



SINGAPORE PRESS HOLDINGS LIMITED

(Registration No. 198402868E)

Incorporated in the Republic of Singapore

JOINT VENTURE WITH KEPPEL DATA CENTRES HOLDING PTE. LTD. TO DEVELOP AND OPERATE DATA CENTRE FACILITIES AT 82 GENTING LANE

1. Introduction

Singapore Press Holdings Limited (“**SPH**” or the “**Company**”) wishes to announce that:

- (a) Times Properties Private Limited (“**TPPL**”), a wholly-owned subsidiary of SPH, and TPM Pte. Ltd. (the “**SPH Investor**”), a wholly-owned subsidiary of TPPL, have today entered into a shareholders’ agreement (the “**SHA**”) with Keppel Data Centres Holding Pte. Ltd. (“**KDCH**”) and its two wholly-owned subsidiaries, Keppel Griffin Pte. Ltd. and Geras DC Pte. Ltd. (together, the “**KDCH Investors**”), to incorporate a joint venture company (the “**JVCo**”) to acquire the Property (as defined in paragraph 3.1 below) and develop and operate data centre facilities on the Property (the “**Joint Venture**”); and
- (b) the JVCo, which was incorporated today, has today also entered into a put and call option agreement (the “**PCOA**”) with Singapore News and Publications Limited (the “**Vendor**”), a wholly-owned subsidiary of SPH, in relation to the sale and purchase of the Vendor’s leasehold interest in the Property (the “**Property Sale**” and together with the Joint Venture, the “**Proposed Transaction**”).

2. Incorporation of JVCo

- (a) Pursuant to the SHA, the SPH Investor has today, together with the KDCH Investors, incorporated the JVCo named Memphis 1 Pte. Ltd. with an issued and paid up share capital of S\$100 which is held in the following shareholding percentages (“**Shareholding Percentages**”):
 - (i) KDCH Investors: 60%
 - (ii) SPH Investor: 40%

The JVCo is, on incorporation, an associated company of SPH.

- (b) The principal activity of the JVCo is to acquire the Vendor’s leasehold interest in the Property, develop data centre facilities on the Property and operate, maintain and manage such data centre facilities.

3. Property Sale

3.1 The Property

The “**Property**” refers to the whole of Lot 6205N of Mukim 24 located at 82 Genting Lane, Singapore 349567 together with the building thereon.

3.2 Principal Terms

- (a) Under the PCOA, the Vendor has granted to the JVCo a call option to purchase the Vendor's leasehold interest in the Property, and the JVCo has granted to the Vendor a put option to sell the Vendor's leasehold interest in the Property to the JVCo (such call option or put option being, an "**Option**").
- (b) Upon the exercise of an Option, a binding contract for the sale and purchase of the Vendor's leasehold interest in the Property will be deemed to be entered into by the Vendor and the JVCo.
- (c) Completion of the Property Sale ("**Completion**") is expected to take place on 17 July 2020.

3.3 Consideration

- (a) The purchase price for the Vendor's leasehold interest in the Property is S\$50,000,000 (excluding any applicable goods and services tax) (the "**Purchase Price**").
- (b) The Purchase Price (together with goods and services tax thereon) will be paid by the JVCo to the Vendor in full in cash on Completion.
- (c) The Purchase Price was arrived at on a willing-buyer, willing-seller basis, after considering various factors including independent valuations of the Property conducted by Jones Lang LaSalle Property Consultants Pte Ltd, an independent property valuer commissioned by SPH to establish the fair market value for the Property on 3 July 2018 on a direct comparison basis, and as updated on 18 September 2019 (collectively, the "Valuation"). The Property was valued at S\$50,000,000.

3.4 Effective Interest being Disposed of

Since the SPH Investor holds a 40% interest in the JVCo, the effective interest in the Property being disposed of by the Company and its subsidiaries (the "**Group**") pursuant to the Proposed Transaction is 60%.

4. Joint Venture

4.1 Principal Terms

Pursuant to the SHA and on or before the date of Completion:

- (a) the KDCH Investors and the SPH Investor shall subscribe for an aggregate of 3,488,889 shares in the JVCo. The aggregate subscription price for the 1,395,556 shares in the JVCo (the "**Subscription Shares**") to be issued to the SPH Investor is S\$1,395,556 (the "**Shares Subscription Amount**"); and
- (b) the KDCH Investors and the SPH Investor shall, and/or shall procure nominees to, subscribe for S\$57,500,000 in aggregate principal amount of bonds to be issued by the JVCo. The aggregate subscription price for the bonds to be issued to the nominee of SPH Investor, Times Genting Pte. Ltd., a wholly owned subsidiary of the SPH Investor, (the "**Bonds**") is S\$23,000,000 (the "**Bonds Subscription Amount**").

4.2 Investment Amount

- (a) Under the SHA, each of the KDCH Investors and the SPH Investor shall undertake to contribute funds to the JVCo up to a maximum amount (the "**Contribution Cap**"). The

SPH Investor's Contribution Cap is S\$139,555,556 (including the Shares Subscription Amount and the Bonds Subscription Amount) (the "**Aggregate JV Investment Amount**").

- (b) The Aggregate JV Investment Amount for the SPH Investor will be paid in the following manner:
 - (i) the Shares Subscription Amount will be paid pursuant to paragraph 4.1(a) above in full in cash upon the allotment and issue of the Subscription Shares to the SPH Investor;
 - (ii) the Bonds Subscription Amount will be paid pursuant to paragraph 4.1(b) above in full in cash upon the issue of the Bonds by the JVCo to Times Genting Pte. Ltd.; and
 - (iii) the balance of the Aggregate JV Investment Amount will be paid progressively by way of subscription by Times Genting Pte. Ltd. for debt securities to be issued by the JVCo from time to time as development of the data centre facilities progresses.
- (c) The Aggregate JV Investment Amount was calculated based on the cash flow requirements of the JVCo.
- (d) The Aggregate JV Investment Amount will be funded by a combination of the proceeds from the Property Sale, internal resources and external borrowings.

5. Rationale for the Proposed Transaction and Use of Proceeds

5.1 Rationale

The Company believes that the Proposed Transaction will be beneficial to the Group for the reasons set out below:

- (a) the Company anticipates that the secular trend toward digitalisation and the movement of data into the cloud will drive strong demand for hyperscale data centres;
- (b) its partner in the Joint Venture, KDCH, is a seasoned player in the industry with proven data centre development expertise and operational track record;
- (c) the Proposed Transaction would enable the Group to maximise economic returns and improve the return on capital of an existing asset and to enter and participate in a growing sector; and
- (d) upon completion of the project, the asset is expected to yield stable, recurring income and contribute to the Group's earnings.

5.2 Use of Proceeds

The sale proceeds arising from the Property Sale will be utilised to fund part of the Aggregate JV Investment Amount.

6. Value

6.1 Value of the Property

- (a) Based on the unaudited consolidated financial statements of the Group for the first half ended 29 February 2020 (the “**1H 2020 Results**”), and based on a disposal of an effective interest of 60% in the Property:
- (i) the book value and the net tangible asset (“**NTA**”) value of the effective interest in the Property being disposed of (60%) as at 29 February 2020 are both S\$4.5 million;
 - (ii) the proceeds arising from the effective interest in the Property being disposed of (60%) represent an excess of S\$25.5 million over the book value of such interest; and
 - (iii) the net losses attributable to the effective interest in the Property being disposed of (60%) are S\$1.3 million and the amount of gain on such disposal is S\$25.5 million.
- (b) Based on the Valuation, the value of the effective interest in the Property being disposed of (60%) is S\$30 million.

6.2 Value of the JVCo

As at the date of this announcement, there is no recorded book value or NTA value of the JVCo, neither are there any net profits attributable to the JVCo, as the JVCo is newly-incorporated.

7. Financial Effects of the Proposed Transaction

7.1 General

- (a) For illustrative purposes only, the financial effects of the Proposed Transaction on the Company as set out below are prepared based on the Group’s audited consolidated financial statements for the financial year ended 31 August 2019 (“**FY2019**”) (being the latest announced consolidated full-year financial statements of the Group) and subject to the following key assumptions:
- (i) the effect of the Proposed Transaction on the Company’s NTA per share in the capital of the Company (“**Share**”) is based on the assumption that the Proposed Transaction had been effected at the end of FY2019; and
 - (ii) the effect of the Proposed Transaction on the Company’s earnings per Share (“**EPS**”) for FY2019 is based on the assumption that the Proposed Transaction had been effected at the beginning of FY2019,
- and in each case, based on a decrease in the Group’s effective interest in the Property by 60%.
- (b) The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

7.2 Net Tangible Asset

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000)	3,347,259	3,372,517
Number of Shares (excluding treasury shares) ('000)	1,611,865	1,611,865
NTA per Share (S\$)	2.08	2.09

7.3 Earnings per Share

	Before the Proposed Transaction	After the Proposed Transaction
Profit after taxation attributable to shareholders (S\$'000)	213,211	240,655
Accrued distribution for perpetual securities	(1,688)	(1,688)
Weighted average number of Shares (excluding treasury shares) ('000)	1,613,808	1,613,808
EPS (S\$)	0.13	0.15

8. Discloseable Transaction

Based on the 1H 2020 Results, the relative figures in relation to the Proposed Transaction computed on the bases as set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with net asset value of the Group ⁽¹⁾	0.87

Rule 1006	Bases	Relative Figures (%)
(b)	Net profits attributable to the assets acquired or disposed of, compared with net profits of the Group ⁽²⁾	-1.02
(c)	Aggregate value of the consideration given or received ⁽³⁾ , compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares and management shares ⁽⁴⁾	9.10
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽⁵⁾	Not applicable
(e)	Aggregate value or amount of proved or probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves ⁽⁶⁾	Not applicable

Notes:

- (1) The net asset value of the assets to be disposed of is calculated based on a decrease in the Group's effective interest in the Property by 60%, and by reference to the value of the Property according to the Valuation (i.e. S\$30 million, being 60% of the value of the Property according to the Valuation).
- (2) The net profits attributable to the assets acquired or disposed of is calculated based on the net loss attributable to a 60% interest in the Property. There are no net profits attributable to the JVCo, which is newly-incorporated.
- (3) The aggregate value of the consideration given or received is the sum of (a) the Purchase Price of S\$50 million, and (b) the Aggregate JV Investment Amount of S\$139.6 million.
- (4) The market capitalisation of the Company of approximately S\$2,083.7 million was determined by multiplying 1,590,574,197 issued shares (excluding treasury shares and management shares) of the Company by the volume-weighted average market price of approximately S\$1.31 per share as at the market day immediately preceding the date of this announcement.
- (5) Rule 1006(d) of the Listing Manual is not applicable as there are no equity securities issued by the Company as consideration for the acquisition of the interest in the JVCo.
- (6) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil or gas company.

As the relative figure under Rule 1006(c) exceeds 5 per cent., the Proposed Transaction will constitute a discloseable transaction as defined in Chapter 10 of the Listing Manual.

9. Interests of Directors and Controlling Shareholders

Apart from the fact that Dr. Lee Boon Yang is the chairman of the board of directors of both Keppel Corporation Limited (the ultimate holding company of KDCH) and SPH, none of the directors of SPH has any interest, direct or indirect, in the Proposed Transaction, other than through their shareholding in SPH or Keppel Corporation Limited (if any). Dr. Lee Boon Yang has abstained from all deliberations and decisions of the Board in connection with the Proposed Transaction. SPH has no controlling shareholders.

10. Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. Documents for Inspection

A copy of the Valuation is available for inspection during normal business hours at the registered office of the Company at 1000 Toa Payoh North, News Centre, Singapore 318994 for a period of three months commencing from the date of this announcement.

Issued by Singapore Press Holdings Limited
Singapore
29 June 2020