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ACQUISITION OF 100.0% INTEREST IN THE DATA CENTRE LOCATED AT VIA BISCEGLIE 71, 73 AND 75, MILAN, ITALY

1. INTRODUCTION

The Board of Directors of Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the "**Manager**"), is pleased to announce that Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT (the "**Trustee**"), and an indirectly wholly-owned subsidiary of Keppel DC REIT, KDCR Netherlands 4 B.V. (the "**Purchaser**"), have entered into a share purchase agreement with Mr. Riaz Valani, Mr. Sebastiano Rizzo and Mr. Faizul Lalji (collectively, the "**Vendors**") on 11 August 2016 ("**Share Purchase Agreement**"), whereby the Purchaser will acquire all the issued shares in MarLux S. à r.l., a société à responsabilité limitée incorporated in Luxembourg ("**Marlux**" and the acquisition of all the issued shares in Marlux, the "**Acquisition**"), which will hold the data centre located at Via Bisceglie 71, 73 and 75, Milan, Italy (the "**Property**") on the date of completion of the Acquisition (the "**Completion Date**") through its interest in 100% of the quota in BI71 S.r.l., a *società a responsabilità limitata* incorporated in Italy ("**BI71**").

The Property is currently leased to one of the world's largest telecommunications companies ("**Client**") pursuant to the lease agreement entered into between BI71 and the Client dated 21 January 2016 (the "**Lease**"). Subject to the terms of the Lease, the Client has been granted a lease of the Property until 31 December 2027, which shall be renewed for an additional six-year term thereafter unless the Client notifies BI71 otherwise. In addition, as part of the terms of the Share Purchase Agreement, the Purchaser will be granted a rent top-up for the period from the Completion Date or 30 September 2016, whichever is earlier, to 31 December 2018, both dates inclusive (the "**Rent Top-Up**").

The Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**").

DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited were the Joint Financial Advisers and Issue Managers to the initial public offering of Keppel DC REIT (the "**Offering**"). DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Credit Suisse (Singapore) Limited are the Joint Global Coordinators to the Offering. DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch and Goldman Sachs (Singapore) Pte. were the Joint Bookrunners and Underwriters to the Offering (collectively, the "**Joint Bookrunners**").

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

2. INFORMATION ON THE PROPERTY

The Property is located at Via Bisceglie 71, 73 and 75, Milan, Italy on a freehold title. It is a four-storey data centre with a total lettable area of approximately 15,365 sqm.

3. CONSIDERATION AND PRINCIPAL TERMS OF THE ACQUISITION

The aggregate consideration ("**Consideration**") for the Acquisition, payable in cash to the Vendors, is the agreed price for the Property ("**Agreed Property Price**") at EUR 37.3 million (approximately S$57.3 million)[1] less (i) the Lease Finance Agreement Discharge Payment (as defined below) and the amounts due to the lenders of the shareholders' loans made to Marlux, and adjusted (ii) for the net financial position of Marlux and B171 at Completion including the three forms of transfer tax namely the imposta di registro (registry tax), the imposta ipotecaria (mortgage tax) and the imposta catastale (cadastral tax) to be made in respect of the Lease Finance Discharge Payment.

The Acquisition is expected to be completed in the third quarter of 2016.

The Agreed Property Price was arrived at on a willing-buyer and willing-seller basis and is supported by the independent valuation of the Property by CB Richard Ellis (the "**Valuer**"), an independent valuer appointed by the Trustee. The Valuer, in its valuation report dated 20 July 2016, stated that the market value of the 100.0% interest in the Property was EUR 37.3 million (approximately S$57.3 million)[2] as at 20 July 2016, using the direct income capitalisation and discounted cashflow methods.

Under the Share Purchase Agreement, the Vendors have agreed to provide the Purchaser with a Rent Top-Up to compensate the Purchaser for certain incentives provided to the Client under the Lease ("**Lease Incentives**") until 31 December 2018. For the purpose of providing the Rent Top-Up, the Vendors shall on Completion Date, pay KDCR Netherlands 4 Pte. Ltd., a wholly-owned subsidiary of Keppel DC REIT, (the "**Purchaser's Nominated Entity**"), as directed by the Purchaser, an amount equal to the Rent Top-Up to be deposited into a bank account opened and maintained by the Purchaser's Nominated Entity. The Purchaser's Nominated Entity shall withdraw the relevant rent top-up payments from such bank account on a monthly basis until 31 December 2018.

On Completion Date, the Purchaser shall, by way of delegation from BI71, pay Natixis Lease S.A., Succursale Italia (the "**Financial Lessor**") such amount as determined by the Financial Lessor pursuant to the Share Purchase Agreement (the "**Lease Finance Agreement Discharge Payment**"), for the purposes of discharging BI71's obligations under the lease financing agreement between BI71 and the Financial Lessor dated 21 January 2016 ("**Lease Finance Agreement**") and acquiring the Data Centre.

At completion of the Acquisition ("**Completion**") and upon the Purchaser's payment of the Lease Finance Agreement Discharge Payment, the Vendors shall cause (i) BI71 to execute, before an Italian notary public, with the Financial Lessor a notarial deed for the transfer of the Property from the Financial Lessor to BI71, and (ii) cancel the securities under the Lease Finance Agreement, with the agreement of the Financial Lessor. Following which, BI71 shall have full and exclusive ownership of, and legal and good marketable to the Data Centre.

The Share Purchase Agreement and the ancillary documents do not contain any unusual requirements and are consistent with usual market conditions of sale in Italy.

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[1] Based on an exchange rate of EUR 1.00 to S$1.5356 as at 30 June 2016.

4. FINANCIAL EFFECTS

4.1. Assumptions

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes and do not reflect the actual financial position of Keppel DC REIT following the completion of the Acquisition. They have been prepared based on the latest audited financial statements of Keppel DC REIT for the financial period from 1 January 2015 to 31 December 2015, taking into account the Agreed Property Price and estimated acquisition expenses as well as the assumption that the Acquisition is intended to be funded by debt.

4.2. Pro Forma Net Profits

The pro forma net profits attributable to the Acquisition for the period commencing on 1 January 2015 and ended on 31 December 2015 is approximately EUR 0.88 million (approximately S$1.34 million)[2].

4.3. Pro Forma Net Asset Value ("NAV")

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Acquisition on the NAV per unit in Keppel DC REIT ("**Unit**") as at 31 December 2015, as if the Acquisition was completed on 31 December 2015.

	Before the Acquisition	Adjusted for the Acquisition
NAV per Unit (S$)	0.921	0.921[3]

4.4. Pro Forma Distributable Income per Unit[4] ("DPU")

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Acquisition on Keppel DC REIT's DPU for the financial period commencing on 1 January 2015 and ended on 31 December 2015, as if Keppel DC REIT had completed the Acquisition on 1 January 2015 and held the Property through to 31 December 2015, are as follows:

	Before the Acquisition	Adjusted for the Acquisition	Accretion
DPU (cents)	6.51	6.68	2.6%

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2 Based on an average exchange rate of EUR 1.00 to S$1.5184 as for the period commencing on 1 January 2015 and ended on 31 December 2015.

3 Based on an average exchange rate of EUR 1.00 to S$1.5184 as for the period commencing on 1 January 2015 and ended on 31 December 2015 and an exchange rate of EUR 1.00 to S$1.5171 as at 31 December 2015.

4 Rule 1010(9) of the Listing Manual requires that the issuer discloses the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the Acquisition on the distributable income per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

5. RATIONALE FOR THE ACQUISITION

5.1. Competitive Strengths of the Data Centre

The Acquisition is in line with the Manager's growth strategy of acquiring quality income-producing data centre properties that fit within Keppel DC REIT's investment strategy to enhance total return to unitholders of Keppel DC REIT ("**Unitholders**") and increase potential opportunities for future income and capital growth.

Italy is an emerging regional IT hub with access to other European markets and the Acquisition will strengthen Keppel DC REIT's presence in the key European cities. The Italian market presents opportunities where data centre demand growth is forecasted to outpace supply growth.

5.2. DPU Accretion

The Acquisition will be immediately DPU accretive upon Completion.

5.3. Enhanced Client Base and Improved Lease Profile

The Acquisition is expected to improve the quality of Keppel DC REIT's client base with the addition of a major client. Upon Completion, the Acquisition is also expected to increase the portfolio WALE of Keppel DC REIT from 8.7 years to 9.3 years.

5.4. Income and Client Diversification

With income certainty over the 12-year lease term, this Acquisition is expected to enhance the resilience of the portfolio cash flow and diversify the client base of Keppel DC REIT.

6. METHOD OF FINANCING

The Manager intends to fund the Acquisition entirely by debt.

7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

None of the directors of the Manager or controlling unitholders of Keppel DC REIT has any interest, direct or indirect, in the Acquisition (otherwise than through their unitholdings, if any, in Keppel DC REIT).

8. OTHER INFORMATION

8.1. Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transaction contemplated in relation to the Acquisition.

8.2. Disclosure under Rule 1006 of the Listing Manual

8.2.1. Chapter 10 of the Listing Manual classifies transactions by Keppel DC REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

(i) the net profits attributable to the assets acquired, compared with Keppel DC REIT's net profits;

(ii) the aggregate value of the consideration given or received, compared with Keppel DC REIT's market capitalisation based on the total number of issued units excluding treasury units; and

(iii) the number of equity securities issued by Keppel DC REIT as consideration for the Acquisition, compared with the number of equity securities previously in issue.

8.2.2. Based on the Manager's estimated net profits attributable to the Acquisition and Keppel DC REIT's latest announced financial statements as at 30 June 2016 for the period from 1 January 2016 to 30 June 2016, the relative figure for the basis of comparison set out in paragraph 8.2.1(i) is approximately 2.0%.

8.2.3. Based on the Consideration and Keppel DC REIT's market capitalisation as at 10 August 2016 having been S$1,052,563,300[5], the relative figure for the basis of comparison set out in paragraph 8.2.1(ii) is approximately 5.4%.

8.2.4. Paragraph 8.2.1(iii) is not applicable as no equity securities will be issued by Keppel DC REIT as consideration for the Acquisition.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Acquisition is regarded as being a discloseable transaction.

8.3. Disclosure under Rule 1013 of the Listing Manual of SGX-ST

8.3.1 Rule 1013(1) of the Listing Manual provides, *inter alia*, that where an issuer enters into a discloseable transaction and accepts a profit guarantee (or any covenant which quantifies the anticipated level of future profits) from a vendor of assets/business, the issuer's announcement in Rule 1010 must contain information on the profit guarantee, including the following:

(i) the views of the board of directors of the issuer in accepting the profit guarantee and the factors taken into consideration and basis for such a view;

(ii) the principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee is based;

(iii) the manner and amount of compensation to be paid by the vendor in the event that the profit guarantee is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and

(iv) the safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee is not met, if any.

8.3.2 The Client was granted certain Lease Incentives until 31 December 2018. Under the Share Purchase Agreement, the Vendors have agreed to provide the Purchaser with a Rent Top-Up to compensate the Purchaser for the Lease Incentives until 31 December 2018. There is certainty of payment as the Vendors shall, on Completion Date, pay the Purchaser's Nominated Entity, as directed by the Purchaser, an amount equal to the Rent Top-Up to be deposited into a bank account opened and maintained by the Purchaser's Nominated Entity. Furthermore, following from the expiry of the Rent Top-Up period commencing 1 January 2019, the rental

[5] Based on 883,171,086 Units in issue multiplied by the weighted average price of S$1.1918 per Unit transacted on the SGX-ST on 10 August 2016, being the market day immediately preceding the date of signing of the Share Purchase Agreement.

income under the Lease will be equivalent to the relevant rental income as if there were no such Lease Incentives. Taking into account the factors disclosed above, the Board of Directors of the Manager is of the view that the acceptance of the Rent Top-Up is not prejudicial to Keppel DC REIT and its Unitholders.

8.4. Documents for Inspection

Copies of the Share Purchase Agreement and the independent valuation by the Valuer are available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632[6], for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD
Keppel DC REIT Management Pte. Ltd.
(Company Registration No. 199508930C)
as manager of Keppel DC REIT

Kelvin Chua / Maritz bin Mansor
Joint Company Secretaries
Singapore

12 August 2016

[6] Prior appointment with the Manager will be appreciated.

Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

This announcement may contain forward-looking statements that involve 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 companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events. The past performance of Keppel DC REIT and the Manager are not necessarily indicative of the future performance of any of them.

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 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 Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.