Keppel DC REIT Management Pte. Ltd.
(Co Reg No. 199508930C)
18 Cross Street #10-10
China Square Central
Singapore 048423
Tel: (65) 6535 5665
Fax: (65) 6535 0660

ACQUISITION OF 100% INTEREST IN THE DATA CENTRE LOCATED SOUTH OF DUNLEAVY DRIVE, CELTIC GATEWAY, CARDIFF BAY, CARDIFF, UNITED KINGDOM

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**"), has through an indirectly wholly-owned subsidiary of Keppel DC REIT, KDCR Cardiff Limited (the "**Purchaser**"), entered into a sale and purchase agreement with Cardiff Data Investments Limited (the "**Vendor**") on 6 October 2016 ("**Sale and Purchase Agreement**"), to acquire a 100% interest in the property registered with title absolute at the Cardiff Land Registry under title number CYM56681 located south of Dunleavy Drive, Celtic Gateway, Cardiff Bay, Cardiff, United Kingdom (the "**Property**" or "**Data Centre**", and the transaction acquiring the Property, the "**Acquisition**").

The Property is currently leased to one of the largest global cloud service providers (the "**Client**"). Under the terms of the lease agreement with the Client, the Data Centre is on a triple-net lease for 15 years commencing 24 June 2016.

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**").

2. INFORMATION ON THE PROPERTY

The Data Centre is located south of Dunleavy Drive, Celtic Gateway, Cardiff Bay, Cardiff, United Kingdom on a freehold title. It is a two-storey data centre facility that is connected to a three-storey office block with a total lettable area of approximately 7,380 sqm.

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.

3. CONSIDERATION AND PRINCIPAL TERMS OF THE ACQUISITION

The aggregate consideration ("**Consideration**") for the Acquisition, payable in cash to the Vendor, is £34.0 million (approximately S$59.7 million)[1]. The Acquisition was completed on the same date as the Sale and Purchase Agreement.

The Consideration was arrived at on a willing-buyer and willing-seller basis and is supported by the independent valuation of the Data Centre by CBRE Limited (the "**Valuer**"), which is an independent valuer appointed by the Trustee. The Valuer, in its valuation report dated 5 October 2016, stated that the market value of the 100% interest in the Data Centre was £34.0 million (approximately S$59.7 million)[1] as at 15 September 2016, using the direct income capitalisation and discounted cash flow methods.

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

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 Consideration 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 £1.1 million (approximately S$2.3 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]

1 Based on an exchange rate of £1.00 to S$ 1.7562 as at 30 September 2016.

2 Based on an average exchange rate of £1.00 to S$2.1019 for the period commencing on 1 January 2015 and ended on 31 December 2015.

3 Based on an average exchange rate of £1.00 to $2.1019 as for the period commencing on 1 January 2015 and ended on 31 December 2015 and an exchange rate of £1.00 to S$2.1643 as at 31 December 2015.

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 Data Centre through to 31 December 2015, are as follows:

	Before the Acquisition	Adjusted for the Acquisition	Accretion
DPU (cents)	6.51	6.79	4.3%

5. RATIONALE FOR THE ACQUISITION

5.1. Competitive Strengths of the Data Centre

The Acquisition is in line with the Manager's stated 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.

5.2. DPU Accretion

The Acquisition which has been completed is immediately DPU accretive.

5.3. Portfolio Optimisation

The acquisition will serve to rebalance and optimise the portfolio with an increased proportion of master-leased facilities in the portfolio from 31.6% to 35.0%, enhancing the portfolio with long-term stream of income and annual rental escalations that provide rental and capital value growth opportunities.

5.4. 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 another well-established client on a 15-year triple-net lease. Upon completion of the Sale and Purchase Agreement, the Acquisition is also expected to increase the portfolio WALE of Keppel DC REIT from 8.7 to 9.5 years. The Acquisition will also diversify the portfolio and increase income resilience from its portfolio of nine assets[5] to 10 assets[5].

6. METHOD OF FINANCING

The Manager intends to fund the Acquisition entirely by debt.

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[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 Transaction on the distributable income per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

[5] This excludes the data centre, which is under construction, with a commercial lease entered into with a related party of maincubes One GmbH.

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 3.8%[6].

8.2.3. Based on the Consideration and Keppel DC REIT's market capitalisation as at 5 October 2016 having been S$1,072,258,016[7], the relative figure for the basis of comparison set out in paragraph 8.2.1(ii) is approximately 5.6%.

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.

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[6] Based on an average exchange rate of £1.00 to S$1.9896 for the period commencing on 1 January 2016 and ended on 30 June 2016.

[7] Based on 883,171,086 Units in issue multiplied by the weighted average price of S$1.2141 per Unit transacted on the SGX-ST on 5 October 2016, being the market day immediately preceding the date of signing of the Sale and Purchase Agreement.

8.3. Documents for Inspection

Copies of the Sale and 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[8], 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

6 October 2016

[8] 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.