

Joint Media Release

Keppel JV to divest two AI-ready hyperscale data centres at Keppel Data Centre Campus in Singapore to Keppel DC REIT for S\$1.38 billion

- *Landmark deal marks one of the largest data centre transactions in Southeast Asia.*
- *Keppel's share of the total gross divestment price of S\$1.38 billion will be approximately S\$280 million¹.*
- *Post divestment, Keppel will continue to earn recurring income from asset management and operation and maintenance of the two data centres, and will also develop the third data centre in the Campus with Keppel's private funds.*
- *Keppel DC REIT's proposed acquisition of two AI-ready hyperscale data centres in Singapore, Asia's top data centre hub, will deliver DPU accretion of 8.1%², expanding its Assets Under Management (AUM) by 36% to S\$5.2 billion³ with potential upside from rental uplifts and capacity expansion.*

Singapore, 19 November 2024 – Keppel Ltd. (Keppel or the Company) is pleased to announce the divestment of a Keppel-led data centre joint venture (Keppel JV) to Keppel DC REIT for a total gross divestment price of S\$1.38 billion⁴, in one of the largest data centre transactions in Southeast Asia.

The Keppel JV, a 60-40 joint venture between Keppel's Connectivity Division and Cuscaden Peak Investments Private Limited, owns the Keppel Data Centre Campus at Genting Lane in Singapore (Campus), and comprises two completed and fully contracted data centres, namely Keppel DC Singapore 7 (KDC SGP 7) and Keppel DC Singapore 8

¹ The gross divestment price includes (i) the estimated consideration for Keppel's 51% stake in the Keppel JV should the call option be exercised and (ii) the additional consideration to be paid should a 10-year land tenure lease extension for Keppel Data Centre Campus be granted assuming the call option is exercised. The gross divestment price will be adjusted for debt repayment and completion adjustments.

² 1H 2024 Pro Forma DPU accretion after Keppel DC REIT obtains 100% interest in KDC SGP 7 and KDC SGP 8, and land lease title of ~25.5 years, assuming tax transparency.

³ As at 30 September 2024. This is on the basis of Keppel DC REIT having an economic interest of 99.49% in KDC SGP 7 and KDC SGP 8. Excluding the land tenure lease extension, the AUM will be S\$4.9 billion.

⁴ The gross divestment price of S\$1.38 billion includes the additional amount of S\$350.0 million to be paid by Keppel DC REIT if the relevant authorities grant a lease extension for a further term of 10 years and the call option is exercised.

(KDC SGP 8), as well as a vacant land plot earmarked for a third data centre, which has been carved out from the proposed transaction.

The construction of KDC SGP 7 and KDC SGP 8 was funded by the Keppel JV, Keppel's private fund Alpha Data Centre Fund, and its parallel fund (collectively, ADCF), as well as co-investors. Upon the completion of the proposed transaction and the exercise of the call option, Keppel DC REIT will fully own KDC SGP 7 and KDC SGP 8, while Keppel will continue to serve as the operator and facility manager for the two data centres.

This proposed acquisition by Keppel DC REIT is expected to be 8.1%⁵ DPU-accretive and will bolster its portfolio with two AI-ready hyperscale data centres within a campus in Singapore, which is Asia's top data centre hub. KDC SGP 7 and KDC SGP 8 are 100% contracted to global hyperscalers from across the cloud services, internet enterprise and telecommunications sectors on a colocation basis. The proposed acquisition will expand Keppel DC REIT's AUM by 36% to S\$5.2 billion⁶ with 25 data centres across Asia Pacific and Europe, as well as strengthen its foothold in Singapore.

Keppel's share of the total gross divestment price of S\$1.38 billion shall be approximately S\$280 million⁷, based on Keppel's effective stake in the Keppel JV, which includes both its interests in the Keppel JV and indirect interests via ADCF.

The Campus' remaining vacant land plot, which is not part of the proposed transaction, will be sub-leased to Keppel's private funds, namely Keppel DC Fund II and the upcoming Keppel DC Fund III, where Keppel will have the opportunity to develop Keppel DC Singapore 9, the third data centre in the Campus, together with its two data centre private funds.

Mr Manjot Singh Mann, CEO, Connectivity, Keppel, said, "The injection of KDC SGP 7 and KDC SGP 8 into Keppel DC REIT underscores our strengths as a global asset manager and operator to structure deals with compelling outcomes and strong value creation for the Company, our private funds and REIT. Our integrated ecosystem provides access to power and other critical resources, technology know-how and strong customer relationships with hyperscalers worldwide, which are crucial for success in the data centre

⁵ 1H 2024 Pro Forma DPU accretion after Keppel DC REIT obtains 100% interest in KDC SGP 7 and KDC SGP 8 and land tenure lease extension, assuming tax transparency.

⁶ As at 30 September 2024. This is on the basis of Keppel DC REIT having an economic interest of 99.49% in KDC SGP 7 and KDC SGP 8. Excluding the land tenure lease extension, the AUM will be S\$4.9 billion.

⁷ The gross divestment price includes (i) the estimated consideration for Keppel's 51% stake in the Keppel JV should the call option be exercised and (ii) the additional consideration to be paid should a 10-year land tenure lease extension for Keppel Data Centre Campus be granted assuming the call option is exercised. The gross divestment price will be adjusted for debt repayment and completion adjustments.

business. With the ability to invest with multiple pools of capital, Keppel can develop a robust pipeline of AI-ready data centres that offer effective solutions for customers and attractive investments for our funds and REIT.”

Mr Loh Hwee Long, CEO of Keppel DC REIT Management Pte. Ltd., the manager of Keppel DC REIT, said, “In Keppel DC REIT’s 10th anniversary year, we are excited to embark on this landmark deal to acquire two next-generation AI-ready data centres situated within a campus. The proposed acquisition will deliver strong positive cash flows and be immediately DPU accretive. These assets will not only enhance our portfolio’s income resilience but also allow us to capture potential upside from rental uplifts and capacity expansion. Their inclusion further solidifies Keppel DC REIT’s market position as one of the largest owners of stabilised data centres in Singapore, where there is strong demand and tight supply.”

With a total gross divestment price of S\$1.38 billion, the proposed transaction will be executed in stages and is expected to be completed by end-2025, subject to approvals by the relevant authorities. Keppel DC REIT will acquire an initial 49% interest⁸ in the Keppel JV, as well as subscribe for two new classes of securities issued by the Keppel JV for up to S\$1.03 billion, entitling Keppel DC REIT to 99.49% of the economic interest from KDC SGP 7 and KDC SGP 8. Keppel DC REIT will also be granted a call option, which it expects to exercise sometime in 2H 2025, to acquire the remaining 51% stake in the Keppel JV from Keppel, which holds the remaining 0.51% economic interest. As part of the proposed transaction, Keppel DC REIT shall pay an additional S\$350 million to the Keppel JV’s shareholders, ADCF, and co-investors, should a 10-year land tenure lease extension to 2050 be approved for the Campus by the relevant authorities.

KDC SGP 7 and KDC SGP 8 are purpose-built, carrier-neutral data centres situated within a campus. KDC SGP 7 and KDC SGP 8 have a combined net lettable area (NLA) of 150,455 sq ft and weighted average lease to expiry by NLA of 4.5 years as at 30 September 2024. Both data centres have achieved the Building and Construction Authority’s Green Mark (Platinum Award), the highest green accolade for new data centre developments. Built to Tier III equivalent specifications, the future-proofed, AI-ready data centres are designed to handle AI inference workloads, and have the flexibility to accommodate fit-out modifications, including liquid cooling.

The proposed transaction is subject to and conditional upon, among others, the approval of the unitholders of Keppel DC REIT at an extraordinary general meeting (EGM). A circular is expected to be issued to Keppel DC REIT’s unitholders in due course, together

⁸ Comprising the entire 40% interest held by Cuscaden Peak Investments Private Limited and a 9% interest held by Keppel’s Connectivity Division.

with a notice of EGM, for the purpose of seeking approval from unitholders.

The proposed transaction is not expected to have any material impact on the earnings per share and net tangible assets per share of Keppel Ltd. for the financial year ending 31 December 2024. More information on the expected financial impact of the proposed transaction on Keppel DC REIT can be found in its SGX announcement.

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Note to Editors:

Keppel has over two decades of experience in designing, developing and operating data centres. The Company has built strong customer relationships with hyperscalers worldwide and its portfolio comprises 35 data centres across key data centre hubs in Asia Pacific and Europe with a total gross power capacity of 650 MW, of which about 70% is currently operational.

To meet rising demand for AI-ready data centres, Keppel is developing various data centre projects in Singapore, Taiwan and Tokyo amounting to 220 MW of capacity. These projects form part of Keppel's ambitious data centre strategy to build up a quality pipeline of future-ready assets, which will add to its FUM.

Keppel is aiming to expand its data centre portfolio by over 500 MW to 1.2 GW in total in the near-term, fuelled by an additional S\$10 billion Funds under Management (FUM) growth from its upcoming Keppel Data Centre Fund III, as well as further co-investments

from investors. With this, Keppel expects its data centre FUM to more than double from the current S\$9 billion to S\$19 billion.

As a leading data centre player, Keppel has also been pushing the envelope for more sustainable data centre operations through innovative concepts such as floating data centres cooled by seawater, a 1 GW nearshore net-zero DataPark+ concept powered by renewable energy, as well as data centre designs that are optimised for the tropics.

About Keppel Ltd.

Keppel Ltd. (SGX:BN4) is a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity. Headquartered in Singapore, Keppel operates in more than 20 countries worldwide, providing critical infrastructure and services for renewables, clean energy, decarbonisation, sustainable urban renewal and digital connectivity. Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts.

About Keppel DC REIT

Keppel DC REIT was listed on the Singapore Exchange on 12 December 2014 as the first pure-play data centre REIT in Asia.

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.

Keppel DC REIT's investments comprise a mix of colocation, fully-fitted and shell and core assets, as well as debt securities, thereby reinforcing the diversity and resiliency of its portfolio.

Keppel DC REIT is managed by Keppel DC REIT Management Pte. Ltd. and is sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.