration attributable to the Company will comprise (i) the purchase consideration for the disposal of 9% of the shares in Memphis 1 by Geras DC; (ii) Keppel's effective economic interests in the Redemption Amounts payable to ADC Geras, ADCF and Keppel DC SG6; (iii) the estimated purchase consideration for the Call Option Shares; and (iv) Keppel's effective economic interests in the Lease Extension Consideration payable to Geras DC, Keppel Griffin, ADC Geras, ADCF and Keppel DC SG6.

and (2) debt repayments and NAV adjustments will be attributable to the Company based on its effective economic interests in Memphis 1¹⁵. The purchase consideration payable is an estimate and is subject to post-completion adjustments¹⁶.

In the event that the relevant authorities offer Memphis 1 an additional leasehold term of more than or less than 10 years, the Lease Extension Consideration may be adjusted accordingly based on, *inter alia*, independent valuations from valuers to be appointed by each of (a) Keppel Griffin, Geras DC, ADCF C, ADC Geras, ADCF and Keppel DC SG6 (acting jointly), (b) TPM, (c) the trustee of Keppel DC REIT and (d) the manager of Keppel DC REIT, and further approvals and consents (including the approval of unitholders of Keppel DC REIT) may be required.

3.5 Other Arrangements

Upon completion of the Proposed Shares and Notes Transactions, the following agreements will be entered into:

- (a) the Purchaser and Keppel Griffin will enter into a new joint venture agreement as the new shareholders of Memphis 1, and the existing shareholders' agreement dated 29 June 2020 between the Existing Shareholders, Keppel Data Centres Holding Pte. Ltd. ("KDCH")¹⁷ and Times Properties Private Limited ("TPPL")¹⁸ will be terminated; and
- (b) Memphis 1 will enter into the following agreements with Keppel DCS3 Services Pte. Ltd. ("KDCS3"), which is wholly owned by KDCH, in respect of KDC SGP 7 and KDC SGP 8:
 - (i) a master lease agreement, under which it is provided that KDCS3 will be the master lessee of KDC SGP 7 and KDC SGP 8;
 - (ii) a facility management agreement, under which KDCS3 will be appointed as facility manager in respect of KDC SGP 7 and KDC SGP 8; and
 - (iii) a business transfer agreement to transfer the business of data centre operations carried out by Memphis 1 including the assets and liabilities subsisting at completion¹⁹, from Memphis 1 to KDCS3, for a nominal consideration.

¹⁵ If the Call Option is not exercised, the total purchase consideration payable by the Purchaser will be S\$1,378.4 million comprising the total purchase consideration for the Proposed Shares and Notes Transactions payable by the Purchaser on the Completion Date (as disclosed in paragraph 3.2 above) and the S\$348.2 million to be paid to Geras DC, TPM and the Existing Noteholders (see footnote 13 above) for the Land Tenure Lease Extension, out of which S\$272.2 million before (1) any post-completion adjustments and (2) debt repayments and NAV adjustments will be attributable to the Company based on its effective economic interests in Memphis 1. The purchase consideration attributable to the Company will comprise (i) the purchase consideration for the disposal of 9% of the shares in Memphis 1 by Geras DC; (ii) Keppel's effective economic interests in the Redemption Amounts payable to ADC Geras, ADCF and Keppel DC SG6; and (iii) Keppel's effective economic interests in the Lease Extension Consideration payable to Geras DC, ADC Geras, ADCF and Keppel DC SG6.

¹⁶ See footnote 11 above.

¹⁷ KDCH, a wholly owned subsidiary of the Company, is the parent company of Keppel Griffin, Geras DC and Keppel DC SG6.

¹⁸ TPPL is the parent company of TPM.

¹⁹ These include security deposits from clients and any cash that supports such security deposits.

4. RATIONALE/BENEFITS

The Proposed Transaction is in line with the Company's asset-light strategy and its capital recycling model. The sale of the Company's effective interests in KDC SGP 7 and KDC SGP 8 will generate returns for the Company as it continues to earn recurring income from asset management, operations and maintenance of KDC SGP 7 and KDC SGP 8 in line with its asset-light business model.

5. NON-DISCLOSEABLE TRANSACTION/NO MATERIAL FINANCIAL IMPACT

The Proposed Transaction is classified as a "non-disclosable transaction" under Chapter 10 of the Listing Manual, and it is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the current financial year.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

6.1 Directors' Interests

Save for any shares in the Company which they may hold, units in Keppel DC REIT which they may hold and/or interests, direct or indirect, which they may have in the Keppel investment funds which are Existing Noteholders or shareholders of Memphis 2, none of the Directors has any interest, direct or indirect, in the Proposed Transaction.

6.2 Controlling Shareholder's Interests

Save for any interests, direct or indirect, in shares or units (as the case may be) in Keppel (and subsidiaries of Keppel), Keppel DC REIT and Cuscaden Peak Investments (and subsidiaries of Cuscaden Peak Investments), Temasek Holdings (Private) Limited, Keppel's controlling shareholder, does not have any interest, direct or indirect, in the Proposed Transaction.

19 November 2024