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CO-INVESTMENT WITH ALPHA DC FUND PRIVATE LIMITED IN DATA CENTRE IN FRANKFURT

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Keppel Telecommunications & Transportation Ltd (the "**Company**" or "**Keppel T&T**" and together with its subsidiaries, the "**Group**") is pleased to announce a co-investment transaction between Keppel Data Centres Holding Pte. Ltd. ("**KDCH**"), a 70-30 joint venture between Keppel T&T and Keppel Land Limited, and Alpha DC Fund Private Limited ("**ADC Fund**"), to acquire a data centre facility (the "**Property**") known as Frankfurt Data Centre, Heinrich-Lanz-Allee 47, Kalbach, 60437, Frankfurt am Main, Germany. Calcium DC Pte. Ltd. ("**Calcium**"), a 60-40 joint venture between ADC Fund and KDCH, has, through its indirect wholly-owned subsidiary, Graphite (DC) BV ("**Graphite**"), entered into definitive legal documentation with Citibank N.A. (the "**Vendor**") to acquire the Property (the "**Proposed Acquisition**").

2. THE PROPOSED ACQUISITION

2.1 Information on the Property

The Property comprises a data centre facility fitted out to Uptime Tier III-equivalent specifications, and which was built to investment banking specifications in 2009. It has a gross floor area of 20,000 square metres. KDCH and/or its affiliates is expected to be appointed to provide development and management services in respect of the operation of the Property, and the facility will be operated on a wholesale co-location model. The Property will be leased to Blitz F16-71 GmbH (the "**Operator**"), a wholly-owned subsidiary of Vega DC Pte. Ltd., which is in turn a wholly-owned subsidiary of Calcium. The Operator will enter into a data centre services agreement to, *inter alia*, provide data centre services to the Vendor.

2.2 Information on the Proposed Acquisition

The aggregate cash consideration of EUR 76 million payable by Graphite for the Proposed Acquisition was arrived at on a willing-buyer and willing-seller basis, taking into account: (a) the strategic location of the Property, as Frankfurt is one of the global Tier-1 data centre hubs due to its status as a key centre of commerce in Europe, and it has a high concentration of financial institutions and multi-national corporations and is home to the world's largest interconnection platform, the Germany Internet Exchange (DE-CIX); and (b) the acquisition of a well-specified property with a reputable customer secured. Graphite has commissioned an independent property valuer, Jones Lang LaSalle ("**JLL**"), to value the Property. The open market value of the Property as stated by JLL in its valuation report dated 14 October 2016 is EUR 76.3 million. The valuation method used by JLL is discounted cash flow analysis.

The completion of the Proposed Acquisition is conditional upon, among others, the waiver of a pre-emption right as well as customary changes to the land register.

On completion of the Proposed Acquisition, the Property would be owned by Graphite, a wholly-owned subsidiary of Garnet DC Pte. Ltd. (which is in turn a wholly-owned subsidiary of Calcium) and an indirect subsidiary of KDCH. KDCH would have a direct interest of 40% in the equity of the Property.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition save as disclosed in this Announcement.

The Proposed Acquisition is not expected to have any material impact on the earnings per share and net tangible asset per share of Keppel T&T for the current financial year.

A copy of the definitive legal documentation for the Proposed Acquisition is 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.

3. ADC FUND

The Company has previously on 20 July 2016 announced that KDCH has collaborated with Alpha Investment Partners Limited ("**Alpha**") on the formation of ADC Fund which had achieved a first closing of US\$130 million. The Company wishes to announce that KDCH had committed to provide capital of US\$100 million to ADC Fund. The Proposed Acquisition would be the maiden investment of ADC Fund which has the investment objective of securing a quality portfolio of greenfield and brownfield assets across key data centre hubs in Asia-Pacific and Europe.

ADC Fund is managed by Alpha, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. ("**KCH**"), which is in turn a wholly-owned subsidiary of Keppel Corporation Limited ("**KCL**"), the controlling shareholder of the Company. Keppel Data Centre Facility Management Pte. Ltd. ("**KDCFM**"), a wholly-owned subsidiary of the Company, has entered into a sub-advisory services agreement (the "**SAA**") with Alpha to provide the latter with its expertise in data centres investment and deal origination so as to enable Alpha to manage ADC Fund to the best interests of the fund investors. KDCFM would receive, as a sub-advisory fee, a certain percentage of all the fund management remuneration payable to Alpha by ADC Fund during the duration of the SAA.

4. INTERESTED PERSON TRANSACTION

4.1 Application of the Rules Relating to Interested Person Transactions under the Listing Manual

Under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 3%, but is less than 5%, of the Group's latest audited consolidated net tangible assets ("**NTA**"), an immediate announcement of the transaction must be made, and if the value is equal to or exceeds 5% of the Group's latest audited consolidated NTA, shareholders' approval must be obtained.

4.1.1 *Commitment by KDCH to invest in ADC Fund*

In respect of the US\$100 million investment commitment by KDCH in ADC Fund:

- (a) KDCH, being a subsidiary of the Company which is not listed on any stock exchange, is the "entity at risk" for the purposes of Chapter 9 of the Listing Manual; and
- (b) as of the date hereof, three Directors (namely Loh Chin Hua, Thomas Pang Thieng Hwi and Lee Ai Ming) of the Company have committed to subscribe for shares in ADC Fund, and have provided capital commitments totalling US\$650,000 or approximately 0.5% of the committed capital of ADC Fund. Each of these Directors is an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual.

The investment commitment given by KDCH to ADC Fund is an investment by KDCH in a joint venture with interested persons, namely Loh Chin Hua, Thomas Pang Thieng Hwi and Lee Ai Ming (collectively, the "**ADC Fund Interested Persons**"). Under Rule 916(2) of the Listing Manual, the Company is not required to obtain its shareholders' approval for having KDCH to enter into this joint venture with the ADC Fund Interested Persons (the "**ADC Fund JV**") because the following conditions are satisfied:

- (i) the risks and rewards to KDCH and the ADC Fund Interested Persons are in proportion to their equity in ADC Fund;
- (ii) the Audit Committee of the Company is of the view that the risks and rewards of the ADC Fund JV are in proportion to the equity of KDCH and the ADC Fund Interested Persons, and the terms of the ADC Fund JV are not prejudicial to the interests of the Company and its minority shareholders; and
- (iii) the ADC Fund Interested Persons do not have an existing equity interest in ADC Fund prior to KDCH becoming a shareholder in ADC Fund.

4.1.2 *Formation of Calcium by KDCH and ADC Fund*

KDCH and ADC Fund have also entered into a joint venture agreement to set up Calcium for the purposes of the Proposed Acquisition. Under Rule 916(2) of the Listing Manual, the Company is not required to obtain its shareholders' approval for having KDCH to enter into this joint venture with ADC Fund (the "**Calcium JV**") because the following conditions are satisfied:

- (i) the risks and rewards to KDCH and ADC Fund are in proportion to their equity in Calcium;
- (ii) the Audit Committee of the Company is of the view that the risks and rewards of the Calcium JV are in proportion to the equity of KDCH and ADC Fund, and the terms of the Calcium JV are not prejudicial to the interests of the Company and its minority shareholders; and
- (iii) ADC Fund does not have an existing equity interest in Calcium prior to KDCH becoming a shareholder in Calcium.

4.1.3 SAA between KDCFM and Alpha

In connection with the SAA, Alpha is an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual as Alpha is a wholly-owned subsidiary of KCL and KCL is the controlling shareholder of the Company.

The value of the SAA for the duration which KDCFM is obliged to provide services as an interested person transaction of the Company, after aggregation with the value of all other transactions (each of a value equal to or greater than S\$100,000) with KCL and/or its associates for the current financial year (but excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) is approximately S\$39.32 million, which represents approximately 4.87% of the latest audited consolidated NTA of the Group as at 31 December 2015.

In accordance with Chapter 9 of the Listing Manual, the SAA therefore constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual, the value of which is more than 3% but less than 5% of the latest audited consolidated NTA of the Group. The Company is therefore making this Announcement in compliance with the requirements of Rule 905 of the Listing Manual.

4.2 Audit Committee Statement

The Audit Committee of the Company has reviewed the terms of the SAA, and is of the view that the SAA has been carried out on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

4.3 Total Value of All Interested Person Transactions

The total value of all interested person transactions, excluding transactions which are less than S\$100,000, with KCL and its associates for the current financial year up to the date hereof, are as follows:

	Before the SAA	After the SAA
	Amount (S\$'000)	Amount (S\$'000)
Total value of all transactions with KCL and its associates	118,179	119,029
- Value of transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (the <u>"IPT Mandate"</u>)	79,709	79,709
- Value of transactions not covered under the IPT Mandate	38,470	39,320

The total value of all interested person transactions, excluding transactions which are less than S\$100,000, with all interested persons of the Company, for the current financial year up to the date hereof, is S\$302,535,000, of which:

- (i) S\$87,125,000 is the value of transactions conducted under the IPT Mandate; and
- (ii) S\$215,410,000 is the value of transactions not covered under the IPT Mandate.

5. **INTERESTS OF DIRECTORS**

As at the date of this Announcement:

- (a) Mr. Loh Chin Hua, the Non-Independent and Non-Executive Chairman of the Company, is an Executive Director and the Chief Executive Officer of KCL, the Chairman of KCH and the Chairman of Alpha;
- (b) Mr. Chan Hon Chew, a Non-Independent and Non-Executive Director of the Company, is the Chief Financial Officer of KCL and a director of KCH;
- (c) Mr. Thomas Pang Thieng Hwi, a Non-Independent and Executive Director and Chief Executive Officer of the Company, is a director of KCH, KDCH and ADC Fund; and
- (d) the following Directors have the following interests in ordinary shares in the capital of KCL ("**KCL Shares**"):

Director	Direct Interest	Deemed Interest	No. of KCL Shares comprised in shares options granted by KCL	Contingent Awards of KCL Shares under	
				KCL Restricted Share Plan	KCL Performance Share Plan
Loh Chin Hua	534,557	38,500	-	330,000	1,450,000
Chan Hon Chew	50,600	7,700	-	139,900	560,000
Lim Chin Leong	13,200	-	-	-	-
Lee Ai Ming	10,000	-	-	-	-
Thomas Pang Thieng Hwi	179,637	-	313,500	6,600	175,000

By Order of the Board
KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

Tan Wah Nam / Lee Lieming Kenny
 Company Secretaries
 11 November 2016