Joint Media Release

M1 and Keppel DC REIT finalise agreements involving M1 network asset monetisation deal

- M1 unlocks value from S$580 million worth of network assets, while Keppel DC REIT will invest S$89.7 million into bonds issued by and preference shares of M1's unit, which will own the network assets
- The proposed investment is expected to be DPU accretive for Keppel DC REIT
- When completed, the transactions will free up capital for M1 which can be used to fund M1's growth initiatives

Singapore, 14 October - M1 Limited (M1), a subsidiary of Keppel Corporation Limited (Keppel Corporation), and Keppel DC REIT, through its trustee and subsidiary[1], have signed agreements for a proposed investment by Keppel DC REIT into M1 Network Private Limited (NetCo), a newly incorporated company, which will own M1's mobile, fixed and fibre assets[2] (Network Assets). This follows the announcement on 28 April 2021 when M1 and Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT, announced the signing of the non-binding term sheet for the proposed investment in M1's Network Assets.

Through an asset transfer agreement between M1 and NetCo, NetCo will acquire the Network Assets at a cash consideration of approximately S$580 million, or the net book value of the Network Assets[3].

In addition, NetCo has also entered into a 15-year network services agreement (Network Services Agreement) with M1 for the use of the network capacity on, amongst others, the Network Assets by M1 and its mobile virtual network operators. As part of the Network Services Agreement, M1 will perform the day-to-day operation and maintenance of, as well as the capex works[4] for the Network Assets.

NetCo will fund the acquisition through external financing of up to S$493 million and the issuance of S$88.7 million of bonds to be subscribed by Keppel DC REIT or its wholly owned subsidiaries[5] and the issuance of S$1.0 million preference shares to Keppel DC REIT's subsidiary, KDCR Singapore 2 Pte. Ltd.. In return, Keppel DC REIT will receive S$11.0 million (comprising both principal and interest) each year for 15 years. M1 and Keppel DC REIT will have equal representation on the Board of NetCo.

Commenting on the transactions, Mr Manjot Singh Mann CEO of M1, said, "The proposed realisation of value from M1's Network Assets is part of the Keppel Group's asset monetisation strategy and asset-light business model under Keppel's Vision 2030. When completed, this will unlock value from M1's existing network assets, enhance M1's ability to fund its growth initiatives and accelerate its aspirations as Singapore's first digital network operator."

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[1] M1 signed the agreements with Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT) and KDCR Singapore 2 Pte. Ltd., a wholly owned subsidiary of Keppel DC REIT.
[2] Excluding 5G standalone assets which are jointly owned between M1 and another party, as well as the co-owned and "right of use" assets that cannot be transferred and will not be part of the Network Assets. Fibre assets comprise passive infrastructure and network equipment.
[3] As at a date no later than 2 business days prior to the completion date.
[4] Capex works refers to any extension, modification, improvement, diversion, enhancement, renewal or replacement works.
[5] Keppel DC REIT has the right to nominate its wholly-owned subsidiaries to subscribe to the bonds.

Ms Anthea Lee, CEO of the Manager of Keppel DC REIT, said, “The proposed investment is aligned with our strategy to provide Unitholders with regular and stable distributions. The investment will also strengthen our income resilience, allow us to benefit from further diversification in income streams and create a stronger platform for acquisition growth via better access to capital and debt markets.”

Through its investment in NetCo’s bonds and preference shares, Keppel DC REIT will be able to create value for Unitholders, with a DPU accretive investment that provides a long-term stable cash flow for 15 years.

The proposed transactions are subject to relevant regulatory approvals and approval by Keppel DC REIT Unitholders and are expected to be completed by end of 2021.

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About M1

M1, a subsidiary of Keppel Corporation, is Singapore’s first digital network operator, providing a suite of communications services, including mobile, fixed line and fibre offerings, to over two million customers.

Since the launch of its commercial services in 1997, M1 has achieved many firsts – becoming one of the first operators to be awarded one of Singapore’s two nationwide 5G standalone network license, first operator to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN).

M1’s mission is to drive transformation and evolution in Singapore’s telecommunications landscape through cutting-edge technology and made-to-measure offerings. For more information, visit www.m1.com.sg

About Keppel DC REIT (www.keppeldcreit.com)

Listed on the Singapore Exchange on 12 December 2014, Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate and assets necessary to support the digital economy.

The REIT is managed by Keppel DC REIT Management. Keppel Capital has a 50% interest in the Manager, with the remaining interest held by Keppel Telecommunications & Transportation. Keppel Capital is a premier asset manager in Asia with assets under management comprising real estate, infrastructure and data centre properties in key global markets.

The Manager's key objectives are to provide Keppel DC REIT's Unitholders with regular and stable distributions, as well as achieve long-term growth while maintaining an optimal capital structure.