



(Business Trust Registration Number 2007001)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 5 January 2007 (as amended))

ANNOUNCEMENT

PROPOSED DISPOSAL OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF DATACENTRE ONE PTE. LTD. ("DATACENTRE ONE")

1. INTRODUCTION

Keppel Infrastructure Fund Management Pte. Ltd. (the "**Trustee-Manager**"), acting in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**" and together with its subsidiaries, the "**Group**"), is pleased to announce that a wholly-owned subsidiary of KIT, CityDC Pte. Ltd. (the "**KIT Seller**") and WDC Development Pte. Ltd. ("**WDC**", together with the KIT Seller, the "**Sellers**") have entered into a conditional share sale agreement (the "**SSA**") with Perpetual (Asia) Limited, acting in its capacity as trustee for Keppel DC REIT (the "**Purchaser**"), for the sale of all 1,000,000 ordinary shares in the capital of DataCentre One (the "**Shares**") (the "**Transaction**").

2. THE PURCHASER

The Purchaser is the trustee of Keppel DC REIT. Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre REIT listed in Asia on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). 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-related assets with an initial focus on Asia-Pacific and Europe.

3. DATACENTRE ONE

DataCentre One was formed as a joint venture company on 5 June 2014 by the KIT Seller and WDC, a wholly-owned subsidiary of Shimizu Corporation. DataCentre One is owned by the KIT Seller and WDC in the proportion of 51% and 49% respectively (the "**Shareholding Proportion**").

DataCentre One owns 1-Net North Data Centre, which is located at 18 Riverside Road, Singapore 739088 (the "**Property**") and is a purpose-built five-storey data facility, featuring approximately 213,815 square feet of floor area across four floors of data centre halls and one floor of office and ancillary space.

A lease agreement to lease the Property was also entered into between DataCentre One and 1-Net Singapore Pte. Ltd. ("**1-Net Singapore**") on 12 April 2016 (the "**Lease Agreement**"). The lease has approximately 17 years remaining, with 1-Net Singapore having an option to renew the lease for another 7.6 years. Under the Lease Agreement, 1-Net Singapore has to

pay certain fees which included rent for the five-story data centre and all mechanical and electrical equipment installed by DataCentre One. The estimated funds from operations (“FFO”)¹ attributable to DataCentre One for each of the financial years ended 31 December 2016, 2017 and 2018, based on the KIT Seller’s 51% shareholding in DataCentre One, is S\$2.9 million, S\$6.0 million and S\$7.4 million respectively. For the six months ended 30 June 2019, the FFO attributable to DataCentre One, based on the KIT Seller’s 51% shareholding in DataCentre One, is S\$3.8 million.

4. RATIONALE FOR THE DISPOSAL

KIT’s objective is to deliver sustainable returns to holders of units (“Units”) in KIT (“Unitholders”) by investing in, and proactively managing, a large and well-diversified portfolio of highly defensive infrastructure or infrastructure-like assets and businesses that provide or produce essential products and services, thereby supporting long-term stable distributions and capital growth.

KIT is of the view that the disposal of the Shares held by the KIT Seller to the Purchaser (the “KIT Disposal”) will allow KIT to realise the remaining lease value in DataCentre One upfront, thus benefitting Unitholders. The KIT Disposal will also provide KIT with strategic opportunities to redeploy capital into quality acquisitions that will strengthen KIT’s portfolio, for refinancing purposes and/or for working capital needs.

5. CONSIDERATION FOR THE TRANSACTION

The consideration for the Transaction (“Purchase Consideration”) is payable in cash and is based primarily on the adjusted net asset value² of DataCentre One as at the date of completion of the Transaction (“Completion Date”). The estimated Purchase Consideration payable on the Completion Date is S\$201.8 million³, subject to adjustments at completion of the Transaction (“Completion”). The Purchase Consideration shall be apportioned between the KIT Seller and WDC in their respective Shareholding Proportion. Accordingly, the estimated aggregate amount of the Purchase Consideration attributable to each of the KIT Seller and WDC is S\$102.9 million and S\$98.9 million respectively, subject to adjustments at Completion.

Such estimated Purchase Consideration is derived from:

- (i) S\$200.2 million, being the agreed value of 1-Net North Data Centre; less
- (ii) S\$32.2 million, being the adjustments for DataCentre One’s adjusted net liabilities (excluding the carrying value of 1-Net North Data Centre) as at the Completion Date; plus
- (iii) the shareholder loans of S\$33.8 million owed by DataCentre One to the Sellers.

¹ FFO means funds from operations, calculated as profit after tax adjusted for reduction in concession or lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, no-cash adjustments and non-controlling interest adjustments

² Adjusted net asset value means the total assets less total liabilities of DataCentre One adjusted on the basis that the value of the Property is fixed at S\$200.2 million, being the agreed value to be attributed to the Property and taking into account certain adjustments

³ The estimated Purchase Consideration is calculated based on the *pro forma* statement of the estimated adjusted net asset value based on the projected values as at 31 October 2019, pursuant to the SSA, and is subject to adjustments at Completion.

The Purchase Consideration is payable on the Completion Date and is subject to adjustments.

The Purchaser has paid the Sellers a sum of S\$1,000,000 (the “**Deposit**”) in full, which was apportioned between the Sellers in their respective Shareholding Proportion. Accordingly, the KIT Seller and WDC each received S\$510,000 and S\$490,000 of the Deposit respectively.

On Completion, the Purchaser shall pay the Purchase Consideration (less the Deposit) to the Sellers or as directed by the Sellers. Part of the Purchase Consideration will be applied towards repayment of the shareholder loans, repayment of DataCentre One’s external loans and termination of interest rate swaps entered into between DataCentre One and its external lenders. Accordingly, the estimated net proceeds to be received by KIT Seller (excluding the repayment of the portion of the shareholder loans owed to it) is S\$51.3 million, subject to adjustments at Completion.

Based on a desktop valuation of the Property dated 4 September 2019 conducted by an independent valuer, Savills Valuation And Professional Services (S) Pte Ltd (the “**Independent Valuer**”), the market value of the un-expired leasehold interest in the Property, subject to the existing lease arrangement, was S\$190 million as at 4 September 2019. The desktop valuation is premised on the information as contained in the valuation report of the Property dated 31 December 2018 by the Independent Valuer (the “**2018 Valuation Report**”). Based on the 2018 Valuation Report, the market value of the un-expired leasehold interest in the Property, subject to the existing lease arrangement, was S\$187 million as at 31 December 2018.

6. THE TRANSACTION

6.1 Tender Process

In June 2019, the Sellers appointed an independent agent, Cushman & Wakefield to launch a tender process, on a non-exclusive basis, for the purposes of the sale of DataCentre One. The bids received were evaluated holistically based on multiple criteria, and the Purchaser was selected as the preferred bidder by the Sellers.

6.2 SSA

Under the SSA, the KIT Seller has agreed to sell 510,000 Shares (representing 51% of the issued and paid-up share capital of DataCentre One) to the Purchaser and WDC has agreed to sell 490,000 Shares (representing 49% of the issued and paid-up share capital of DataCentre One) to the Purchaser.

Further, pursuant to the SSA, the Purchaser may nominate an entity which is wholly-owned by Keppel DC REIT to acquire some of the Shares from the KIT Seller, with the Purchaser acquiring the balance of the Shares.

6.3 Conditions to Completion

Completion is conditional on the following conditions being satisfied on or before 21 November 2019 (the “**Conditions Precedent Long Stop Date**”):

- (i) the approval of the Unitholders for the KIT Disposal by way of ordinary resolution;

- (ii) the approval by the unitholders of Keppel DC REIT at a general meeting of Keppel DC REIT in relation to the acquisition of the Shares; and
- (iii) the consent of JTC Corporation for the sale and transfer of the Shares by the Sellers to the Purchaser (the “**JTC Consent**”) being obtained, if required, on terms which are not materially adverse to either the Sellers or the Purchaser, and there being no revocation of or amendment (which is materially adverse to either the Sellers or the Purchaser) to the JTC Consent,

(together, the “**Conditions Precedent**”).

If any of the Conditions Precedent is not satisfied by the Conditions Precedent Long Stop Date, the Purchaser or the Sellers may, in its or their sole discretion, terminate the SSA.

The Sellers and Purchaser also agree that any sale levy, consent fee or other similar charge imposed on the Sellers or DataCentre One as a term and/or condition for granting the JTC Consent shall be borne by the Sellers. If any of the terms and conditions of the JTC Consent include the imposition of a sale levy, consent fee or other similar charge on the Sellers or DataCentre One which exceeds the sum of S\$6,050,000 (excluding goods and services tax), the Sellers shall be entitled to determine that such term and/or condition is acceptable, and if such term and/or condition is unacceptable to the Sellers, the Sellers shall serve on the Purchaser, on or before the date falling three business days after the date of the JTC Consent, a written notice to terminate the SSA.

For the avoidance of doubt, if the sale levy, consent fee or other similar charge on the Sellers or on DataCentre One is equal to or less than the sum of S\$6,050,000, the Sellers do not have a right to terminate the SSA.

Completion is scheduled to take place on a date falling 10 business days after notice for the satisfaction of the last of the Conditions Precedent is provided, save that Completion shall take place no later than 16 December 2019 (or such subsequent date as may be agreed between the Purchaser and the Sellers in writing provided that such subsequent date shall not be later than 30 December 2019).

Either the Sellers or the Purchaser shall be entitled, at their or its discretion, by written notice to the other party, to:

- (i) defer Completion to a date not more than 10 business days after the date set for Completion, provided that such deferred date shall not be later than 30 December 2019; or
- (ii) terminate the SSA,

if such other party has not fulfilled or procured the fulfilment of certain customary obligations set out in the SSA by or on the Completion Date.

At Completion, the Sellers shall assign and transfer the rights, title and interest in their respective shareholder loans free from all encumbrances, and the Purchaser shall accept the assignment and transfer of the rights, title and interest in the shareholder loans, in

accordance with a deed of assignment to be entered into between each Seller and the Purchaser.

6.4 Other Terms of the SSA

The SSA contains customary provisions relating to the Transaction, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the business, limitations of the Sellers' liabilities and warranties and other commercial terms.

In addition, save in certain circumstances set out in the SSA (for instance, if there is any compulsory acquisition or intended compulsory acquisition for the acquisition of 5.0 per cent. or more of the land area of the Property or if any material damage occurs), neither the Sellers nor the Purchaser is entitled to terminate or rescind (as the case may be) the SSA. Following such termination or rescission (as the case may be), save in certain circumstances set out in the SSA, the Purchaser will be entitled to the refund of the entire Deposit.

7. FINANCIAL EFFECTS

The KIT Disposal is expected to increase the Group's earnings per Unit for the current financial year. The KIT Disposal is not expected to have a material impact on the Group's NTA (as defined herein), FFO and distribution per Unit for the current financial year.

8. KIT DISPOSAL AS AN INTERESTED PERSON TRANSACTION

8.1 Interested Person Transaction⁴

The KIT Seller, a wholly-owned subsidiary of KIT, is an entity at risk under the listing manual of the SGX-ST, as modified, supplemented or amended from time to time ("**Listing Manual**").

Keppel Corporation Limited ("**KCL**"), through its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd. ("**KIHPL**"), holds approximately 18.20% of the total number of Units in issue, and is therefore regarded as an indirect controlling Unitholder. In addition, KCL is an indirect controlling shareholder of the Trustee-Manager as the Trustee-Manager is wholly owned by Keppel Capital Holdings Pte. Ltd. ("**KCHPL**"), which in turn is a wholly-owned subsidiary of KCL.

Further, KCL is an indirect controlling unitholder of Keppel DC REIT as it holds approximately 25.21% of the units in Keppel DC REIT. KCL is also an indirect controlling shareholder of Keppel DC REIT Management Pte. Ltd. ("**KDCRM**"), the manager of Keppel DC REIT, as it is an indirect wholly-owned subsidiary of KCL.

Temasek Holdings (Private) Limited ("**Temasek**"), holds approximately 20.44% of the total issued and paid-up share capital of KCL, and is deemed interested in the shares in KCL's downstream entities. Temasek, (a) through KCL and its other shareholdings, is deemed interested in approximately 31.89% of the Units and is an indirect controlling Unitholder, (b) through KCL, is deemed interested in all the shares of the Trustee-Manager and is an indirect controlling shareholder of the Trustee-Manager, (c) through KCL and its other shareholdings, is deemed interested in approximately 25.70% of the units in Keppel DC REIT and is an

⁴ All shareholding and unitholding figures set out in this section are as at 12 September 2019.

indirect controlling unitholder of Keppel DC REIT and (d) through KCL, is deemed interested in all the shares of KDCRM and is a controlling shareholder of KDCRM.

Accordingly, each of KIHPL, KCHPL, KCL and Temasek is an interested person under the Listing Manual. In addition, KDCRM, as an associate of each of KCL and Temasek, is an interested person under the Listing Manual.

8.2 Value of Transaction

Under Chapter 9 of the Listing Manual, where KIT 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 SGD100,000, entered into with the same interested person during the same financial year) is of a value equal to, or more than, 5% of KIT's latest audited consolidated net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction.

The estimated aggregate amount of the consideration attributable to KIT through the KIT Seller, a 51% owner of DataCentre One, is approximately S\$102.9 million (19.3% of KIT's NTA⁵ as at 31 December 2018). Accordingly, the estimated aggregate amount of the consideration attributable to KIT through the KIT Seller exceeds 5% of the NTA of KIT as at 31 December 2018.

Accordingly, in the interest of good corporate governance and due to the KIT Disposal's materiality pursuant to Chapter 9 of the Listing Manual, KIT will be obtaining Unitholders' approval for the KIT Disposal with each of Temasek, KCL and KIHPL and their respective associates (as defined in the Listing Manual) ("**Interested Persons**") abstaining at an extraordinary general meeting to be convened.

8.3 Other Interested Persons Transactions

The aggregate value of all interested person transactions entered into by KIT with (i) Temasek and its associates and (ii) KCL, its subsidiaries and associates, for the current financial year ending 31 December 2019 as at 30 June 2019 (excluding transactions less than S\$100,000) is S\$97,370,000 and S\$370,463,000 respectively. The aggregate value of all interested person transactions entered into by KIT for the current financial year ending 2019 as at 30 June 2019 (excluding transactions less than S\$100,000) is S\$467,833,000.

9. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Provenance Capital Pte. Ltd. (the "**IFA**") has been appointed as an independent financial adviser to advise the directors of the Trustee-Manager who are considered independent of the KIT Disposal ("**Independent Directors**") for the KIT Disposal on whether the terms of the KIT Disposal (i) are on normal commercial terms; and (ii) are prejudicial to the interests of KIT and minority Unitholders.

The Audit and Risk Committee of the Trustee-Manager will obtain an opinion from the IFA before forming its view on whether the KIT Disposal is on normal commercial terms, and is

⁵ Based on KIT's audited consolidated financial statements for FY2018, the NTA of KIT as at 31 December 2018 was S\$533.7 million.

not prejudicial to the interests of KIT and its minority Unitholders.

A copy of the letter from the IFA to the Independent Directors will be appended in a circular to be despatched to Unitholders in due course.

10. OTHER INFORMATION

10.1 Circular

Further details on the KIT Disposal will be set out in a circular to be issued to Unitholders in due course, together with a notice of the extraordinary general meeting that the Trustee-Manager proposes to convene for the purpose of seeking the Unitholders' approval for the KIT Disposal.

10.2 Interests of Directors and Controlling Unitholders

As at the date of this announcement and based on information available to the Trustee-Manager as at the date of this announcement, Mr Koh Ban Heng is a director of KIHPL. Mr Kunnasagar Chinniah is an investment committee member of one of the subsidiaries of KCHPL. Ms Christina Tan Hua Mui is the Chief Executive Officer of KCHPL and a director of several other companies within the KCL group, including KCHPL and KDCRM. Ms Cindy Lim Joo Ling is Director (Group Corporate Development) at KCL and a director of several other companies within the KCL group.

Please also refer to paragraph 8 of this Announcement for more details. In addition, certain directors of the Trustee-Manager (the "**Directors**") have interests in the Units, shares in KCL and/or units in Keppel DC REIT. The interests of (i) the Directors in the Units, shares in KCL and units in Keppel DC REIT and (ii) the substantial Unitholders of KIT, will be disclosed in the circular to be issued to Unitholders in due course.

10.3 Document for Inspection

A copy of the SSA is available for inspection during normal business hours at the registered office of the Trustee-Manager (prior appointment with the Trustee-Manager will be required) at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Announcement up to and including the date falling three months from the date of this Announcement.

BY ORDER OF THE BOARD
KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.
(Company Registration Number: 200803959H)
As Trustee-Manager of Keppel Infrastructure Trust

Winnie Mak / Esther Chua
Company Secretaries
16 September 2019

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of KIT is not necessarily indicative of the future performance of KIT. This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view on future events.