

CIRCULAR DATED 10 NOVEMBER 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this circular to holders of units in Keppel DC REIT dated 10 November 2021 (“**Circular**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Keppel DC REIT (“**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular does not constitute an offer of securities in the United States of America (“**U.S.**”) or any other jurisdiction. Any proposed issue of New Units (as defined herein) described in this Circular will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities laws of any state or other jurisdiction of the United States, and any such New Units may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable laws. The Manager does not intend to conduct a public offering of any securities of Keppel DC REIT in the United States.



(Constituted in the Republic of Singapore
pursuant to a trust deed dated 17 March 2011 (as amended))

MANAGED BY

KEPPEL DC REIT MANAGEMENT PTE. LTD.

**CIRCULAR TO UNITHOLDERS
IN RELATION TO**

- (1) THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION; AND**
- (2) THE PROPOSED FEE SUPPLEMENT (AS DEFINED HEREIN).**

**Independent Financial Adviser to the Independent Directors, Audit
and Risk Committee of Keppel DC REIT Management Pte. Ltd.
and the Trustee**

Deloitte & Touche Corporate Finance Pte Ltd

(Company Registration Number 200200144N)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	Monday, 29 November 2021 at 10.30 a.m.
Date and time of Extraordinary General Meeting (“ EGM ”) convened and held by electronic means	:	Thursday, 2 December 2021 at 10.30 a.m.

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CORPORATE INFORMATION

Directors of Keppel DC REIT Management Pte. Ltd. (as manager of Keppel DC REIT) (the “Manager”)	:	Ms Christina Tan (Chairman of the Board and Non-Executive Director) Mr Kenny Kwan (Lead Independent Director) Mr Lee Chiang Huat (Independent Director and Chairman of the Audit and Risk Committee) Dr Tan Tin Wee (Independent Director and Chairman of the Nominating and Remuneration Committee) Mr Dileep Nair (Independent Director) Mr Low Huan Ping (Independent Director) Mr Thomas Pang (Non-Executive Director)
Registered Office of the Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Trustee of Keppel DC REIT (the “Trustee”)	:	Perpetual (Asia) Limited 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Legal Adviser to the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Manager in relation to the NetCo Bonds and Preference Shares Investment (as defined herein)	:	Baker McKenzie.Wong & Leow 8 Marina Boulevard #05-01 Marina Bay Financial Centre Tower 1 Singapore 018981
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. (a member of Boardroom Limited) 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the independent Directors of the Manager (“Independent Directors”), the audit and risk committee of the Manager (“Audit and Risk Committee”) and the Trustee (the “IFA”)	:	Deloitte & Touche Corporate Finance Pte Ltd 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809
Independent Valuer	:	BDO Advisory Pte Ltd 600 North Bridge Road #23-01 Parkview Square Singapore 188778

OVERVIEW

The following overview should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 31 to 35 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW

Overview of Keppel DC REIT

Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre real estate investment trust (“REIT”) listed in Asia and on the 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 and assets necessary to support the digital economy.

As at 2 November 2021, being the latest practicable date prior to the issuance of this Circular (the “**Latest Practicable Date**”), Keppel DC REIT has a market capitalisation of approximately S\$4.1 billion. The Existing Portfolio (as defined herein) is valued at approximately S\$3.1 billion. Keppel DC REIT’s Existing Portfolio comprises 19 high-quality data centres strategically located in key data centre hubs globally. With an aggregate lettable area of approximately 2,249,125 square feet (“**sq ft**”), the Existing Portfolio spans 12 cities in eight countries across Asia Pacific and Europe.

Keppel DC REIT’s data centre properties in Asia Pacific include (i) Keppel DC Singapore 1 in Singapore; (ii) Keppel DC Singapore 2 in Singapore; (iii) a 90.0% interest in Keppel DC Singapore 3 in Singapore; (iv) a 99.0% interest in Keppel DC Singapore 4 in Singapore; (v) a 99.0% interest in Keppel DC Singapore 5 in Singapore; (vi) DC1 in Singapore; (vii) a 99.0% interest in Basis Bay Data Centre in Cyberjaya, Malaysia; (viii) Intellicentre Campus in Sydney, Australia; and (ix) Gore Hill Data Centre in Sydney, Australia. In July 2021, Keppel DC REIT announced the acquisition of Guangdong Data Centre in China. The acquisition is expected to be completed in 4Q 2021.

In Europe, Keppel DC REIT owns (i) GV7 Data Centre in London, United Kingdom; (ii) Cardiff Data Centre in Cardiff, United Kingdom; (iii) Keppel DC Dublin 1 in Dublin, Ireland; (iv) Keppel DC Dublin 2 in Dublin, Ireland; (v) Almere Data Centre in Almere, the Netherlands; (vi) Amsterdam Data Centre in Schiphol-Rijk, the Netherlands; (vii) Eindhoven Campus in Eindhoven, the Netherlands; (viii) Milan Data Centre in Milan, Italy; (ix) maincubes Data Centre in Offenbach am Main, Germany; and (x) Kelsterbach Data Centre in Kelsterbach, Germany.

Overview of the Proposed Transactions

NetCo Bonds and Preference Shares Investment

The Manager proposes that Keppel DC REIT, through the Trustee (and/or its nominee(s), which would be wholly-owned subsidiary(ies) of Keppel DC REIT (the “**KDCR Nominee(s)**”), subscribe for bonds to be issued by M1 Network Private Limited (“**NetCo**”). M1 Limited (“**M1**”) holds 100% of the ordinary shares in NetCo. The bonds to be issued by NetCo are to be referred to as the “**NetCo Bonds**”. The total subscription amount of the NetCo Bonds is S\$88.7 million (“**Bond Subscription Amount**”). As part of the same transaction and to provide additional protection to Keppel DC REIT for the investment in the NetCo Bonds, Keppel DC REIT, through its wholly-owned subsidiary, KDCR Singapore 2 Pte. Ltd. (“**KDCR Singapore 2**”), has on 14 October

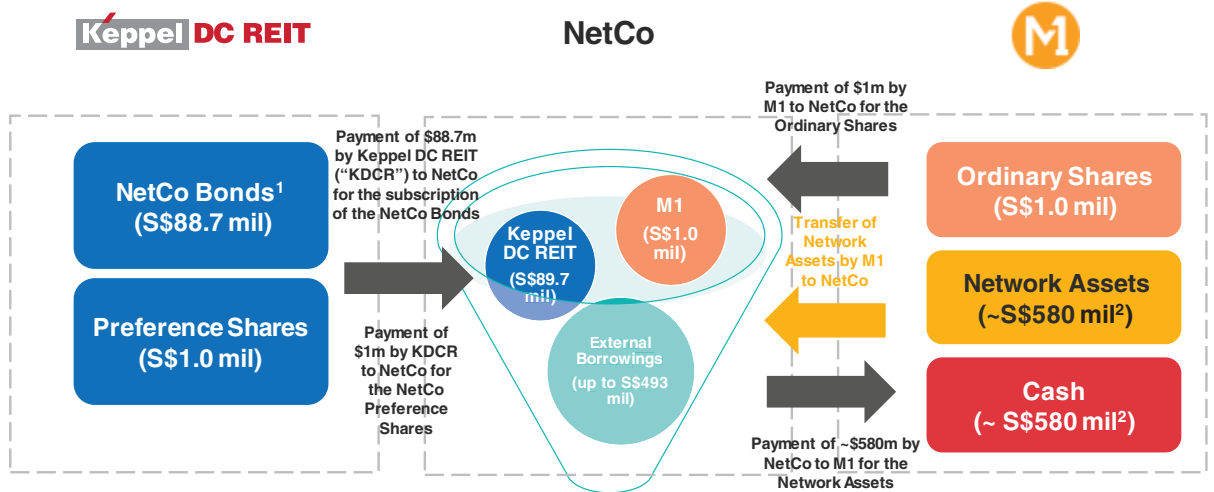
2021 entered into a subscription and shareholders' agreement (the “**Subscription and Shareholders' Agreement**”) with M1 and NetCo to subscribe for 100% of the preference shares to be issued by NetCo (“**NetCo Preference Shares**”) for a subscription amount of S\$1.0 million (“**Preference Shares Subscription Amount**”, together with the Bond Subscription Amount, the “**NetCo Bonds and Preference Shares Investment Subscription Amount**”, and the subscription in the NetCo Bonds and the NetCo Preference Shares, the “**NetCo Bonds and Preference Shares Investment**”). The NetCo Preference Shares will entitle Keppel DC REIT to have 50% representation on the board of directors of NetCo.

The Bond Subscription Amount of S\$88.7 million will represent 100% of the NetCo Bonds in issue at the time when Keppel DC REIT completes its investment in the NetCo Bonds. Keppel DC REIT will receive S\$11.0 million per annum, payable semi-annually in arrears each year (comprising both principal and interest) for the term of the NetCo Bonds, which shall be 15 years from the date of issuance of the NetCo Bonds.

NetCo was established by M1 to own M1’s mobile, fixed and fibre assets (the “**Network Assets**”). The Network Assets excludes the 5G standalone assets which are jointly owned between M1 and another party, as well as the co-owned and “right of use” assets that cannot be transferred and will not be part of the Network Assets. NetCo would be treated as a joint venture of Keppel DC REIT for accounting purposes.

The investment in the NetCo Bonds and NetCo Preference Shares is in line with Keppel DC REIT’s mandate to invest in assets necessary to support the digital economy. The NetCo Bonds fall within the list of permissible investments under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (“**MAS**”), specifically debt securities issued by non-property corporations.

Transaction Overview



Notes:

- 1 The NetCo Bonds will be subordinated to the external borrowings.
- 2 Net book value of the Network Assets as at 28 February 2021 is approximately S\$580 mil. The amount NetCo will pay M1 for the Network Assets will be equivalent to the net book value of the Network Assets (as at a date no later than two (2) business days prior to the completion of the transfer of the Network Assets from M1 to NetCo) in accordance with the terms and conditions of the Asset Transfer Agreement entered into between NetCo and M1.

Proposed Fee Supplement

The Manager further proposes to supplement the trust deed constituting Keppel DC REIT dated 17 March 2011 (as amended) (“**REIT Trust Deed**”), in the manner as set out in **Appendix C** of this Circular, to amend the acquisition fee payable to the Manager under the REIT Trust Deed to allow a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment (“**Proposed Fee Supplement**”).

(See paragraph 5 below for further details of the Proposed Fee Supplement.)

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from Unitholders in respect of:

- (i) **Resolution 1:** the proposed NetCo Bonds and Preference Shares Investment, as an interested person transaction (Ordinary Resolution¹); and
- (ii) **Resolution 2:** the Proposed Fee Supplement (Extraordinary Resolution²),

(collectively, the “**Proposed Transactions**”).

For the avoidance of doubt, Resolution 1 and Resolution 2 are not inter-conditional. In the event that Resolution 1 and Resolution 2 are both passed, Keppel DC REIT will proceed to invest in the NetCo Bonds and Preference Shares and Keppel DC REIT will seek reimbursement from NetCo for fees and expenses incurred, which is estimated to be approximately S\$2.7 million. In the event that Resolution 1 is passed and Resolution 2 is not passed, Keppel DC REIT will proceed to invest in the NetCo Bonds and Preference Shares and while no acquisition fees for such investment will be paid, Keppel DC REIT will seek reimbursement from NetCo for fees and expenses incurred, which is estimated to be approximately S\$1.8 million. In the event that Resolution 2 is passed and Resolution 1 is not passed, the investment in the NetCo Bonds and Preference Shares will not proceed and no acquisition fees are applicable.

RESOLUTION 1: THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT, AS AN INTERESTED PERSON TRANSACTION (ORDINARY RESOLUTION)

Pursuant to the NetCo Bonds and Preference Shares Investment, Keppel DC REIT has on 14 October 2021, through the Trustee, entered into a bond subscription deed (the “**Bond Subscription Deed**”) with NetCo, pursuant to which the Trustee and/or the KDCR Nominee(s) will, subject to Unitholders’ approval of Resolution 1, subscribe for, and NetCo will issue, the NetCo Bonds for the Bond Subscription Amount. Keppel DC REIT will receive S\$11.0 million per annum (comprising both principal and interest) for the term of the NetCo Bonds, which shall be 15 years from the date of issuance of the NetCo Bonds.

1 “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the REIT Trust Deed.

2 “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the REIT Trust Deed.

Further, as part of the same transaction as the subscription of the NetCo Bonds, KDCR Singapore 2 on 14 October 2021 entered into the Subscription and Shareholders' Agreement with M1 and NetCo, pursuant to which KDCR Singapore 2 will, subject to Unitholders' approval of Resolution 1, subscribe for 100% of the preference shares in NetCo for the Preference Shares Subscription Amount.

(See paragraph 2.8 for the principal terms of the Bond Subscription Deed and paragraph 2.9 for the principal terms of the Subscription and Shareholders' Agreement, including the rights that will be accorded to KDCR Singapore 2 as the holder of the NetCo Preference Shares.)

Details of NetCo

NetCo will hold the Network Assets pursuant to an asset transfer agreement ("**Asset Transfer Agreement**") entered into between M1 and NetCo on 14 October 2021. The net book value of the Network Assets as at 28 February 2021 is approximately S\$580 million.

The Manager and the Trustee have engaged BDO Advisory Pte Ltd (the "**Independent Valuer**") to estimate the value of the Network Assets on an enterprise value basis as reflected in the valuation of NetCo (which was incorporated to own the Network Assets), which the Independent Valuer has valued at approximately S\$586.7 million to S\$586.8 million as at 31 August 2021, assuming NetCo had been incorporated and all the transactions have been entered into. The valuation of the Network Assets on an enterprise value basis was on the assumption that NetCo had been incorporated and all the transactions had been entered into. The enterprise value computed comprised the equity value and the net financial debt of NetCo which would include, in present value terms, interest-bearing liabilities and shareholder loans/bonds. In arriving at the valuation, the income approach was applied as a primary approach using the discounted cash flow methodology, with the market approach adopted to cross check the indicative value range.

NetCo has entered into a network services agreement ("**Network Services Agreement**") with M1 for the provision of access to and use of the network capacity on, among others, the Network Assets by M1 and its mobile virtual network operators. As part of the Network Services Agreement, M1 will perform the day-to-day operation and maintenance of, as well as perform the capex works¹ for, the Network Assets.

(See paragraph 2.10 of this Circular for the principal terms of the Network Services Agreement.)

Estimated Total Acquisition Outlay

The total acquisition outlay for the proposed NetCo Bonds and Preference Shares Investment ("**Total Acquisition Outlay**") is estimated to be up to approximately S\$92.4 million², comprising:

- (i) the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million;
- (ii) subject to Unitholders' approval of Resolution 2, the acquisition fee (the "**Acquisition Fee**") payable in Units to the Manager for the proposed NetCo Bonds and Preference Shares Investment (the "**Acquisition Fee Units**") of approximately S\$0.9 million; and

1 "capex works" refers to any extension, modification, improvement, diversion, enhancement, renewal or replacement works.

2 Unitholders should note that NetCo will reimburse Keppel DC REIT up to S\$2.7 million of the fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment. If the Proposed Fee Supplement is approved, the Acquisition Fee would be reimbursed by NetCo. If the Proposed Fee Supplement is not approved, NetCo will reimburse Keppel DC REIT fees and expenses incurred, which is expected to be approximately S\$1.8 million.

- (iii) the estimated professional and other fees and expenses of approximately S\$1.8 million incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment.

Payment of Acquisition Fee in Units

Subject to approval of Unitholders for the Proposed Fee Supplement, it is proposed that in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment, the Manager receives an Acquisition Fee at a rate of 1.0% of the net NetCo Bonds and Preference Shares Investment Subscription Amount of S\$87.0 million¹, payable in Units.

Based on the REIT Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the acquisition fee at the issue price of Units equal to the volume weighted average price (“**VWAP**”) for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding the completion of the proposed NetCo Bonds and Preference Shares Investment.

Based on an illustrative issue price of S\$2.371 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 0.4 million Units.

As the proposed NetCo Bonds and Preference Shares Investment constitutes an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Method of Financing

The Manager intends to finance the Total Acquisition Outlay (save for the Acquisition Fee) of S\$92.4 million through external bank borrowings and the remaining cash proceeds (after debt repayment) of approximately S\$15.1 million from the divestment of iseek Data Centre which was sold for approximately S\$34.0 million.

Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, Keppel Corporation Limited (“**KCL**”), through Keppel Telecommunications & Transportation Ltd (“**Keppel T&T**”) and Keppel Capital Holdings Pte. Ltd. (“**Keppel Capital**”), holds an aggregate interest in 342,500,222 Units, which is equivalent to approximately 19.97% of the total number of Units in issue, and is therefore regarded as a “controlling unitholder” of Keppel DC REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is owned by (i) Keppel T&T through Keppel Data Centres Pte. Ltd. (“**KDCPL**”) and (ii) Keppel Capital in equal proportions, which are in turn subsidiaries of KCL, KCL is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

As at the Latest Practicable Date, KCL holds an effective 83.8% of the shares of M1. Accordingly, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) and Paragraph 5 of the Property Funds Appendix, NetCo (the ordinary shares of which are 100% held by a “controlling unitholder” of Keppel DC REIT and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of Keppel DC REIT.

¹ S\$87.0 million being the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million less the maximum amount of S\$2.7 million of fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment which will be reimbursed by NetCo to Keppel DC REIT.

Therefore, the proposed NetCo Bonds and Preference Shares Investment, being an investment in securities issued by NetCo, will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Given that the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million (together with the total interest receivable of S\$76.3 million in relation to the NetCo Bonds and the total reimbursement of professional and other fees and expenses of up to S\$2.7 million) is approximately S\$168.7 million (which is 8.5% of the latest audited net tangible assets (“NTA”) and 8.5% of the latest audited net asset value (“NAV”) of Keppel DC REIT, respectively, as at 31 December 2020, the value of the NetCo Bonds and Preference Shares Investment exceeds 5.0% of the NTA and the NAV of Keppel DC REIT, respectively. Accordingly, the Manager is seeking the approval of Unitholders by way of Ordinary Resolution for the proposed NetCo Bonds and Preference Shares Investment.

Rationale for and Benefits of the Proposed NetCo Bonds and Preference Shares Investment

The Manager believes that the proposed NetCo Bonds and Preference Shares Investment will bring the following key benefits to Unitholders:

- (1) Distribution per Unit (“DPU”) accretive investment providing returns to Unitholders

Pro Forma Financial Effects of the Investment

FOR ILLUSTRATIVE PURPOSES ONLY:

FY2020	Before the NetCo Bonds and Preference Shares Investment	After the NetCo Bonds and Preference Shares Investment	
		QPDS application approved ¹	QPDS application not approved ¹
Distributable Income (S\$'000)	156,915	162,649	161,637
Issued Units ('000)	1,633,121 ²	1,633,488 ³	1,633,488 ³
DPU (Singapore cents)	9.170	9.519	9.457
DPU Accretion (%)	–	3.8	3.1
NAV per Unit ⁴ (S\$)	1.19	1.19	1.19
Aggregate Leverage ⁴ (%)	36.7	38.0	38.0

Notes:

1. If MAS approves the application for the NetCo Bonds to qualify as Qualifying Project Debt Securities (“QPDS”). If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom, will be subject to the prevailing corporate tax of 17%.
2. Number of Units issued as at 31 December 2020.
3. Assuming approximately 0.4 million Acquisition Fee Units (at an illustrative issue price of S\$2.371 per Unit) issuable to the Manager in relation to the NetCo Bonds and Preference Shares Investment.
4. The impact on NAV per Unit and aggregate leverage as at 31 December 2020 is the same regardless whether approval for certain qualifying conditions is granted by MAS.

- (2) Stable and long-term cashflow investment for Keppel DC REIT

- (3) Greater income resilience through diversification of income streams
- (4) Enlarged portfolio that creates a stronger platform to drive long-term growth

An application has been made to MAS to seek confirmation from MAS on whether the NetCo Bonds qualify as QPDS. QPDS is a tax incentive which provides a tax exemption on interest income derived from QPDS. This was introduced by the Singapore Government in September 2006 to promote the growth of the project finance industry through Singapore's capital markets.

Certain conditions have to be met for the NetCo Bonds to qualify as QPDS, including:

- (a) the proceeds raised from the NetCo Bonds can only be used to acquire, develop or invest in qualifying infrastructure projects/assets or to refinance a previous borrowing which was used for such a purpose;
- (b) the NetCo Bonds must be issued on a non-recourse or limited recourse basis, i.e. interest payment on the NetCo Bonds is funded primarily from the cash flows of the qualifying infrastructure projects/assets;
- (c) approval has been given by MAS on the level of gearing in the case of an onshore qualifying infrastructure project/asset; and
- (d) the NetCo Bonds have to be issued to and held by four or more persons at all times during the life of the issue.

If condition (d) cannot be met, a waiver may be granted by MAS if the entire issue of the debt securities is held by entities which are Singapore tax residents and listed in Singapore (or to be listed in Singapore within six months of the issuance of the debt security).

If MAS grants the relevant approvals/waivers such that the NetCo Bonds can qualify as QPDS, the interest income derived on the NetCo Bonds can qualify for exemption from Singapore income tax.

RESOLUTION 2: THE PROPOSED FEE SUPPLEMENT (EXTRAORDINARY RESOLUTION)

The Manager is seeking approval from Unitholders for the Proposed Fee Supplement, as set out in **Appendix C** of this Circular, to amend the acquisition fee payable to the Manager under the REIT Trust Deed to allow a one-off payment of acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment.

Rationale for and Benefits of the Proposed Fee Supplement

The Proposed Fee Supplement is to facilitate the payment of a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment.

Unitholders should note that NetCo will reimburse Keppel DC REIT up to S\$2.7 million of the fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment. If the Proposed Fee Supplement is approved, the Acquisition Fee would be reimbursed by NetCo together with professional and other fees and expenses as part of the reimbursement of up to S\$2.7 million by NetCo mentioned above.

When the NetCo Bonds mature, as with any other bond instruments, the NetCo Bonds would cease to exist. No divestment fee will be payable to the Manager at the maturity of the NetCo Bonds.

Interested Person Transaction

Keppel DC REIT Management Pte. Ltd., being the manager of Keppel DC REIT, is considered an “interested person” of Keppel DC REIT for the purposes of Chapter 9 of the Listing Manual. Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM, or accepting appointments as proxies unless specific instructions as to voting are given.

Given that the Proposed Fee Supplement directly affects the Manager’s fees, the Manager and its associates will abstain from voting on Resolution 2 at the EGM. Further, the Manager will not and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given. In the interest of good corporate governance, Ms Christina Tan and Mr Thomas Pang, being non-independent Directors of the Manager, will also abstain from voting on Resolution 2 at the EGM.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: Monday, 29 November 2021 at 10.30 a.m.
Date and time of the EGM convened and held by electronic means	: Thursday, 2 December 2021 at 10.30 a.m.
If approval for the proposed NetCo Bonds and Preference Shares Investment is obtained at the EGM:	

Target date for completion of the proposed NetCo Bonds and Preference Shares Investment	: By the end of 4Q 2021
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Keppel DC REIT

(Constituted in the Republic of Singapore
pursuant to a trust deed dated 17 March 2011 (as amended))

Directors of the Manager

Ms Christina Tan (Chairman of the Board
and Non-Executive Director)
Mr Kenny Kwan (Lead Independent Director)
Mr Lee Chiang Huat (Independent Director
and Chairman of the Audit and Risk Committee)
Dr Tan Tin Wee (Independent Director and Chairman
of the Nominating and Remuneration Committee)
Mr Dileep Nair (Independent Director)
Mr Low Huan Ping (Independent Director)
Mr Thomas Pang (Non-Executive Director)

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

10 November 2021

To: Unitholders of Keppel DC REIT

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek the approval of Unitholders for:

- (i) **Resolution 1:** the proposed NetCo Bonds and Preference Shares Investment, as an interested person transaction (Ordinary Resolution); and
- (ii) **Resolution 2:** the Proposed Fee Supplement (Extraordinary Resolution).

For the avoidance of doubt, Resolution 1 and Resolution 2 are not inter-conditional. In the event that Resolution 1 and Resolution 2 are both passed, Keppel DC REIT will proceed to invest in the NetCo Bonds and Preference Shares and Keppel DC REIT will seek reimbursement from NetCo for fees and expenses incurred, which is estimated to be approximately S\$2.7 million. In the event that Resolution 1 is passed and Resolution 2 is not passed, Keppel DC REIT will proceed to invest in the NetCo Bonds and Preference Shares and while no acquisition fees for such investment will be paid, Keppel DC REIT will seek reimbursement from NetCo for fees and expenses incurred, which is estimated to be approximately S\$1.8 million. In the event that Resolution 2 is passed and Resolution 1 is not passed, the investment in the NetCo Bonds and Preference Shares will not proceed and no acquisition fees are applicable.

2. RESOLUTION 1: THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT

2.1 Overview of the NetCo Bonds and Preference Shares Investment

The Manager proposes that Keppel DC REIT, through the Trustee and/or the KDCR Nominee(s), subscribe for bonds to be issued by NetCo. M1 holds 100% of the ordinary shares in NetCo. The total subscription amount of the NetCo Bonds is S\$88.7 million. As part of the same transaction and to provide additional protection to Keppel DC REIT for the

investment in the NetCo Bonds, Keppel DC REIT, through KDCR Singapore 2 would subscribe for 100% of the preference shares to be issued by NetCo for a subscription amount of S\$1.0 million. The NetCo Preference Shares will entitle Keppel DC REIT to have 50% representation on the board of directors of NetCo.

NetCo was established by M1 to own the Network Assets.

2.2 Structure of the NetCo Bonds and Preference Shares Investment

Pursuant to the Bond Subscription Deed, the Trustee and/or the KDCR Nominee(s) will, subject to Unitholders' approval of Resolution 1, subscribe for, and NetCo will issue, the NetCo Bonds for the Bond Subscription Amount. Keppel DC REIT will receive S\$11.0 million per annum (comprising both principal and interest) for the term of the NetCo Bonds, which shall be 15 years from the date of issuance of the NetCo Bonds.

Pursuant to the Subscription and Shareholders' Agreement, KDCR Singapore 2 on 14 October 2021 entered into the Subscription and Shareholders' Agreement with M1 and NetCo, pursuant to which KDCR Singapore 2 will, subject to Unitholders' approval of Resolution 1, subscribe for 100% of the preference shares in NetCo for the Preference Shares Subscription Amount.

(See paragraph 2.8 for the principal terms of the Bond Subscription Deed and paragraph 2.9 for the principal terms of the Subscription and Shareholders' Agreement, including the rights that will be accorded to KDCR Singapore 2 as the holder of the NetCo Preference Shares.)

2.3 Details on NetCo

NetCo will hold the Network Assets pursuant to the Asset Transfer Agreement entered into between M1 and NetCo on 14 October 2021. The net book value of the Network Assets as at 28 February 2021 is approximately S\$580 million. The Manager and the Trustee have engaged the Independent Valuer to estimate the value of the Network Assets on an enterprise value basis as reflected in the valuation of NetCo (which was incorporated to own the Network Assets), which the Independent Valuer has valued at approximately S\$586.7 million to S\$586.8 million as at 31 August 2021, assuming NetCo had been incorporated and all the transactions have been entered into. The valuation of the Network Assets on an enterprise value basis was on the assumption that NetCo had been incorporated and all the transactions had been entered into. The enterprise value computed comprised the equity value and the net financial debt of NetCo which would include, in present value terms, interest-bearing liabilities and shareholder loans/bonds. In arriving at the valuation, the income approach was applied as a primary approach using the discounted cash flow methodology, with the market approach adopted to cross check the indicative value range.

NetCo will use the proceeds from the issue of the NetCo Bonds of S\$88.7 million and external borrowings taken up by NetCo of up to S\$493.0 million to finance the acquisition of the Network Assets.¹

NetCo has entered into the Network Services Agreement with M1 for the provision of access to and use of the network capacity on, among others, the Network Assets by M1 and its mobile virtual network operators. As part of the Network Services Agreement, M1 will perform the day-to-day operation and maintenance of, as well as perform the capex works² for, the Network Assets.

1 The NetCo Bonds will be subordinated to the external borrowings.

2 "capex works" refers to any extension, modification, improvement, diversion, enhancement, renewal or replacement works.

The Network Services Agreement has an initial term of 15 years from the date it comes into effect, but may be, subject to Unitholders' approval (if required), mutually extended for a period and on terms and conditions to be agreed between M1 and NetCo.

(See paragraph 2.10 below for further details on the principal terms of the Network Services Agreement.)

2.4 NetCo Bonds and Preference Shares Investment Subscription Amount

The NetCo Bonds and Preference Shares Investment Subscription Amount is S\$89.7 million, comprising S\$88.7 million for the Bond Subscription Amount and S\$1.0 million for the Preference Shares Subscription Amount.

The Preference Shares Subscription Amount of S\$1.0 million was calculated based on the issuance of 1,000,000 preference shares in NetCo.

2.5 Estimated Total Acquisition Outlay

The Total Acquisition Outlay is estimated to be approximately S\$92.4 million¹, comprising:

- (i) the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million;
- (ii) subject to Unitholders' approval of Resolution 2, the Acquisition Fee payable in Units to the Manager for the proposed NetCo Bonds and Preference Shares Investment of approximately S\$0.9 million; and
- (iii) the estimated professional and other fees and expenses of approximately S\$1.8 million incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment.

2.6 Payment of Acquisition Fee in Units

Subject to Unitholders' approval of the Proposed Fee Supplement (Resolution 2), the Manager will, pursuant to the REIT Trust Deed, be entitled to receive an Acquisition Fee at a rate of 1.0% of the net NetCo Bonds and Preference Shares Investment Subscription Amount of S\$87.0 million², which is taken into account when computing the Total Acquisition Outlay.

Based on the REIT Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the acquisition fee at the issue price of Units equal to the VWAP for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding the completion of the proposed NetCo Bonds and Preference Shares Investment.

Based on an illustrative issue price of S\$2.371 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 0.4 million Units.

1 Unitholders should note that NetCo will reimburse Keppel DC REIT up to S\$2.7 million of the fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment. If the Proposed Fee Supplement is approved, the Acquisition Fee would be reimbursed by NetCo. If the Proposed Fee Supplement is not approved, NetCo will reimburse Keppel DC REIT fees and expenses incurred, which is expected to be approximately S\$1.8 million.

2 S\$87.0 million being the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million less the maximum amount of S\$2.7 million of fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment which will be reimbursed by NetCo to Keppel DC REIT.

As the proposed NetCo Bonds and Preference Shares Investment constitutes an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2.7 Method of Financing

The Manager intends to finance the Total Acquisition Outlay (save for the Acquisition Fee) of S\$92.4 million through external bank borrowings and the remaining cash proceeds (after debt repayment) of approximately S\$15.1 million from the divestment of isek Data Centre which was sold for approximately S\$34.0 million.

2.8 Certain Terms and Conditions of the Bond Subscription Deed

2.8.1 The subscription by the Trustee (and/or the KDCR Nominee(s)) of the NetCo Bonds is conditional upon each of the Asset Transfer Agreement, the Network Services Agreement, the acquisition loan facility agreement to partially finance the transfer of the Network Assets from M1 to NetCo (“**NetCo Facility Agreement**”), the Bond Subscription Deed and the Subscription and Shareholders’ Agreement (collectively, the “**Transaction Documents**”) having been entered into and coming into effect in accordance with its respective terms, the conditions precedents contained therein being satisfied or waived in accordance with their terms and such agreement not having been terminated in accordance with its terms;

2.8.2 The principal terms and conditions of the NetCo Bonds include, among others, the following:

- (i) the NetCo Bonds shall bear interest at a fixed rate of 9.17% per annum, calculated by reference to the outstanding principal amount thereof and at such interest rate, the payment of principal and interest would amount to S\$11.0 million per annum, payable semi-annually in arrears each year¹;
- (ii) the NetCo Bonds (when issued) will constitute direct, unconditional, and (other than in respect of liabilities of NetCo under the NetCo Facility Agreement²) unsubordinated obligations of NetCo and will at all times rank *pari passu* among themselves and with all other present and future direct, unconditional, unsecured and (other than in respect of liabilities of NetCo under the NetCo Facility Agreement) unsubordinated obligations of NetCo other than those preferred by statute or applicable law, but in priority to any payment obligations of NetCo under any shareholder loans provided by M1 to NetCo under the Subscription and Shareholders’ Agreement;
- (iii) the NetCo Bonds shall not be redeemed, in whole or in part, at the option of NetCo; and

1 For the avoidance of doubt, as each payment comprises principal and interest, the full principal amount of S\$88.7 million would be repaid over each payment during the term of 15 years. The total principal and interest paid over 15 years would be S\$165 million.

2 For the avoidance of doubt, the NetCo Bonds are ranked lower in priority compared to the external borrowings taken up by NetCo. This means that all semi-annual payments relating to the external borrowings would have to be settled first before semi-annual payments relating to the NetCo Bonds can be paid.

- (iv) in the event of a change of control in NetCo and subject to certain conditions under the NetCo Facility Agreement being fulfilled, the NetCo Bonds may be redeemed at the option of the subscribers of the NetCo Bonds, in whole or in part, on the date of such change of control at a redemption price equal to 100% of the outstanding principal amount, together with all accrued but unpaid interest.

It should be noted that while Keppel DC REIT is not prevented from selling the NetCo Bonds, there are various conditions (including consent from Infocomm Media Development Authority (“**IMDA**”) and NetCo’s external lenders) which need to be satisfied before the NetCo Bonds can be transferred. In the event that such conditions cannot be satisfied, Keppel DC REIT would not be able to dispose of the NetCo Bonds and may have to hold the NetCo Bonds until its maturity.

Based on forecasted free cash flow of NetCo after servicing its external borrowings, it is expected that there will be available cash to service the repayment of S\$11.0 million per annum (comprising principal and interest payments) over 15 years. The effective yield of the NetCo Bonds is 9.17% per annum.

2.9 Certain Terms and Conditions of the Subscription and Shareholders’ Agreement

2.9.1 The obligation of KDCR Singapore 2 to subscribe for the NetCo Preference Shares is subject to the satisfaction or waiver (as the case may be) of certain conditions which include but are not limited to:

- (i) the execution of the Transaction Documents, and all conditions precedent to closing or funding (as the case may be) contained in the Asset Transfer Agreement, the Network Services Agreement, the NetCo Facility Agreement and the Bond Subscription Deed being satisfied or waived in accordance with their terms and such agreements not having been terminated in accordance with their terms;
- (ii) the receipt by KDCR Singapore 2 of a copy of the written consent from IMDA in relation to the entry into the Transaction Documents;
- (iii) the approval by the independent Unitholders for the entry into the Bond Subscription Deed and the Subscription and Shareholders’ Agreement at the EGM; and
- (iv) the receipt of confirmation from MAS as to whether the NetCo Bonds qualify as “qualifying project debt securities” under the Income Tax Act (Chapter 134 of Singapore);

2.9.2 As the holder of the NetCo Preference Shares, KDCR Singapore 2 shall:

- (i) be entitled to receive notice of, and to attend and speak at, but (save as otherwise provided for under the Companies Act, Chapter 50 of Singapore) shall not be entitled to vote at general meetings of NetCo except for such general meetings to vote on and approve the winding up of NetCo or any amendment to the constitution of NetCo which would amount to a variation of the rights given to the holders of the NetCo Preference Shares;
- (ii) KDCR Singapore 2 shall be entitled to nominate three, out of six, directors of NetCo¹;

¹ For so long as there is no enforcement of the security pursuant to an event of default under the NetCo Facility Agreement.

- (iii) be entitled to receive all proceeds out of the assets and funds of NetCo available for distribution upon the dissolution and/or liquidation of NetCo; be entitled to all the rights to any dividend or distribution (if any) by NetCo, as may be determined by the board of directors of NetCo out of the available profits of NetCo; and
- (iv) be entitled to certain reserved matters as set out in the Subscription and Shareholders' Agreement which require the prior written consent of the simple majority of the board of directors of NetCo (with affirmative votes from at least two directors appointed by M1 and two directors appointed by KDCR Singapore 2).

2.10 Certain Terms and Conditions of the Network Services Agreement

The principal terms of the Network Services Agreement include, among others, the following:

- 2.10.1** the condition precedent that the sale and purchase of the Network Assets under the Asset Transfer Agreement is completed;
- 2.10.2** the initial term of the Network Services Agreement shall be 15 years from the date of completion of the Asset Transfer Agreement;
- 2.10.3** M1 shall pay NetCo monthly network service fees for the provision by NetCo of Network Services;
- 2.10.4** NetCo's appointment of M1 to perform the services to operate, maintain and repair, among others, the Network Assets ("**O&M Services**") is on a sole and exclusive basis;
- 2.10.5** M1 shall perform the O&M Services in accordance with all laws and authorisations applicable to M1 and to NetCo; and
- 2.10.6** any variation, termination of or modification to the appointment of M1 by NetCo to perform the O&M Services or appointment of a third party operator (by NetCo) is subject to the consent of IMDA.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT

The Manager believes that the proposed NetCo Bonds and Preference Shares Investment will bring the following key benefits to Unitholders:

3.1 DPU accretive investment providing returns to Unitholders

- The NetCo Bonds and Preference Shares Investment is expected to be accretive to the FY2020 pro forma DPU.

Pro Forma Financial Effects of the Investment

FOR ILLUSTRATIVE PURPOSES ONLY:

FY2020	Before the NetCo Bonds and Preference Shares Investment	After the NetCo Bonds and Preference Shares Investment	
		QPDS application approved ¹	QPDS application not approved ¹
Distributable Income (S\$'000)	156,915	162,649	161,637
Issued Units ('000)	1,633,121 ²	1,633,488 ³	1,633,488 ³
DPU (Singapore cents)	9.170	9.519	9.457
DPU Accretion (%)	–	3.8	3.1
NAV per Unit ⁴ (S\$)	1.19	1.19	1.19
Aggregate Leverage ⁴ (%)	36.7	38.0	38.0

Notes:

1. If MAS approves the application for the NetCo Bonds to qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom, will be subject to the prevailing corporate tax of 17%.
 2. Number of Units issued as at 31 December 2020.
 3. Assuming approximately 0.4 million Acquisition Fee Units (at an illustrative issue price of S\$2.371 per Unit) issuable to the Manager in relation to the NetCo Bonds and Preference Shares Investment.
 4. The impact on NAV per Unit and aggregate leverage as at 31 December 2020 is the same regardless whether approval for certain qualifying conditions is granted by MAS.
- The proposed NetCo Bonds and Preference Shares Investment is consistent with the Manager's goal to create value for Unitholders through investments that generate sustainable returns and enhance total Unitholders' returns.

3.2 Stable and long-term cashflow investment for Keppel DC REIT

- The proposed NetCo Bonds and Preference Shares Investment will provide Unitholders with a long-term stable cash flow for 15 years, without having to assume any operational management risks.
- This is also in line with Keppel DC REIT's objective to provide Unitholders with regular and stable distributions.

There are various mitigating measures in relation to the credit risks of NetCo:

- (i) M1, which holds 100% of the ordinary shares of NetCo, is an established telecommunications operator and has the second largest post-paid base in Singapore, based on both the number of customers and revenue.
- (ii) NetCo's credit risk is determined based on M1's ability to fulfil its contractual terms under the Network Services Agreement. M1 has been profitable for the past years and is one of the four major telecommunication companies in Singapore.
- (iii) The NetCo Preference Shares will entitle Keppel DC REIT to have 50% representation on the board of directors of NetCo, allowing Keppel DC REIT to have oversight on the performance of NetCo and early line of sight of any issues that may pose any credit risks.

- (iv) As the NetCo Bonds' principal will be progressively repaid during the 15-year term, Keppel DC REIT's investment exposure will accordingly be reduced over time.

3.3 Greater income resilience through diversification of income streams

- The proposed NetCo Bonds and Preference Shares Investment will further strengthen the income resilience of Keppel DC REIT's portfolio. Post-completion of the NetCo Bonds and Preference Shares Investment, Keppel DC REIT will benefit from further diversification in income streams from the enlarged asset base.

3.4 Enlarged portfolio that creates a stronger platform to drive long-term growth

- The proposed NetCo Bonds and Preference Shares Investment will increase Keppel DC REIT's assets under management by 2.8%¹ to S\$3.3 billion. The Manager believes that the increased portfolio size will create a stronger platform for acquisition growth due primarily to better access to both the capital markets and the debt markets.

4. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT

4.1 Pro Forma Financial Effects of the NetCo Bonds and Preference Shares Investment

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the NetCo Bonds and Preference Shares Investment on the DPU, NAV per Unit and aggregate leverage presented below are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of Keppel DC REIT for the financial year ended 31 December 2020 (the "**Keppel DC REIT Audited Financial Statements**") as well as the following assumption that approximately 0.4 million New Units are issued at an illustrative price of S\$2.371 per Unit for the Acquisition Fee payable to the Manager;

4.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the NetCo Bonds and Preference Shares Investment on Keppel DC REIT's DPU for the financial year ended 31 December 2020, as if the NetCo Bonds and Preference Shares Investment was completed on 1 January 2020, and Keppel DC REIT held the investment in the NetCo Bonds and the NetCo Preference Shares through to 31 December 2020 are as follows:

An application has been made to MAS to seek confirmation on whether the NetCo Bonds qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom, will be subject to the prevailing corporate tax of 17%.

The effects of the proposed NetCo Bonds and Preference Shares Investment for each scenario is presented below.

¹ As at 30 September 2021, adjusted for the acquisition of Guangdong Data Centre.

	Effects of the NetCo Bonds and Preference Shares Investment if the QPDS application is approved	
	Before the NetCo Bonds and Preference Shares Investment	After the NetCo Bonds and Preference Shares Investment
Distributable Income (S\$'000)	156,915	162,649
Issued Units ('000)	1,633,121 ⁽¹⁾	1,633,488 ⁽²⁾
DPU (Singapore cents)	9.170	9.519
DPU accretion (%)	–	3.8%

Notes:

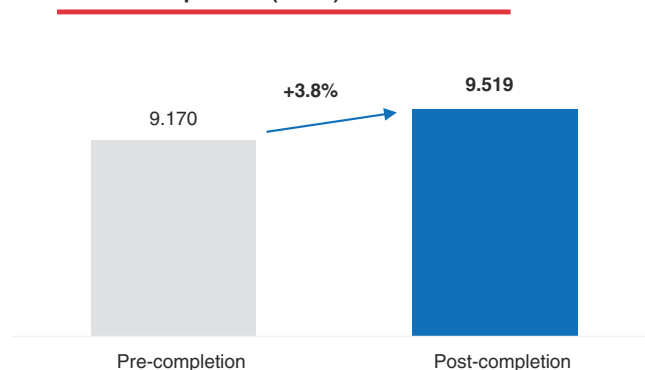
- (1) Number of Units issued as at 31 December 2020.
- (2) Assuming approximately 0.4 million Acquisition Fee Units (at an illustrative issue price of S\$2.371 per Unit) issuable to the Manager in relation to the NetCo Bonds and Preference Shares Investment.

	Effects of the NetCo Bonds and Preference Shares Investment if the QPDS application is not approved	
	Before the NetCo Bonds and Preference Shares Investment	After the NetCo Bonds and Preference Shares Investment
Distributable Income (S\$'000)	156,915	161,637
Issued Units ('000)	1,633,121 ⁽¹⁾	1,633,488 ⁽²⁾
DPU (Singapore cents)	9.170	9.457
DPU accretion (%)	–	3.1%

Notes:

- (1) Number of Units issued as at 31 December 2020.
- (2) Assuming approximately 0.4 million Acquisition Fee Units (at an illustrative issue price of S\$2.371 per Unit) issuable to the Manager in relation to the NetCo Bonds and Preference Shares Investment.

Distribution per Unit (cents)



Post-completion, FY2020 pro forma DPU will increase to 9.519 cents, with an accretion of 3.8%

Note:

1. If MAS approves the application for the NetCo Bonds to qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom, will be subject to the prevailing corporate tax of 17% and the DPU accretion will be 3.1%.

4.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the NetCo Bonds and Preference Shares Investment on Keppel DC REIT's NAV per Unit as at 31 December 2020, as if the NetCo Bonds and Preference Shares Investment was completed on 31 December 2020, are as follows:

	Before the NetCo Bonds and Preference Shares Investment	After the NetCo Bonds and Preference Shares Investment
NAV represented by Unitholders' funds (S\$'000)	1,944,652	1,945,522
Issued Units ('000)	1,633,121 ⁽¹⁾	1,633,488
NAV represented by Unitholders' funds per Unit (S\$)	1.19	1.19 ⁽²⁾

Notes:

- (1) Number of Units issued as at 31 December 2020.
- (2) The impact on NAV per Unit as at 31 December 2020 is the same regardless whether approval for certain qualifying conditions is granted by MAS.

4.1.3 Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma aggregate leverage of Keppel DC REIT as at 31 December 2020, as if the NetCo Bonds and Preference Shares Investment was completed on 31 December 2020, is as follows:

	Before the NetCo Bonds and Preference Shares Investment	After the NetCo Bonds and Preference Shares Investment
Aggregate Leverage	36.7%	38.0% ⁽¹⁾

Note:

- (1) The impact on aggregate leverage as at 31 December 2020 is the same regardless whether approval for certain qualifying conditions is granted by MAS.

4.2 Requirement for Unitholders' Approval

4.2.1 Major Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Keppel DC REIT. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by Keppel DC REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with Keppel DC REIT's NAV;
- (ii) the net profits attributable to the assets acquired, compared with Keppel DC REIT's net profits;
- (iii) the aggregate value of the consideration given, compared with Keppel DC REIT's market capitalisation; and
- (iv) the number of Units issued by Keppel DC REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving Keppel DC REIT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only sub-paragraph 4.2.1(ii) exceeds the relevant 20.0% threshold and sub-paragraph 4.2.1(iv) is not applicable as no consideration units will be issued.

4.2.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the NetCo Bonds and Preference Shares Investment using the applicable bases of comparison described in sub-paragraph 4.2.1 above are set out in the table below.

Comparison of	NetCo Bonds and Preference Shares Investment	Keppel DC REIT	Relative figure (%)
Net Profits before tax (S\$'000)	2,867	98,226 ⁽¹⁾	2.9
NetCo Bonds and Preference Shares Investment Subscription Amount against market capitalisation (S\$ million)	89.7	4,039.9 ⁽²⁾	2.2

Notes:

- (1) Based on Keppel DC REIT's unaudited net profit before tax for the six-month period ended 30 June 2021.
- (2) The figure is based on the weighted average traded price of S\$2.356 per Unit on the SGX-ST as at 13 October 2021, being the trading day immediately preceding the date of the Bond Subscription Deed and the Subscription and Shareholders' Agreement.

4.2.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where Keppel DC REIT proposes to enter into a transaction with an interested person 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 S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Keppel DC REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the Keppel DC REIT Audited Financial Statements, the NTA of Keppel DC REIT was S\$1,979.5 million as at 31 December 2020. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Keppel DC REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$99.0 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Keppel DC REIT whose value exceeds 5.0% of Keppel DC REIT's latest audited NAV. Based on the Keppel DC REIT Audited Financial Statements, the NAV of Keppel DC REIT was S\$1,982.2 million as at 31 December 2020. Accordingly, if the value of a transaction which is proposed to be entered into by Keppel DC REIT with an interested party is equal to or greater than S\$99.1 million, such a transaction would be subject to Unitholders' approval.

Given that the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million (together with the total interest receivable of S\$76.3 million in relation to the NetCo Bonds and the total reimbursement of professional and other fees and expenses of up to S\$2.7 million) is approximately S\$168.7 million, which is 8.5% of the latest audited NTA and 8.5% of the latest audited NAV of Keppel DC REIT as at 31 December 2020, respectively, the value of the NetCo Bonds and Preference Shares Investment exceeds the said threshold.

As at the Latest Practicable Date, KCL, through Keppel T&T and Keppel Capital, holds an aggregate interest in 342,500,222 Units, which is equivalent to approximately 19.97% of the total number of Units in issue, and is therefore regarded as a "controlling unitholder" of Keppel DC REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is owned by (i) Keppel T&T through KDCPL and (ii) Keppel Capital in equal proportions, which are in turn subsidiaries of KCL, KCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As at the Latest Practicable Date, KCL holds an effective 83.8% of the shares of M1. Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, NetCo (the ordinary shares of which are 100% held by a "controlling unitholder" of Keppel DC REIT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of Keppel DC REIT.

Therefore, the proposed NetCo Bonds and Preference Shares Investment, being an investment in securities issued by NetCo, will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

4.3 Advice of the Independent Financial Adviser

Pursuant to Rule 921(4) of the Listing Manual, the Manager has appointed Deloitte & Touche Corporate Finance Pte Ltd as the IFA to advise the Independent Directors, the Audit and Risk Committee and the Trustee in relation to the NetCo Bonds and Preference Shares Investment. A copy of the letter from the IFA to the Independent Directors and members of the Audit and Risk Committee and the Trustee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix A** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the various points set out in Section 3 of the IFA Letter in relation to the NetCo Bonds and Preference Shares Investment, and the information available to it as at the Latest Practicable Date, the IFA is of the opinion that the NetCo Bonds and Preference Shares Investment are on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, the IFA advises the Independent Directors and the Audit and Risk Committee to recommend that the minority Unitholders vote in favour of the resolution in connection with the NetCo Bonds and Preference Shares Investment to be proposed at the EGM.

4.4 Directors’ Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the NetCo Bonds and Preference Shares Investment or any other transactions contemplated in relation to the NetCo Bonds and Preference Shares Investment.

5. RESOLUTION 2: THE PROPOSED FEE SUPPLEMENT

5.1 Overview of the Proposed Fee Supplement

The Manager is seeking approval from Unitholders for the Proposed Fee Supplement, as set out in **Appendix C** of this Circular, to amend the acquisition fee payable to the Manager under the REIT Trust Deed to allow a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment.

Unitholders should note that NetCo will reimburse Keppel DC REIT up to S\$2.7 million of the fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment. If the Proposed Fee Supplement is approved, the Acquisition Fee would be reimbursed by NetCo together with professional and other fees and expenses as part of the reimbursement of up to S\$2.7 million by NetCo mentioned above.

When the NetCo Bonds mature, as with any other bond instruments, the NetCo Bonds would cease to exist. No divestment fee will be payable to the Manager at the maturity of the NetCo Bonds.

5.2 Current structure of the acquisition fee under the REIT Trust Deed

Under the REIT Trust Deed, the Manager is entitled to receive an acquisition fee at a rate of 1.0% of:

- (i) the acquisition price of any real estate purchased, whether directly or indirectly through one or more special purpose vehicles, by Keppel DC REIT (plus any other payments in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of Keppel DC REIT's interest);
- (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased, whether directly or indirectly through one or more special purpose vehicles, by Keppel DC REIT (plus any additional payments made by Keppel DC REIT or its special vehicle purposes to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of Keppel DC REIT's interest); or
- (iii) the acquisition price of any investment purchased by Keppel DC REIT, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicles owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

5.3 Rationale for and benefits of the Proposed Fee Supplement

The Proposed Fee Supplement is to allow for the payment of a one-off acquisition fee to the Manager in connection with the NetCo Bonds and Preference Shares Investment.

5.4 Interested person transaction

Keppel DC REIT Management Pte. Ltd., being the manager of Keppel DC REIT, is considered an "interested person" of Keppel DC REIT for the purposes of Chapter 9 of the Listing Manual. Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM, or accepting appointments as proxies unless specific instructions as to voting are given.

Given that the Proposed Fee Supplement directly affects the Manager's fees, the Manager and its associates will abstain from voting on Resolution 2 at the EGM. Further, the Manager will not and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given. In the interest of good corporate governance, Ms Christina Tan and Mr Thomas Pang, being non-independent Directors of the Manager, will also abstain from voting on Resolution 2 at the EGM.

5.5 Advice of the Independent Financial Adviser

Pursuant to Rule 921(4) of the Listing Manual, the Manager has appointed the IFA to advise the Independent Directors, the Audit and Risk Committee and the Trustee in relation to the Proposed Fee Supplement. A copy of the letter from the IFA Letter, containing its advice in full, is set out in **Appendix A** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the various points set out in Section 3.3 of the IFA Letter in relation to the Proposed Fee Supplement, and the information available to it as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Fee Supplement is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, the IFA advises the Independent Directors and the Audit and Risk Committee to recommend that the minority Unitholders vote in favour of the resolution in connection with the Proposed Fee Supplement to be proposed at the EGM.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain directors of the Manager hold Units. Further details of the interests in Units of Directors and Substantial Unitholders¹ are set below.

Ms Christina Tan is the Chairman and a Non-Executive Director of the Manager, the Chief Executive Officer of Keppel Capital, the Deputy Chairman of Alpha Investment Partners Limited, and a Non-Executive Director of the trustee-manager of Keppel Infrastructure Trust. Mr Thomas Pang is a Non-Executive Director of the Manager and a director and the Chief Executive Officer of Keppel T&T. Ms Christina Tan and Mr Thomas Pang are investors in Alpha DC Fund Private Limited.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(¹)
	No. of Units	%	No. of Units	%		
Christina Tan	55,250	0.0032	–	–	55,250	0.0032
Kenny Kwan	9,400	0.0005	–	–	9,400	0.0005
Lee Chiang Huat	119,282	0.0070	–	–	119,282	0.0070
Tan Tin Wee	117,238	0.0068	–	–	117,238	0.0068
Dileep Nair	41,577	0.0024	–	–	41,577	0.0024
Low Huan Ping	10,600	0.0006	–	–	10,600	0.0006
Thomas Pang	70,388	0.0041	–	–	70,388	0.0041

Note:

(1) The percentage is based on 1,714,898,700 Units in issue as at the Latest Practicable Date.

¹ "Substantial Unitholder" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

The table below sets out the interest in shares in KCL (“**KCL Shares**”) which are held by the Directors.

Name of Directors	Direct Interest		Deemed Interest		Total No. of KCL Shares held	%	No. of Outstanding KCL Share Options	Contingent Award of KCL Shares	
	No. of KCL Shares	% ⁽¹⁾	No. of KCL Shares	% ⁽¹⁾				KCL Performance Share Plan	KCL Restricted Share Plan
Christina Tan	473,160	0.0260	–	–	473,160	0.0260	–	1,180,000	111,915
Kenny Kwan	10,000	0.0005	–	–	10,000	0.0005	–	–	–
Lee Chiang Huat	–	–	–	–	–	–	–	–	–
Tan Tin Wee	–	–	–	–	–	–	–	–	–
Dileep Nair	–	–	–	–	–	–	–	–	–
Low Huan Ping	27,000	0.0015	–	–	27,000	0.0015	–	–	–
Thomas Pang	323,274	0.0178	–	–	323,274	0.0178	–	380,000	64,743

Note:

- (1) The percentage is based on 1,819,604,968 KCL Shares (excluding treasury shares of 952,799 of KCL) as at the Latest Practicable Date.

As at the Latest Practicable Date, Temasek Holdings (Private) Limited (“**THPL**”) holds an aggregate interest in 380,313,226 KCL Shares, which is equivalent to approximately 20.90% of the total number of KCL Shares in issue.

Based on information available to the Manager, the Substantial Unitholders of Keppel DC REIT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
THPL ⁽²⁾	–	–	384,702,901	22.43	384,702,901	22.43
KCL ⁽³⁾	–	–	342,500,222	19.97	342,500,222	19.97
Keppel T&T ⁽⁴⁾	–	–	342,500,222	19.97	342,500,222	19.97
Keppel DC Investment Holdings Pte. Ltd. (“ KDCIH ”)	336,131,978	19.60	–	–	336,131,978	19.60

Notes:

- (1) The percentage is based on 1,714,898,700 Units in issue as at Latest Practicable Date.
- (2) Temasek Holdings (Private) Limited’s deemed interest arises from the deemed interest held by KCL and other subsidiaries and associated companies of Temasek Holdings (Private) Limited.
- (3) KCL’s deemed interest arises from its shareholdings in (i) KDCIH, which is a wholly-owned subsidiary of Keppel T&T, which is in turn a subsidiary of KCL and (ii) Keppel DC REIT Management Pte. Ltd., a joint-venture of Keppel Data Centres Pte. Ltd. (“**KDCPL**”), a wholly-owned subsidiary of Keppel T&T and Keppel Capital, both of which are subsidiaries of KCL.
- (4) Keppel T&T’s deemed interest arises from its shareholdings in (i) KDCIH, which is a wholly-owned subsidiary of Keppel T&T and (ii) Keppel DC REIT Management Pte. Ltd., a joint venture of KDCPL and Keppel Capital.

Save as disclosed in this Circular and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Transactions.

7. RECOMMENDATIONS

7.1 Resolution 1: NetCo Bonds and Preference Shares Investment

Based on the advice of the IFA (as set out in the IFA Letter in **Appendix A** of this Circular) and the rationale for and benefits of the NetCo Bonds and Preference Shares Investment as set out in paragraph 3 above, the Independent Directors and the Audit and Risk Committee believe that the NetCo Bonds and Preference Shares Investment are on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 1 to approve the NetCo Bonds and Preference Shares Investment (including the entry into the Bond Subscription Deed and the Subscription and Shareholders' Agreement).

7.2 Resolution 2: Proposed Fee Supplement

Based on the advice of the IFA (as set out in the IFA Letter in **Appendix A** of this Circular) and the rationale for and benefits of the Proposed Fee Supplement as set out in paragraph 5.3 above, the Independent Directors and the Audit and Risk Committee believe that the Proposed Fee Supplement is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 2 to approve the Proposed Fee Supplement.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held by way of electronic means on Thursday, 2 December 2021 at 10.30 a.m. (Singapore time), for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages E-1 to E-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of Resolution 1 and approval by way of an Extraordinary Resolution is required in respect of Resolution 2.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 72 hours before the time fixed for the EGM.

9. ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM.

9.1 Resolution 1: NetCo Bonds and Preference Shares Investment

As at the Latest Practicable Date, KCL, directly and through Keppel T&T and Keppel Capital, holds an aggregate interest in 342,500,222 Units, which comprises approximately 19.97% of the total number of Units in issue. THPL, through its interests in KCL and other associated companies, has a deemed interest in 384,702,901 Units, which comprises approximately 22.43% of the total number of Units in issue.

THPL, KCL, Keppel T&T and their associates will abstain from voting on each resolution.

For purposes of good corporate governance, as Ms Christina Tan is the Chief Executive Officer of Keppel Capital, the Deputy Chairman of Alpha Investment Partners Limited, and a Non-Executive director of the trustee-manager of Keppel Infrastructure Trust and Mr Thomas Pang is a director and the Chief Executive Officer of Keppel T&T, they will abstain from voting on Resolution 1 in respect of the Units (if any) held by them.

9.2 Resolution 2: Proposed Fee Supplement

Keppel DC REIT Management Pte. Ltd., being the manager of Keppel DC REIT, is considered an “interested person” of Keppel DC REIT for the purposes of Chapter 9 of the Listing Manual.

Given that the Proposed Fee Supplement directly affects the Manager’s fees, the Manager and its associates will abstain from voting on Resolution 2 at the EGM.

For purposes of good corporate governance, as Ms Christina Tan is the Chief Executive Officer of Keppel Capital, the Deputy Chairman of Alpha Investment Partners Limited, and a Non-Executive director of the trustee-manager of Keppel Infrastructure Trust and Mr Thomas Pang is a director and the Chief Executive Officer of Keppel T&T, they will abstain from voting on Resolution 2 in respect of the Units (if any) held by them.

10. ACTION TO BE TAKEN BY UNITHOLDERS

10.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation in relation to Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation issued on 1 October 2020, which set out the alternative arrangements in respect of, *inter alia*, general meetings of REITs, the EGM will be convened and held by way of electronic means on Thursday, 2 December 2021 at 10.30 a.m. (Singapore time).

10.2 Notice of EGM and Proxy Form

Printed copies of the Notice of EGM and the instrument appointing the Chairman of the EGM as proxy (“**Proxy Form**”) will be sent to Unitholders. The Notice of EGM and the Proxy Form are also be available on Keppel DC REIT’s website. Unitholders may view and download the Notice of EGM and the Proxy Form at <https://www.keppeldcreit.com/en/investor-relations/agmegm-information/> and on SGXNet.

10.3 No personal attendance at the EGM

A Unitholder will **not** be able to attend the EGM in person.

10.4 Participation at the EGM electronically

Unitholders may participate at the EGM by:

- (i) observing and/or listening to the EGM proceedings via “live” audio-and-visual webcast via their mobile phones, tablets or computers or “live” audio-only stream on the telephone;

- (ii) submitting questions in advance of and/or via the live chat function at the EGM; and
- (iii) appointing the Chairman of the EGM (being the Lead Independent Director, Mr Kenny Kwan) (“**Chairman**”) as proxy to attend, speak and vote on their behalf at the EGM.

Where Unitholders (whether individual or corporate) appoint the Chairman as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

Details of the steps for pre-registration, submission of questions in advance of and/or via the live chat function at the EGM and voting at the EGM are set out in **Appendix D** of this Circular and the Notice of EGM.

11. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the NetCo Bonds and Preference Shares Investment, the Proposed Fee Supplement, Keppel DC REIT and its subsidiary(ies), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. CONSENTS

Each of the IFA (being Deloitte & Touche Corporate Finance Pte Ltd) and the Independent Valuer (being BDO Advisory Pte Ltd) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter and the valuation summary letter, respectively, and all references thereto, in the form and context in which they are included in this Circular.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager¹ at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Bond Subscription Deed;
- (ii) the Subscription and Shareholders’ Agreement;
- (iii) the IFA Letter;
- (iv) the Independent Valuer’s valuation report; and
- (v) the written consent of the IFA and the Independent Valuer.

¹ Prior appointment with the Manager (telephone: +65 6803 1857) will be appreciated.

The REIT Trust Deed will also be available for inspection at the registered office of the Manager for so long as Keppel DC REIT is in existence.

Yours faithfully

Keppel DC REIT Management Pte. Ltd.
(as manager of Keppel DC REIT)
(Company Registration No. 199508930C)

Ms Christina Tan
Chairman and Non-Executive Director

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 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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel DC REIT is not necessarily indicative of the future performance of Keppel DC REIT.

This Circular 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage
Acquisition Fee	:	The acquisition fee for the NetCo Bonds and Preference Shares Investment which the Manager will be entitled to receive from Keppel DC REIT upon the NetCo Bonds and Preference Shares Investment
Acquisition Fee Units	:	The Units payable to the Manager as the Acquisition Fee
aggregate leverage	:	The ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property
Asset Transfer Agreement	:	The asset transfer agreement entered into on 14 October 2021 between M1 and NetCo, pursuant to which M1 will transfer the Network Assets to NetCo
Audit and Risk Committee	:	The audit and risk committee of the Manager
Bond Subscription Amount	:	The subscription amount of S\$88.7 million for the NetCo Bonds
Bond Subscription Deed	:	The subscription deed entered into between NetCo and the Trustee (in its capacity as trustee of Keppel DC REIT) pursuant to which NetCo will issue, and the Trustee and/or the KDCR Nominees will subscribe for the NetCo Bonds
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 10 November 2021
Deposited Property	:	The gross assets of Keppel DC REIT, including all its authorised investments held or deemed to be held upon the trust under the REIT Trust Deed
Director	:	The directors of the Manager, and “Director” means any one of them
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be convened and held by way of electronic means on Thursday, 2 December 2021 at 10.30 a.m. (Singapore time), to approve the matters set out in the Notice of EGM pages E-1 to E-3 of this Circular

Existing Portfolio	:	The portfolio of properties currently held by Keppel DC REIT, comprising (i) Keppel DC Singapore 1 in Singapore; (ii) Keppel DC Singapore 2 in Singapore; (iii) a 90.0% interest in Keppel DC Singapore 3 in Singapore; (iv) a 99.0% interest in Keppel DC Singapore 4 in Singapore; (v) a 99.0% interest in Keppel DC Singapore 5 in Singapore; (vi) DC1 in Singapore; (vii) a 99.0% interest in Basis Bay Data Centre in Cyberjaya, Malaysia; (viii) Intellicentre Campus in Sydney, Australia; (ix) Gore Hill Data Centre in Sydney, Australia; (x) GV7 Data Centre in London, United Kingdom; (xi) Cardiff Data Centre in Cardiff, United Kingdom; (xii) Keppel DC Dublin 1 in Dublin, Ireland; (xiii) Keppel DC Dublin 2 in Dublin, Ireland; (xiv) Almere Data Centre in Almere, the Netherlands; (xv) Amsterdam Data Centre in Schiphol-Rijk, the Netherlands; (xvi) Eindhoven Campus in Eindhoven, the Netherlands; (xvii) Milan Data Centre in Milan, Italy; (xviii) maincubes Data Centre in Offenbach am Main, Germany; and (xix) Kelsterbach Data Centre in Kelsterbach, Germany
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the REIT Trust Deed
IFA	:	Deloitte & Touche Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors, and the Audit and Risk Committee of the Manager and the Trustee containing its advice as set out in Appendix A of this Circular
IMDA	:	Infocomm Media Development Authority of Singapore
Independent Directors	:	The independent directors of the Manager
Independent Valuer	:	BDO Advisory Pte Ltd
KCL	:	Keppel Corporation Limited
KCL Shares	:	Shares in KCL
KDCIH	:	Keppel DC Investment Holdings Pte. Ltd., which is a wholly-owned subsidiary of Keppel T&T, which is in turn a subsidiary of KCL
KDCPL	:	Keppel Data Centres Pte. Ltd., which is a subsidiary of Keppel T&T

KDCR Nominee(s)	:	The wholly-owned subsidiary(ies) of Keppel DC REIT to be nominated by the Trustee (in its capacity as trustee of Keppel DC REIT) to subscribe for the NetCo Bonds pursuant to the Bond Subscription Deed
KDCR Singapore 2	:	KDCR Singapore 2 Pte. Ltd.
Keppel Capital	:	Keppel Capital Holdings Pte. Ltd., which is a wholly-owned subsidiary of KCL
Keppel DC REIT Audited Financial Statements	:	The audited financial statements of Keppel DC REIT for the financial year ended 31 December 2020
Keppel T&T	:	Keppel Telecommunications & Transportation Ltd
Latest Practicable Date	:	2 November 2021, being the latest practicable date prior to the issuance of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
M1	:	M1 Limited
NetCo	:	M1 Network Private Limited, an unlisted non-property corporation established by M1 to own the Network Assets
NetCo Bonds and Preference Shares Investment	:	Keppel DC REIT's investment in NetCo comprising, in a single transaction, a subscription in the NetCo Bonds and the NetCo Preference Shares
NetCo Bonds and Preference Shares Investment Subscription Amount	:	The aggregate consideration payable for the NetCo Bonds and Preference Shares Investment, comprising the Bond Subscription Amount and the Preference Shares Subscription Amount
NetCo Bonds	:	The bonds to be issued by NetCo to Keppel DC REIT for the Bond Subscription Amount
NetCo Preference Shares	:	The 100% of the preference shares to be issued by NetCo to Keppel DC REIT, through KDCR Singapore 2, for the Preference Shares Subscription Amount
Manager	:	Keppel DC REIT Management Pte. Ltd., in its capacity as manager of Keppel DC REIT
MAS	:	Monetary Authority of Singapore
NAV	:	Net asset value
NetCo Facility Agreement	:	The acquisition loan facility agreement to partially finance the transfer of the Network Assets from M1

Network Assets	:	M1's mobile, fixed and fibre assets ¹
Network Services Agreement	:	The network services agreement entered into by M1 and NetCo for the use of the network capacity by M1 and its mobile virtual network operators
New Units	:	The new Units issued in connection with the Equity Fund Raising
NTA	:	Net tangible asset value
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the REIT Trust Deed
Preference Shares Subscription Amount	:	The subscription amount of S\$1.0 million for the NetCo Preference Shares
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by MAS
Proposed Fee Supplement	:	The supplement to the REIT Trust Deed, in the manner as set out in Appendix C of this Circular, to introduce an acquisition fee payable to the Manager under the REIT Trust Deed to allow a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment
Proposed Transactions	:	The proposed NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement
Proxy Form	:	The instrument appointing the Chairman of the EGM (being the Lead Independent Director, Mr Kenny Kwan) as proxy
QPDS	:	Qualifying Project Debt Securities
REIT	:	Real estate investment trust
REIT Trust Deed	:	The trust deed dated 17 March 2011 constituting Keppel DC REIT, all entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
S\$ and cents	:	Singapore dollars and cents
SGX-ST	:	Singapore Exchange Securities Trading Limited

¹ Excludes the 5G standalone assets which are jointly owned between M1 and another party, as well as the co-owned and "right of use" assets that cannot be transferred and will not be part of the Network Assets.

Securities Act	:	U.S. Securities Act of 1933, as amended
sq ft	:	Square feet
Subscription and Shareholders' Agreement	:	The subscription and shareholders' agreement entered into by KDCR Singapore 2, M1 and NetCo
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
THPL	:	Temasek Holdings (Private) Limited
Total Acquisition Outlay	:	The total acquisition outlay for the NetCo Bonds and Preference Shares Investment for Keppel DC REIT
Transaction Documents	:	The Asset Transfer Agreement, the Network Services Agreement, the NetCo Facility Agreement, the Bond Subscription Deed and the Subscription and Shareholders' Agreement
Trustee	:	Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT
Unit	:	A unit representing an undivided interest in Keppel DC REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
U.S.	:	United States of America
VWAP	:	Volume weighted average price

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

INDEPENDENT FINANCIAL ADVISER'S LETTER

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 200200144N

10 November 2021

The Independent Directors and the Audit and Risk Committee
Keppel DC REIT Management Pte. Ltd.
(as Manager of Keppel DC REIT) (the "**Manager**")
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Perpetual (Asia) Limited
(in its capacity as Trustee of Keppel DC REIT) (the "**Trustee**")
8 Marina Boulevard
#05-02
Marina Bay Financial Centre
Singapore 018981

Dear Sirs

INDEPENDENT FINANCIAL ADVISER'S LETTER IN RESPECT OF THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT AS AN INTERESTED PERSON TRANSACTION AND THE PROPOSED FEE SUPPLEMENT (THE "PROPOSED TRANSACTIONS")

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to the unitholders of Keppel DC REIT dated 10 November 2021 (the "**Circular**").*

1. INTRODUCTION

1.1. NetCo Bonds and Preference Shares Investment

The Manager proposes that Keppel DC REIT, through the Trustee (and/or its nominee(s), which would be wholly-owned subsidiary(ies) of Keppel DC REIT (the "**KDCR Nominee(s)**")), subscribe for bonds to be issued by M1 Network Private Limited ("**NetCo**"). M1 Limited ("**M1**") holds 100% of the ordinary shares in NetCo. The bonds to be issued by NetCo are to be referred to as the "**NetCo Bonds**". The total subscription amount of the NetCo Bonds is S\$88.7 million ("**Bond Subscription Amount**"). As part of the same transaction and to provide additional protection to Keppel DC REIT for the investment in the NetCo Bonds, Keppel DC REIT, through its wholly-owned subsidiary, KDCR Singapore 2 Pte. Ltd. ("**KDCR Singapore 2**"), has on 14 October 2021 entered into a subscription and shareholders' agreement (the "**Subscription and Shareholders' Agreement**") with M1 and NetCo to subscribe for 100% of the preference shares to be issued by NetCo ("**NetCo Preference Shares**") for a subscription amount of S\$1.0 million ("**Preference Shares Subscription Amount**", together with the Bond Subscription Amount, the "**NetCo Bonds and Preference Shares Investment Subscription Amount**", and the subscription in the NetCo Bonds and the NetCo Preference Shares, the "**NetCo Bonds and Preference Shares Investment**"). The NetCo Preference Shares will entitle Keppel DC REIT to have 50% representation on the board of directors of NetCo.

The Bond Subscription Amount of S\$88.7 million will represent 100% of the NetCo Bonds in issue at the time when Keppel DC REIT completes its investment in the NetCo Bonds. Keppel DC REIT will receive S\$11.0 million per annum, payable semi-annually in arrears each year (comprising both principal and interest) for the term of the NetCo Bonds, which shall be 15 years from the date of issuance of the NetCo Bonds.

NetCo was established by M1 to own M1's mobile, fixed and fibre assets (the "**Network Assets**"). The Network Assets excludes the 5G standalone assets which are jointly owned between M1 and another party, as well as the co-owned and "right of use" assets that cannot be transferred and will not be part of the Network Assets. NetCo would be treated as a joint venture of Keppel DC REIT for accounting purposes.

The investment in the NetCo Bonds and NetCo Preference Shares is in line with Keppel DC REIT's mandate to invest in assets necessary to support the digital economy. The NetCo Bonds fall within the list of permissible investments under the Property Funds Appendix, specifically debt securities issued by non-property corporations.

The full text of the details of the NetCo Bonds and Preference Shares Investment including its principal terms, is set out in Section 2 of the Circular. We recommend that the Independent Directors, the Audit and Risk Committee and the Trustee, advise the minority Unitholders to read this section of the Circular carefully.

1.2. Proposed Fee Supplement

The Manager further proposes to supplement the REIT Trust Deed, in the manner as set out in Appendix C of the Circular, to amend the acquisition fee payable to the Manager under the REIT Trust Deed to allow a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment.

The full text of the details of the Proposed Fee Supplement including its principal terms, is set out in Section 5 of the Circular. We recommend that the Independent Directors, the Audit and Risk Committee and the Trustee, advise the minority Unitholders to read this section of the Circular carefully.

1.3. Summary of Approvals Sought

The Manager is seeking approval from the Unitholders for the resolutions stated below:

- (i) Resolution 1: the proposed NetCo Bonds and Preference Shares Investment, as an interested person transaction (Ordinary Resolution); and
- (ii) Resolution 2: the Proposed Fee Supplement (Extraordinary Resolution).

For avoidance of doubt, Resolution 1 and 2 are not inter-conditional. In the event that Resolution 1 and Resolution 2 are both passed, Keppel DC REIT will proceed to invest in the NetCo Bonds and Preference Shares and Keppel DC REIT will seek reimbursement from NetCo for fees and expenses incurred, which is estimated to be approximately S\$2.7 million. In the event that Resolution 1 is passed and Resolution 2 is not passed, Keppel DC REIT will proceed to invest in the NetCo Bonds and Preference Shares and while no acquisition fees for such investment will be paid, Keppel DC REIT will seek reimbursement from NetCo for fees and expenses incurred, which is estimated to be approximately S\$1.8 million. In the event that Resolution 2 is passed and Resolution 1 is not passed, the investment in the NetCo Bonds and Preference Shares will not proceed and no acquisition fees are applicable.

1.4. Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, Keppel Corporation Limited (“**KCL**”), through Keppel Telecommunications & Transportation Ltd (“**Keppel T&T**”) and Keppel Capital Holdings Pte. Ltd. (“**Keppel Capital**”), holds an aggregate interest in 342,500,222 Units, which is equivalent to approximately 19.97% of the total number of Units in issue, and is therefore regarded as a “controlling unitholder” of Keppel DC REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is owned by (i) Keppel T&T through Keppel Data Centres Pte. Ltd. and (ii) Keppel Capital in equal proportions, which are in turn subsidiaries of KCL, KCL is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

As at the Latest Practicable Date, KCL holds an effective 83.8% of the shares of M1. Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, NetCo (the ordinary shares of which are 100% held by a “controlling unitholder” of Keppel DC REIT and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of Keppel DC REIT.

Therefore, the proposed NetCo Bonds and Preference Shares Investment, being an investment in securities issued by NetCo, will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Given that the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million (together with the total interest receivable of S\$76.3 million in relation to the NetCo Bonds and the total reimbursement of professional and other fees and expenses of up to S\$2.7 million) is approximately S\$168.7 million (which is 8.5% of the latest audited net tangible assets (“**NTA**”) and 8.5% of the latest audited net asset value (“**NAV**”) of Keppel DC REIT respectively as at 31 December 2020), the value of the NetCo Bonds and Preference Shares Investment exceeds 5.0% of the NTA and the NAV of Keppel DC REIT respectively. Accordingly, the Manager is seeking the approval of Unitholders by way of Ordinary Resolution for the proposed NetCo Bonds and Preference Shares Investment.

1.5. Appointment of Independent Financial Adviser (“IFA”)

Deloitte & Touche Corporate Finance Pte Ltd has been appointed as the IFA pursuant to Rule 921(4) of the Listing Manual to advise the Independent Directors, the Audit and Risk Committee and the Trustee as to whether the Proposed Transactions are: (i) on normal commercial terms; (ii) not prejudicial to the interests of Keppel DC REIT and its minority Unitholders; and (iii) whether the Independent Directors and the Audit and Risk Committee should recommend to minority Unitholders to vote in favour of the resolution in connection with the Proposed Transactions at the EGM.

This letter sets out our assessment of the financial terms of the Proposed Transactions and our opinion thereon, and will form part of the Circular dated 10 November 2021 to be issued by Keppel DC REIT in relation to the Proposed Transactions.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Proposed Transactions are: (i) on normal commercial terms; (ii) not prejudicial to the interests of Keppel DC REIT and its minority Unitholders; and (iii) whether the Independent Directors and the Audit and Risk Committee should recommend to minority Unitholders to vote in favour of the resolution in connection with the Proposed Transactions at the EGM.

We were not a party to the negotiations entered into in relation to the Proposed Transactions.

We do not, by this letter or otherwise, advise or form any judgement on the strategic or commercial merits or risks of the Proposed Transactions. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors, the Manager and their advisors.

We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, nor do we express, a view on the future growth prospects, earnings potential or value of Keppel DC REIT. We do not express any view as to the price at which the Units may trade upon completion of the Proposed Transactions or on the future value, financial performance or condition of Keppel DC REIT after the Proposed Transactions.

It is also not within our terms of reference to compare the merits of the Proposed Transactions to any alternative transactions that were or may have been available to Keppel DC REIT. Such comparison and consideration remain the responsibility of the Directors, the Manager and their advisors.

In the course of our evaluation, we have held discussions with the Manager, and have considered the information contained in the Circular, publicly available information collated by us, as well as information, both written and verbal, provided to us by the management. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities of Keppel DC REIT or NetCo. We have been furnished with the valuation report for NetCo prepared by BDO Advisory Pte Ltd (“**BDO**”) (the “**Independent Valuer**”) (the “**Independent Valuation Report**”) and the technical due diligence report in respect of the Network Assets prepared by Analysys Mason (the “**Technical Due Diligence Report**”). With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the assets concerned and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or re-affirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. The Unitholders should take note of any announcements relevant to their considerations of the Proposed Transactions that may be released by Keppel DC REIT after the Latest Practicable Date.

Keppel DC REIT has been separately advised by the Trustee's counsel in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except for this letter.

Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this letter and Circular. While a copy of this letter may be reproduced in the Circular, Keppel DC REIT may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for the Proposed Transactions without our prior written consent in each instance.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors, the Audit and Risk Committee and the Trustee to recommend that any Unitholders may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

3. EVALUATION OF THE PROPOSED TRANSACTIONS

In reaching our recommendation in respect of the Proposed Transactions, we have given due consideration to the following factors:

- (i) Rationale for and key benefits of the Proposed Transactions;
- (ii) Benchmarking of the NetCo Bonds and the Preference Shares Investment;
- (iii) Terms of the Proposed Fee Supplement;
- (iv) Pro forma financial effects of the Proposed Transactions; and
- (v) Other relevant considerations which may have a significant bearing on our assessment of the Proposed Transactions.

3.1. Rationale for and key benefits of the Proposed Transactions

The Manager's view of the rationale for and key benefits of the Proposed Transactions are set out in Sections 3 of the Circular.

We noted the rationale for and the key benefits of the Proposed Transactions cited for the Unitholders. We have reproduced the key benefits of the Proposed Transactions below.

3.1.1 DPU accretive investment providing returns to Unitholders

- Post-completion of the NetCo Bonds and Preference Shares Investment, FY2020 pro forma DPU is expected to increase from 9.170 cents to 9.519 cents, resulting in an accretion of 3.8% if the Qualifying Project Debt Securities (“QPDS”) application is approved. FY2020 pro forma DPU and accretion will be 9.457 cents and 3.1% respectively if the QPDS application is not approved.
- The proposed NetCo Bonds and Preference Shares Investment is consistent with the Manager's goal to create value for Unitholders through investments that generate sustainable returns and enhance total Unitholders' returns.

3.1.2 Stable and long-term cashflow investment for Keppel DC REIT

- The proposed NetCo Bonds and Preference Shares Investment will provide Unitholders with a long-term stable cash flow for 15 years, without having to assume any operational management risks.
- This is also in line with Keppel DC's objective to provide Unitholders with regular and stable distributions.

There are various mitigating measures in relation to the credit risks of NetCo:

- (i) M1, which holds 100% of the ordinary shares of NetCo, is an established telecommunications operator and has the second largest post-paid base in Singapore, based on both the number of customers and revenue.
- (ii) NetCo's credit risk is determined based on M1's ability to fulfil its contractual terms under the Network Services Agreement. M1 has been profitable for the past years and is one of the four major telecommunication companies in Singapore.
- (iii) The NetCo Preference Shares will entitle Keppel DC REIT to have 50% representation on the board of directors of NetCo, allowing Keppel DC REIT to have oversight on the performance of NetCo and early line of sight of any issues that may pose any credit risks.
- (iv) As the NetCo Bonds' principal will be progressively repaid during the 15-year term, Keppel DC REIT's investment exposure will accordingly be reduced over time.

3.1.3 Greater income resilience through diversification of income streams

- The proposed NetCo Bonds and Preference Shares Investment will further strengthen the income resilience of Keppel DC REIT's portfolio. Post-completion of the NetCo Bonds and Preference Shares Investment, Keppel DC REIT will benefit from further diversification in income streams from the enlarged asset base.

3.1.4 Enlarged portfolio that creates a stronger platform to drive long-term growth

- The proposed NetCo Bonds and Preference Shares investment will increase Keppel DC REIT's assets under management by 2.8%¹ to S\$3.3 billion. The Manager believes that the increased portfolio size will create a stronger platform for acquisition growth due primarily to better access to both the capital markets and the debt markets.

3.2. Benchmarking of the NetCo Bonds and Preference Shares Investment

3.2.1 Terms of the NetCo Bonds and the Preference Shares Investment

The full text of the information relating to the principal terms and conditions of the NetCo Bonds and the Preference Shares Investment is set out in Section 2 of the Circular and an extract of which has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

"The NetCo Bonds and Preference Shares Investment Subscription Amount is S\$89.7 million, comprising S\$88.7 million for the Bond Subscription Amount and S\$1.0 million for the Preference Shares Subscription Amount."

"The Preference Shares Subscription Amount of S\$1.0 million was calculated based on the issuance of 1,000,000 preference shares in NetCo."

"Keppel DC REIT will receive S\$11.0 million per annum (comprising both principal and interest), for the term of the NetCo Bonds, which shall be 15 years from the date of issuance of the NetCo Bonds."

"As the holder of the NetCo Preference Shares, KDCR Singapore 2 shall:

- (i) be entitled to receive notice of, and to attend and speak at, but (save as otherwise provided for under the Companies Act, Chapter 50 of Singapore) shall not be entitled to vote at general meetings of NetCo except for such general meetings to vote on and approve the winding up of NetCo or any amendment to the constitution of NetCo which would amount to a variation of the rights given to the holders of NetCo Preference Shares;*
- (ii) KDCR Singapore 2 shall be entitled to nominate three, out of six, directors of NetCo²;*
- (iii) be entitled to receive all proceeds out of the assets and funds of NetCo available for distribution upon the dissolution and/or liquidation of NetCo; be entitled to all the rights to any dividend or distribution (if any) by NetCo, as may be determined by the board of directors of NetCo out of the available profits of NetCo; and*
- (iv) be entitled to certain reserved matters as set out in the Subscription and Shareholders' Agreement which require the prior written consent of the simple majority of the board of directors of NetCo (with affirmative votes from at least two directors appointed by M1 and two directors appointed by KDCR Singapore 2)."*

The NetCo Bonds shall bear interest at a fixed rate of 9.17% per annum (the "**NetCo Bonds Interest Rate**"), calculated by reference to the outstanding principal amount thereof and at such interest rate, the payment of principal and interest would amount to S\$11.0 million per annum, payable semi-annually in arrears each year. An application has been made to the

¹ As at 30 September 2021, adjusted for the acquisition of Guangdong Data Centre.

² For so long as there is no enforcement of the security pursuant to an event of default under the NetCo Facility Agreement.

Monetary Authority of Singapore (“MAS”) to seek confirmation on whether the NetCo Bonds qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom will be subject to the prevailing corporate tax of 17%.

We noted that:

- (i) The effective payback period of the Bond Subscription Amount plus the Preference Shares Subscription Amount is approximately 8 years; and
- (ii) The NetCo Preference Shares holder is entitled to rights to provide additional protection to the KDCR Nominee(s) in their investment in the NetCo Bonds.

3.2.2 Comparison to precedent acquisitions by Keppel DC REIT

We have considered publicly available information in respect of bonds issued by companies in Singapore. We are unable to provide a meaningful comparison as these bonds are different from the NetCo Bonds and Preference Shares Investment in terms of corporate structure, investment characteristics, risk profile and other relevant factors.

For the purposes of our evaluation, we have set out below the publicly available net property yields of recent acquisitions made by Keppel DC REIT and compared it to the NetCo Bonds Interest Rate.

Announcement Date	Name of Property Acquired	Location	Interest Acquired (%)	Acquisition Price (\$ million)	Net Property Yield (%) ⁽¹⁾
06-Sep-21	Eindhoven Campus	Netherlands	100.0	59.9	n.a. ⁽²⁾
26-Jul-21	Guangdong Data Centre	Guangdong	100.0	132.0	n.a. ⁽²⁾
12-Dec-19	Kelsterbach Data Centre	Germany	100.0	125.3	n.a. ⁽²⁾
08-Oct-19	Keppel DC Singapore 4	Singapore	99.0	384.9	7.60%
08-Oct-19	DC1	Singapore	100.0	200.2	9.00%
07-May-18	Keppel DC Singapore 5	Singapore	99.0	295.1	6.80% ⁽³⁾
Maximum					9.00%
Minimum					6.80%
Average					7.80%
Median					7.60%
28-Apr-21	NetCo Bonds and Preference Shares Investment	Singapore	n.a.	89.7 ⁽⁵⁾	9.17% ⁽⁴⁾

Source: Keppel DC REIT’s circular dated 9 October 2019 and relevant announcements and press releases of Keppel DC REIT

Notes:

- (1) Net property yield is calculated as total net property income divided by the consideration or agreed value of the respective property at the time of the transaction.
- (2) This information was not publicly disclosed.
- (3) Based on Keppel DC REIT’s differential net property profits before and after Keppel DC REIT’s acquisition of Keppel DC Singapore 5 as disclosed in the announcement dated 7 May 2018, divided by the consideration of the property and inclusive of rental support.
- (4) Figure is based on the NetCo Bonds Interest Rate.
- (5) Figure is based on the aggregate subscription amount comprising the NetCo Bonds Subscription Amount and the Preference Shares Subscription Amount.

Whilst we have made our comparisons against recent property acquisitions by Keppel DC REIT, we wish to highlight that these properties are different from the NetCo Bonds and the Preference Shares Investment in terms of asset class, location, risk profile and/or other relevant factors. In addition, the list of selected recent property acquisitions is by no means exhaustive and information relating to these were compiled from publicly available information. The Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

In reviewing the information above, we noted that the NetCo Bonds Interest Rate is above the range of recent acquisitions by Keppel DC REIT.

3.2.3 Comparison to the net property yield of Keppel DC REIT's existing portfolio

We have also compared the NetCo Bonds Interest Rate with the net property yield of other data centres under the existing portfolio of properties currently held by Keppel DC REIT (the "Keppel DC REIT's Existing Portfolio").

Property	Country	Lease Type (Colocation/ Shell and Core/ Fully-fitted)	Occupancy Rate (%) (as at 30 June 2021)	Ownership Interest (%)	Market Value (S\$ million) ⁽¹⁾	Net Property Income (S\$ million) ⁽²⁾	Net Property Yield (%) ⁽²⁾
Colocation Properties							
Keppel DC Singapore 1	Singapore	Colocation (Keppel lease)	93.9	100.0	298.0		
Keppel DC Singapore 2	Singapore	Colocation (Keppel lease)	98.2	100.0	174.0		
Keppel DC Singapore 3	Singapore	Colocation (Keppel lease)	100.0	90.0	238.5		
Keppel DC Singapore 4	Singapore	Colocation (Keppel lease)	95.7	99.0	386.1		
Keppel DC Singapore 5	Singapore	Colocation (Keppel lease)	100.0	99.0	356.4		
Basis Bay Data Centre	Malaysia	Colocation	63.1	99.0	23.4	169.0	8.54%
Gore Hill Data Centre ⁽³⁾	Australia	Shell and core (triple-net lease)/ Colocation	100.0	100.0	205.8		
Keppel DC Dublin 1	Ireland	Colocation	82.6	100.0	153.7		
Keppel DC Dublin 2	Ireland	Colocation	100.0	100.0	143.0		

Property	Country	Lease Type (Colocation/Shell and Core/ Fully-fitted)	Occupancy Rate (%) (as at 30 June 2021)	Ownership Interest (%)	Market Value (S\$ million) ⁽¹⁾	Net Property Income (S\$ million) ⁽²⁾	Net Property Yield (%) ⁽²⁾
Other Properties							
Intellicentre Campus ⁽⁴⁾	Australia	Shell and core (triple-net lease)	100.0	100.0	58.2		
Cardiff Data Centre	United Kingdom	Shell and core (triple-net lease)	100.0	100.0	65.1		
Amsterdam Data Centre ⁽⁵⁾	Netherlands	Shell and core (double-net lease)	99.1	100.0	44.9	29.1 ⁽⁴⁾⁽⁵⁾	9.35% ⁽⁴⁾⁽⁵⁾
Milan Data Centre	Italy	Shell and core (double-net lease)	100.0	100.0	61.2		
Kelsterbach Data Centre	Germany	Shell and core (triple-net lease)	100.0	100.0	126.6		
DC1	Singapore	Fully-fitted (triple-net lease)	100.0	100.0	212.0		
iseek Data Centre	Australia	Fully-fitted (double-net lease)	100.0	100.0	34.8		
GV7 Data Centre	United Kingdom	Fully-fitted (triple-net lease)	100.0	100.0	66.3	46.1	7.50%
Almere Data Centre	Netherlands	Fully-fitted (double-net lease)	100.0	100.0	150.9		
maincubes Data Centre	Germany	Fully-fitted (triple-net lease)	100.0	100.0	150.7		
Maximum					386.1	169.0	9.35%
Minimum					23.4	29.1	7.50%
Average					155.2	81.4	8.46%
Median					150.8	46.1	8.54%
NetCo Bonds and Preference Shares Investment	Singapore	n.a.	n.a.	n.a.	89.7 ⁽⁶⁾	n.a.	9.17% ⁽⁷⁾

Source: Keppel DC REIT's annual report for the financial year ended 31 December 2020, Keppel DC REIT's investor presentation slide for 1H 2021 as at 30 June 2021

Notes:

- (1) Based on Keppel DC REIT's investor presentation slide for 1H 2021 as at 30 June 2021.
- (2) As Keppel DC REIT only discloses the historical financial performance of its portfolio by lease type, the net property yields are computed based on the net property income for each lease type for the financial year ended 31 December 2020 divided by the aggregate valuation of the properties for each lease type.
- (3) Based on Keppel DC REIT's circular dated 8 October 2019, Management disclosed that the market value of Gore Hill Data Centre is classified under the colocation lease type whereas the net property income is split between colocation and Shell and Core. Management stated that the impact of this split on the net property yield for the respective lease types is deemed not to be material.
- (4) Intellicentre 3 East Data Centre does not contribute to the Net Property Income and Net Property Yield as it was only completed in July 2021.
- (5) Amsterdam Data Centre does not contribute to the Net Property Income and Net Property Yield as the acquisition was completed end of December 2020. The impact from the asset to the net property yield is deemed not to be material.
- (6) Figure is based on the aggregate subscription amount comprising the NetCo Bonds Subscription Amount and the Preference Shares Subscription Amount.
- (7) Figure is based on the NetCo Bonds Interest Rate.

Whilst we have made our comparisons against Keppel DC REIT's Existing Portfolio, we wish to highlight that these properties are different from the NetCo Bonds and the Preference Shares Investment in terms of asset class, property characteristics, operating history, location, risk profile and other relevant factors. The Independent Directors, the Audit and Risk Committee and Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

In reviewing the information above, we noted that the NetCo Bonds Interest Rate is within the range of the net property yields of Keppel DC REIT's Existing Portfolio.

3.2.4 Comparison to precedent property acquisitions by other REITs listed on the SGX

We have looked at publicly available information in respect of acquisition transactions of data centre assets which are made by other REITs listed on the SGX in the last 3 years and have identified the following transactions (the "Identified Transactions").

Announcement Date	Buyer	Name of Property Acquired	Location	Interest Acquired	Acquisition Price (\$ million)	Net Property Yield (%)
20-May-21	Mapletree Industrial Trust	29 DCs	USA	100%	1,782.0	n.a. ⁽¹⁾
17-Mar-21	Ascendas REIT	11 DCs	Europe	100%	904.6	6.00%
05-Aug-20	Mapletree Industrial Trust	14 DCs	USA	60%	299.5	6.80%
16-Sep-19	Mapletree Industrial Trust	13 DCs	USA and Canada	100%	1,900.3	n.a. ⁽¹⁾
Maximum						6.80%
Minimum						6.00%
Average						6.40%
Median						6.40%
28-Apr-21	Keppel DC REIT	NetCo Bonds and Preference Shares Investment	Singapore	n.a.	89.7 ⁽²⁾	9.17% ⁽³⁾

Source: Press releases of Mapletree Industrial Trust and Ascendas REIT for the relevant acquisitions

Notes:

- (1) This information was not publicly disclosed.
- (2) Figure is based on the aggregate subscription amount comprising the NetCo Bonds Subscription Amount and the Preference Shares Subscription Amount.
- (3) Figure is based on the NetCo Bonds Interest Rate.

Whilst we have made our comparisons against the Identified Transactions, we wish to highlight that these properties are different from the NetCo Bonds and the Preference Shares Investment in terms of asset class, property characteristics, operating history, location, risk profile and other relevant factors. The Independent Directors, the Audit and Risk Committee and Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

In reviewing the information above, we noted that the NetCo Bonds Interest Rate is above the range of the net property yields of the Identified Transactions.

3.2.5 Comparison to the interest rate charged on the external bank borrowing

We have compared the NetCo Bonds Interest Rate to the interest rate payable by NetCo on the external bank borrowing of up to S\$493.0 million (“**Bank Interest Rate**”), being the borrowing to be taken up by NetCo to part finance NetCo’s acquisition of the Network Assets (the “**NetCo Facility Agreement**”).

We noted that:

- (i) The NetCo Bonds Interest Rate is higher than the Bank Interest Rate; and
- (ii) The higher NetCo Bonds Interest Rate commensurates with the risk profile of the NetCo Bonds which are subordinated to the NetCo Facility Agreement.

3.3. Terms of the Proposed Fee Supplement

In arriving at our opinion in relation to Proposed Fee Supplement, we have taken into account the following key factors:

- (i) Rationale for and benefits of the Proposed Fee Supplement;
- (ii) Comparison against the acquisition fee of Comparable REITs; and
- (iii) Comparison against the issue price of the acquisition fee of Comparable REITs.

3.3.1 Rationale for and benefits of the Proposed Fee Supplement

The Manager’s view of the rationale for and key benefits of the Proposed Fee Supplement are set out in Section 5.3 of the Circular.

We noted that the Proposed Fee Supplement is to allow a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment.

3.3.2 Comparison against the acquisition fee of Comparable REITs

For the purpose of comparing the Proposed Fee Supplement, we have set out below the acquisition fee structure of REITs listed on the SGX which own data centre assets (the “**Comparable REITs**”).

This serve as an illustrative guide and must be caveated by the knowledge that the Comparable REITs differ from Keppel DC REIT in many aspects, such as size, yield, portfolio composition, growth strategies, gearing, future prospects and other relevant factors.

Comparable REITs	Acquisition Fees
Keppel DC REIT	<p>At a rate of 1.0% of:</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased, whether directly or indirectly through one or more special purpose vehicles, by Keppel DC REIT (plus any other payments in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of Keppel DC REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased, whether directly or indirectly through one or more special purpose vehicles, by Keppel DC REIT (plus any additional payments made by Keppel DC REIT or its special vehicle purposes to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of Keppel DC REIT's interest); or (iii) the acquisition price of any investment purchased by Keppel DC REIT, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicles owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
Ascendas REIT	1.0% of the purchase price of investment property acquired by the trustee on behalf of the trust.
Mapletree Industrial Trust	Not exceeding 1.0% of the acquisition price of real estate or real estate-related assets acquired directly or indirectly, through one or more special purpose vehicles, pro-rated if applicable to the proportion of MIT's interest. For the purpose of this acquisition fee, real estate-related assets include all classes and types of securities relating to real estate.
Proposed Fee Supplement	1.0% of the net NetCo Bonds and Preference Shares Investment Subscription Amount of S\$87.0 million ⁽¹⁾

Source: Annual reports of Ascendas REIT and Mapletree Industrial Trust

Note:

- (1) S\$87.0 million being the NetCo Bonds and Preference Shares Investment Subscription Amount of S\$89.7 million less the maximum amount of S\$2.7 million of fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment which will be reimbursed by NetCo.

In reviewing the information above, we noted that the Proposed Fee Supplement is in line with that of Comparable REITs.

3.3.3 Comparison of the issue price of the acquisition fee units of Comparable REITs

For the purpose of comparing the issue price of the Acquisition Fee Units, we have looked at publicly available information in respect of past transactions of Comparable REITs and their bases of determining the issue price of acquisition fee units.

This serve as an illustrative guide and must be caveated by the knowledge that the properties acquired by the Comparable REITs differ from the NetCo Bonds and the Preference Shares Investment in many aspects, such as asset class, investment risk and other relevant factors.

Date of Announcement	Comparable REITs	Property Acquired	Issue Price Formula
18-Dec-19	Keppel DC REIT	Keppel DC Singapore 4	Volume weighted average price for all trades done on the SGX in the ordinary course of trading for the last 10 business days immediately preceding a relevant business day.
28-Nov-19	Keppel DC REIT	DC1	Volume weighted average price for all trades done on the SGX in the ordinary course of trading for the last 10 business days immediately preceding a relevant business day.
30-Jul-21	Ascendas REIT	75% of Ascendas Fusion 5 Pte. Ltd.	Volume weighted average traded price for all trades done on the SGX in the ordinary course of trading 10 business days immediately preceding the date of issue of the new units.
10-Jan-20	Ascendas REIT	A portfolio of properties in the USA and 2 properties in Singapore.	Volume weighted average traded price for all trades done on the SGX in the ordinary course of trading 10 business days immediately preceding the date of issue of the new units.
16-Sep-20	Mapletree Industrial Trust	Remaining 60.0% interest in 14 data centres located in the USA.	10-day volume-weighted average traded price prior to the date of issuance of the acquisition fee units.
22-Feb-19	Mapletree Industrial Trust	18 Tai Seng	10-day volume-weighted average traded price prior to the date of issuance of the acquisition fee units.

Date of Announcement	Comparable REITs	Property Acquired	Issue Price Formula
Proposed Fee Supplement			Volume weighted average price for all trades done on the SGX in the ordinary course of trading for the last 10 business days immediately preceding the completion of the proposed NetCo Bonds and Preference Shares Investment.

Source: Relevant announcements of Ascendas REIT and Mapletree Industrial Trust

In reviewing the information above, we noted that the basis for determining the issue price of the Acquisition Fee Units under the Proposed Fee Supplement is in line with that of Comparable REITs.

3.4. Pro forma financial effects of the Proposed Transactions

The full text of the details of the pro forma financial effects of the Proposed Transactions is set out in Section 4.1 of the Circular. We recommend that the Independent Directors, the Audit and Risk Committee and the Trustee advise the minority Unitholders to read this section of the Circular carefully.

An extract of the pro forma financial effects set out in the Circular has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

FOR ILLUSTRATIVE PURPOSES ONLY: *The pro forma financial effects of the Proposed Transactions on the DPU and net asset value (“NAV”) per Unit presented below are strictly for illustrative purposes and have been prepared based on the audited consolidated financial statements of Keppel DC REIT for the financial year ended 31 December 2020 (the “Keppel DC REIT Audited Financial Statements”) as well as the following assumption that approximately 0.4 million New Units are issued at an illustrative price of S\$2.371 per Unit for the Acquisition Fee payable to the Manager;*

3.4.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: *The pro forma financial effects of the Proposed Transactions on Keppel DC REIT’s DPU for the financial year ended 31 December 2020, as if the Proposed Transactions were completed on 1 January 2020, and Keppel DC REIT held the investment in the NetCo Bonds and the NetCo Preference Shares through to 31 December 2020 are as follows:*

An application has been made to MAS to seek a confirmation on whether the NetCo Bonds qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds, and the interest income arising therefrom will be subject to the prevailing corporate tax of 17%. The effects of the Proposed Transactions for each scenario is presented below.

	Effects of the Proposed Transactions		
	Before the Proposed Transactions	After the Proposed Transactions	
		QPDS application approved	QPDS application not approved
<i>Distributable Income (S\$'000)</i>	156,915	162,649	161,637
<i>Issued Units ('000)</i>	1,633,121 ⁽¹⁾	1,633,488 ⁽²⁾	1,633,488 ⁽²⁾
<i>DPU (Singapore cents)</i>	9.170	9.519 ⁽³⁾	9.457
<i>DPU accretion (%)</i>	–	3.8%	3.1%

Notes:

- (1) Number of Units issued as at 31 December 2020.
- (2) Assuming approximately 0.4 million Acquisition Fee Units (at an illustrative issue price of S\$2.371 per Unit) issuable to the Manager in relation to the NetCo Bonds and Preference Shares Investment.
- (3) If MAS approves the application for the NetCo Bonds to qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom, will be subject to the prevailing corporate tax of 17% and the DPU accretion will be 3.1%.

3.4.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Transactions on Keppel DC REIT's NAV per Unit as at 31 December 2020, as if the Proposed Transactions were completed on 31 December 2020, are as follows:

	Before the Proposed Transactions	After the Proposed Transactions
<i>NAV represented by Unitholders' funds (S\$'000)</i>	1,944,652	1,945,522
<i>Issued Units ('000)</i>	1,633,121 ⁽¹⁾	1,633,488
<i>NAV represented by Unitholders' funds per Unit (S\$)</i>	1.19	1.19 ⁽²⁾

Notes:

- (1) Number of Units issued as at 31 December 2020.
- (2) The impact on NAV per Unit as at 31 December 2020 is the same regardless whether approval for certain qualifying conditions is granted by MAS.

Based on the above, we noted that:

- (i) The Proposed Transactions are DPU accretive; and
- (ii) The Proposed Transactions have no material impact on the NAV per Unit.

3.5. Other relevant considerations which may have a significant bearing on our assessment of the Proposed Transactions

3.5.1 Independent Valuation Report

The Manager and the Trustee have engaged the Independent Valuer to estimate the value of the Network Assets on an Enterprise Value basis as reflected in the valuation of NetCo (which was incorporated to own the Network Assets), which the Independent Valuer has valued at approximately S\$586.7 million to S\$586.8 million as at 31 August 2021, assuming NetCo had been incorporated and all the transactions have been entered into. The valuation of the Network Assets on an enterprise value basis was on the assumption that NetCo had been incorporated and all the transactions had been entered into. The enterprise value computed comprised the equity value and the net financial debt of NetCo which would include, in present value terms, interest-bearing liabilities and shareholder loans/bonds. The Valuation Summary Letter is set out in Appendix B of the Circular. We recommend that the Independent Directors advise the Unitholders to read this section of the Circular carefully.

We have outlined below the key assumptions used in the Independent Valuation Report:

Income Approach	Low	High
Enterprise value (S\$ million)	586.7	586.8
Estimated EBITDA (S\$ million)	50.8	50.8
Cost of equity (%)	8.3%	9.3%
Market Approach	First quartile	Third quartile
TTM EV/EBITDA ⁽¹⁾ multiples of Category A Comparable Companies ⁽²⁾ (times)	5.3	12.7
TTM EV/EBITDA ⁽¹⁾ multiples of Category B Comparable Companies ⁽³⁾ (times)	10.1	18.6
	Low	High
Implied EV/EBITDA multiple of NetCo (times)	11.5	11.6

Source: Independent Valuation Report from BDO Advisory Pte Ltd dated 1 October 2021

Notes:

- (1) The TTM EV/EBITDA multiples were adjusted to exclude the impact of leases. As NetCo is not expected to have leases, the TTM EV/EBITDA multiples were adjusted to exclude the impact of leases in accordance with Financial Reporting Standards 116 – Leases. Total lease liabilities were deducted from enterprise value and depreciation of right-of-use assets were deducted from EBITDA (where applicable).
- (2) The Category A Comparable Companies consist of (i) companies that own telecommunication infrastructure and lease such assets to telecommunication companies; and (ii) telecommunication companies with at least 70% of revenue generated from the provision of network services.
- (3) The Category B Comparable Companies is a subset of Category A Comparable Companies, being companies that own telecommunication infrastructure and lease such assets to telecommunication companies.

Based on our review of the Independent Valuation Report, we noted that:

- (i) The implied EV/EBITDA of NetCo of 11.5x to 11.6x is within the first quartile and third quartile of the TTM EV/EBITDA multiples of the Category A Comparable Companies and the Category B Comparable Companies;

- (ii) The Independent Valuer arrived at the valuation range by adopting the discounted cash flow method (or income approach) and the market approach. The income approach was regarded as the primary approach while the market approach was used as a secondary approach to cross check the valuation range derived from the income approach. These approaches are widely accepted methods for the purpose of valuing income producing companies;
- (iii) The projected cash flows used to derive the valuation of NetCo are based on the expected network services fees to be received by NetCo under the Network Services Agreement from 1 January 2022 to 31 December 2036 (the “**Project Period**”);
- (iv) The depreciation for the Network Assets is assumed to be on a straight-line basis during the Project Period, in line with the existing depreciation methods and terms of the Network Services Agreement;
- (v) The valuation of NetCo is based on the assumption that no additional capital expenditure is required for the existing Network Assets. Any additional capital expenditure for the Network Assets required during the Project Period will be funded by new sources of funding. In the event that NetCo requires additional funds (including funds required under the Capex Plan, Capex Budget or otherwise) (the “**Additional Funds**”), NetCo will seek to obtain such Additional Funds by way of external funding sources. In the event that external financing cannot be secured from banks, Keppel DC REIT shall have the first right but not obligation to provide the additional funds. However, if Keppel DC REIT does not intend to exercise the option, M1 shall have the right to provide a shareholder loan to NetCo; and
- (vi) We have made reasonable enquiries in reviewing the information contained in the Independent Valuation Report.

We have compiled publicly available information in respect of companies that own telecommunication infrastructure and lease such assets to telecommunication companies (the “**Listed Comparables**”). The Listed Comparables are to serve as an illustrative guide and must be caveated by the knowledge that the Listed Comparables differ from NetCo in many aspects, such as location, size, profile, future prospects, operating history and other relevant factors. In addition, the list of Listed Comparables is by no means exhaustive and information relating to these were compiled from publicly available information. The Independent Directors, the Audit and Risk Committee and the Trustee should note that the comparison is merely for illustrative purposes and serves as a general guide only.

Listed Comparables	Country of Listing	Enterprise Value (\$ million)	TTM EV/EBITDA (times)⁽¹⁾
NetLink NBN Trust	Singapore	4,351.9	15.9
PT Solusi Tunas Pratama Tbk	Indonesia	2,030.2	11.2
PT Tower Bersama Infrastructure Tbk	Indonesia	8,803.3	19.5
PT Sarana Menara Nusantara Tbk.	Indonesia	7,860.1	11.4
PT Bali Towerindo Sentra Tbk	Indonesia	459.6	8.3
PT Centratama Telekomunikasi Indonesia Tbk	Indonesia	1,290.6	19.6

Listed Comparables	Country of Listing	Enterprise Value (\$ million)	TTM EV/EBITDA (times) ⁽¹⁾
PT Gihon Telekomunikasi Indonesia Tbk	Indonesia	129.1	11.0
PT Visi Telekomunikasi Infrastruktur Tbk	Indonesia	41.9	18.7
PT. Inti Bangun Sejahtera, Tbk.	Indonesia	847.5	8.8
Maximum			19.6
Minimum			8.3
Average			13.8
Median			11.4
NetCo ⁽³⁾		586.7 to 586.8	11.5 to 11.6

Source: Capital IQ and Deloitte's calculations

Notes:

- (1) The TTM EV/EBITDA multiples were adjusted to exclude the impact of leases. As NetCo is not expected to have leases, the TTM EV/EBITDA multiples were adjusted to exclude the impact of leases in accordance with Financial Reporting Standards 116 – Leases. Total lease liabilities were deducted from enterprise value and depreciation of right-of-use assets were deducted from EBITDA (where applicable).
- (2) Exchange rates used with reference from Capital IQ as at 27 September 2021 are as follows:
 - (a) MYR:SGD – 3.094:1
 - (b) THB:SGD – 24.684:1
 - (c) IDR:SGD – 10,556.987:1
 - (d) PHP:SGD – 37.565:1
- (3) Based on the Independent Valuation Report.

Based on the above, we noted that the implied EV/EBITDA multiple of NetCo of 11.5x to 11.6x is within the range of the TTM EV/EBITDA multiples of the Listed Comparables.

3.5.2 Terms of the Bond Subscription Deed

The full text of the information relating to the principal terms and conditions of the Bond Subscription Deed is set out in Section 2.8 of the Circular. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

We noted the following clauses which pertain to the interest rate, seniority, redemption conditions under the Bond Subscription Deed and summarise the terms below:

- (i) the NetCo Bonds shall bear interest at a fixed rate of 9.17% per annum, calculated by reference to the outstanding principal amount thereof and at such interest rate, the payment of principal and interest would amount to S\$11.0 million per annum, payable semi-annually in arrears each year¹;

¹ For the avoidance of doubt, as each payment comprises principal and interest, the full principal amount of S\$88.7 million would be repaid over each payment during the term of 15 years. The total principal and interest paid over 15 years would be S\$165 million.

- (ii) the NetCo Bonds (when issued) will constitute direct, unconditional, and (other than in respect of liabilities of NetCo under the NetCo Facility Agreement¹) unsubordinated obligations of NetCo and will at all times rank *pari passu* among themselves and with all other present and future direct, unconditional, unsecured and (other than in respect of liabilities of NetCo under the NetCo Facility Agreement) unsubordinated obligations of NetCo other than those preferred by statute or applicable law, but in priority to any payment obligations of NetCo under any shareholder loans provided by M1 to NetCo under the Subscription and Shareholders' Agreement;
- (iii) the NetCo Bonds shall not be redeemed, in whole or in part, at the option of NetCo; and
- (iv) in the event of a change of control in NetCo and subject to certain conditions under the NetCo Facility Agreement being fulfilled, the NetCo Bonds may be redeemed at the option of the subscribers of the NetCo Bonds, in whole or in part, on the date of such change of control at a redemption price equal to 100% of the outstanding principal amount, together with all accrued but unpaid interest.

It should be noted that while Keppel DC REIT is not prevented from selling the NetCo Bonds, there are various conditions (including consent from Infocomm Media Development Authority (“**IMDA**”), and NetCo’s external lenders) which need to be satisfied before the NetCo Bonds can be transferred. In the event that such conditions cannot be satisfied, Keppel DC REIT would not be able to dispose of the NetCo Bonds and may have to hold the NetCo Bonds until its maturity.

Based on forecasted free cash flow of NetCo after servicing its external borrowings, it is expected that there will be available cash to service the repayment of S\$11.0 million per annum (comprising principal and interest payments) over 15 years. The effective yield of the NetCo Bonds is 9.17% per annum.

3.5.3 Terms of the Network Services Agreement

The full text of the information relating to the principal terms and conditions of the Network Services Agreement is set out in Section 2.10 of the Circular and an extract of which has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

“NetCo has entered into the Network Services Agreement with M1 for the provision of access to and use of the network capacity on, among others, the Network Assets by M1 and its mobile virtual network operators. As part of the Network Services Agreement, M1 will perform the day-to-day operation and maintenance of, as well as perform the capex works² for, the Network Assets.

The Network Services Agreement has an initial term of 15 years from the date it comes into effect, but may be, subject to Unitholders’ approval (if required), mutually extended for a period and on terms and conditions to be agreed between M1 and NetCo.

¹ For the avoidance of doubt, the NetCo Bonds are ranked lower in priority compared to the external borrowings taken up by NetCo. This means that all semi-annual payments relating to the external borrowings would have to be settled first before semi-annual payments relating to the NetCo Bonds can be paid.

² “**capex works**” refers to any extension, modification, improvement, diversion, enhancement, renewal or replacement works.

The principal terms of the Network Services Agreement include, among others, the following:

- 2.10.1 the condition precedent that the sale and purchase of the Network Assets under the Asset Transfer Agreement is completed;*
- 2.10.2 the initial term of the Network Services Agreement shall be 15 years from the date of completion of the Asset Transfer Agreement;*
- 2.10.3 M1 shall pay NetCo monthly network service fees for the provision by NetCo of Network Services;*
- 2.10.4 NetCo's appointment of M1 to perform the services to operate, maintain and repair, among others, the Network Assets ("O&M Services") is on a sole and exclusive basis;*
- 2.10.5 M1 shall perform the O&M Services in accordance with all laws and authorisations applicable to M1 and to NetCo; and*
- 2.10.6 any variation, termination of or modification to the appointment of M1 by NetCo to perform the O&M Services or appointment of a third party operator (by NetCo) is subject to the consent of IMDA."*

In addition, we noted the following which pertain to the termination rights and the Network Service Fees pursuant to paragraphs 11.3 and Schedule 1 of the Network Services Agreement respectively, and summarise the terms below:

- (i) Neither party shall be entitled to terminate the Network Services Agreement except upon the occurrence of certain events of default which remain unremedied at the end of the default cure period. The events of default are (a) the late payment of fees owing by either party which are not remedied; (b) if M1 commits a material breach of its obligations which are not remedied within the stipulated time; and (c) if either party suffers an insolvency event;
- (ii) Termination shall not come into effect until and unless IMDA has given its consent; and
- (iii) The Network Service Fees may be adjusted to reflect any increase or decrease in the value of Network Services and/or expenses of providing the Network Services resulting from any Capex Works required for each new mobile technology, any expenses incurred by NetCo relating to refinancing of its loan to fund the acquisition of the Network Assets, or any changes in the network capacity of the Network Assets.

3.5.4 Terms of the Subscription and Shareholders' Agreement

The full text of the information relating to the principal terms and conditions of the Subscription and Shareholders' Agreement is set out in Section 2.9 of the Circular and an extract of which has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

“The obligation of KDCR Singapore 2 to subscribe for the NetCo Preference Shares is subject to the satisfaction or waiver (as the case may be) of certain conditions which include but are not limited to:

- (i) the execution of the Transaction Documents, and all conditions precedent to closing or funding (as the case may be) contained in the Asset Transfer Agreement, the Network Services Agreement, the NetCo Facility Agreement and the Bond Subscription Deed being satisfied or waived in accordance with their terms and such agreements not having been terminated in accordance with their terms;*
- (ii) the receipt by KDCR Singapore 2 of a copy of the written consent from IMDA in relation to the entry into the Transaction Documents;*
- (iii) the approval by the independent Unitholders for the entry into the Bond Subscription Deed and the Subscription and Shareholders’ Agreement at the EGM; and*
- (iv) the receipt of confirmation from MAS as to whether the NetCo Bonds qualify as “qualifying project debt securities” under the Income Tax Act (Chapter 134 of Singapore).”*

We noted the following which pertain to the capex budget pursuant to paragraph 12 of the Subscription and Shareholders’ Agreement, and summarise the terms below:

- (i) M1 shall prepare and submit to the Board the Capex Plan which shall be prepared annually taking into consideration the key performance indicators set by IMDA, including technology upgrades, capacity expansion and coverage enhancement;
- (ii) The Capex Plan shall be subject to Board approval; and
- (iii) In the event that (a) the Capex Plan and/or the Capex Budget has not been approved by the Board; or (b) the Additional Funds (as defined below) is not obtained; or (c) NetCo fails to carry out the Capex Works as described in the Capex Plan for any reason whatsoever, M1 shall, at its sole discretion, have the right but not the obligation to, directly or unilaterally, procure the carrying out of the Capex Works for its own account.

We noted the following which pertain to the financing obligations of the parties pursuant to paragraph 11 of the Subscription and Shareholders’ Agreement, and summarise the terms below:

- (i) In the event that NetCo requires additional funds (including funds required under the Capex Plan, Capex Budget or otherwise) (the “**Additional Funds**”); NetCo shall seek to obtain such Additional Funds by way of external funding sources (such as bank facilities from financial institutions) (the “**External Financing**”);
- (ii) In the event that the External Financing cannot be secured or is insufficient, KDCR Singapore 2 (or its affiliates) shall have the first right ahead of M1 (but not the obligation) to provide the requisite Additional Funds, subject to any IMDA Approval (the “**KDCR Funding**”);
- (iii) If KDCR Singapore 2 (or its affiliates) declines to provide the KDCR Funding, M1 shall have the right (but not the obligation) to provide NetCo with a shareholder’s loan (the “**M1 Shareholder Loan**”); and

- (iv) The terms of the M1 Shareholder Loan shall be determined by the board of directors of NetCo (the “**Board**”), but in any event shall always comply with the following:
 - (a) Be granted on arm’s length terms;
 - (b) Bear interest at a rate determined by the Board, reflecting rates charged between unrelated parties under similar circumstances and in compliance with any applicable transfer pricing rules and regulations;
 - (c) Be subordinated to the NetCo Facility Agreement, any other External Financing, the NetCo Bonds, or the KDCR Funding (if any), by way of a subordination agreement to be entered into between the parties, but shall rank in priority to the Preference Shares; and
 - (d) Be repayable by NetCo to M1 notwithstanding any subordination to the NetCo Facility Agreement, the External Financing, the NetCo Bonds, and the KDCR Funding (if any) to the extent permissible under the terms and conditions of the NetCo Facility Agreement, the External Financing, the KDCR Debt Securities and the KDCR Funding.

We noted the following which pertain to transfer of shares pursuant to paragraph 13 of the Subscription and Shareholders’ Agreement, and summarise the terms below:

- (i) During the term of the NetCo Bonds, M1 shall not, save for the granting of security over and transfer of the ordinary shares in NetCo in favour of lenders as provided in the NetCo Facility Agreement, sell, transfer or otherwise dispose of, or grant any option over any of its ordinary shares in NetCo; and
- (ii) If any shareholder is desirous of selling or disposing of any of the shares in NetCo or any interest therein, such shareholder shall give a right of first refusal to the other shareholder offering to sell the legal and beneficial ownership of all (and not part only) of its shares and the price therefor.

3.5.5 Technical Due Diligence Report

Based on our review of the Technical Due Diligence Report, there were no material adverse findings that is expected to have a significant impact on the Network Assets. We have outlined below the key findings set out therein:

- (i) in relation to the remaining useful life of the Network Assets, the report states that (a) the useful lifetimes of certain assets within categories accounting for 77% of total NBV may be extended beyond their accounting life provided good deployment and operations practices are followed; and (b) site visits found that all assets were in acceptable to excellent condition, with no concerns regarding remaining useful life;
- (ii) in relation to the analysis of the Network Assets, the report states that M1 has consistently deployed capex over a long period to meet business expansion needs of both the mobile and fixed networks; and
- (iii) in relation to the condition of the Network Assets, the report states that (a) M1 meets quality of service (QoS) thresholds set by IMDA with the exception of the May 2020 and December 2020 incidences and has comparable metrics to other mobile network operators, indicating condition of the assets is sufficient to meet customers’ needs; and (b) M1 has a comprehensive asset maintenance schedule which exceeds regulations and its scheduled activities are on track.

4. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement:

- (i) Rationale for and key benefits of the Proposed Transactions;
- (ii) Benchmarking of the NetCo Bonds and the Preference Shares Investment;
- (iii) Terms of the Proposed Fee Supplement;
- (iv) Pro forma financial effects of the Proposed Transactions; and
- (v) Other relevant considerations which may have a significant bearing on our assessment of the Proposed Transactions.

Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at Latest Practicable Date, **we are of the opinion that the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement are on normal commercial terms and will not be prejudicial to the interests of Keppel DC REIT and its minority Unitholders.**

Accordingly, we advise that the Independent Directors and the Audit and Risk Committee recommend that the Unitholders vote in favour of the resolutions in connection with the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement.

Our recommendation is addressed to the Independent Directors, the Audit and Risk Committee and the Trustee for their benefit in connection with and for the purpose of their consideration of the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement as well as in compliance with Rule 921(4)(a) of the Listing Manual. Any recommendation made by the Independent Directors and the Audit and Risk Committee in respect of the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement shall remain their responsibility.

Our recommendation is governed by the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Koh Soon Bee
Executive Director

VALUATION SUMMARY LETTER

Board of Directors

12 October 2021

Keppel DC REIT Management Pte Ltd

1 Harbourfront Avenue
Level 2 Keppel Bay Tower
Singapore 098632

Perpetual (Asia) Limited

(in its capacity as trustee of Keppel DC REIT)
8 Marina Boulevard, #05-02
Marina Bay Financial Centre
Singapore 018981

Indicative Valuation Report

Dear Sirs:

1. Introduction

BDO Advisory Pte Ltd (“**BDO**”) has been engaged by Keppel DC REIT Management Pte Ltd (as manager of Keppel DC REIT (“**KDCR**”)) (“**KDCRM**”) to estimate the indicative value range of 100% of a special purpose vehicle, M1 Network Private Limited (the “**NetCo**”) as at 31 August 2021 (the “**Valuation Date**”), on the assumption that the NetCo has been incorporated and all the transactions have been entered into. This is in relation to KDCR’s proposed investment in debt securities and preference shares to be issued by the NetCo, as confirmed in our engagement letter dated 27 May 2021 (the “**Engagement Letter**”).

We are a global network of firms with 1,658 offices spanning across 167 countries and territories, with more than 91,054 people who are committed to delivering quality assurance, tax and advisory services. In the valuation space, BDO Singapore’s Corporate Advisory meets regional and local business’ valuation needs with provision of services including valuing businesses, joint ventures and equity interests, and specific assets such as intangible assets like trademarks, customer relationships, and financial instruments. In the recent years, our valuation professionals (accredited with the Institute of Valuers and Appraisers of Singapore (“**IVAS**”)) have worked on a range of business requirements, including:

- Restructuring, mergers, acquisitions and divestments
- Business planning and transaction support
- Support for tax planning and advisory
- Expert witness for litigation support
- Financial reporting

This letter is a summary of the information contained in the Indicative Valuation Report (“**Report**”) (the “**Valuation Summary Letter**”). Accordingly, it should be read in conjunction with the full text of the said Report dated 12 October 2021.

The information contained in the Report pertains to our appointment by KDCRM to perform the necessary professional services relating to the indicative valuation of the NetCo.

2. Terms of reference

We are to estimate the indicative value range of the NetCo as at the Valuation Date.

Our estimation of the indicative value range of the NetCo is primarily based on its financial forecasts. It does not take into account any fundamentally different business that the management of the NetCo may pursue in the foreseeable future.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by KDCRM and made available to us, we have considered and where appropriate, relied on such advice.

We are not expressing an opinion on the commercial merits of the proposed investment and accordingly, this Valuation Summary Letter and the Report do not purport to contain all the information that may be necessary to fully evaluate the commercial or investment merit of the proposed investment.

In addition, this Valuation Summary Letter and the Report should not be construed as a provision of any investment advice to the current/prospective investors of the NetCo and/or KDCRM and cannot be relied upon for making investment decisions and we expressly disclaim a duty of care or liability to any third party who is shown or gains access to this Valuation Summary Letter or the Report.

3. Use of this Valuation Summary Letter and our Report

This Valuation Summary Letter and the Report are addressed to, and are intended for the use of the Directors of KDCRM and Perpetual (Asia) Limited (in its capacity as trustee of KDCR) for the purpose as set out in the Report. Accordingly, neither the Report nor this Valuation Summary Letter may be used or relied upon by, nor confer any benefit to, any other person (including without limitation, the shareholders of KDCRM and the current/prospective investors of the NetCo). Any recommendation made by the Directors to the shareholders of KDCRM shall remain the responsibility of the Directors.

4. Reliance on information and representation

The information used by us in preparing the Report are primarily obtained from the management of KDCRM ("**Management**") and other sources as indicated in the Report. These include:

- a) A set of financial forecasts for 15 years from 1 January 2022 to 31 December 2036 (the "**Project Period**") (the "**Financial Forecasts**") prepared by M1, which was provided by Management on 17 September 2021;
- b) Audited Financial Statements of M1 Limited ("**M1**") for the financial year ended 31 December ("**FY**") 2019 and FY2020;
- c) A list of M1's mobile, fixed and fibre assets excluding 5G standalone assets (the "**Network Assets**") detailing the costs and the net book value ("**NBV**") of the Network Assets as at 28 February 2021;

- d) The technical due diligence report dated 11 September 2021 by Analysys Mason (“**AM**”) to Perpetual (Asia) Limited in its capacity as trustee of KDCR (the “**TDD Report**”).;
- e) M1’s historical average monthly network utilisation from March 2020 to February 2021;
- f) An extract of Clause 10 ‘Financing’ of the Subscription and Shareholders’ Agreement (the “**SSHA**”) provided on 27 August 2021 relating to the additional funds required by the NetCo during the Project Period;
- g) An extract of Schedule 1 ‘Network Service Fee’ of the 15-year network service agreement the NetCo entered with M1 (the “**NSA**”) provided on 8 September 2021 for the details about the Network Service Fee (the “**NSF**”);
- h) An extract of the Acquisition Loan Facility (the “**ALF**”) provided on 13 September 2021 for details about the upfront fee rate and interest of the external financing of up to S\$493m (the “**Bank Loan**”);
- i) An extract of Clause 7.2 ‘Network Service Fees’ of the NSA provided on 22 September 2021;
- j) An extract of Clause 5.11 ‘Site Licences’ of the NSA provided on 13 September 2021;
- k) An extract of Clause 10 ‘Intellectual Property’ of the NSA provided on 13 September 2021;
- l) An extract of Clause 8 ‘Board of Directors’ of the SSHA provided on 13 September 2021;
- m) An extract of ‘Definitions and Interpretation’ of the Asset Transfer Agreement the NetCo entered into with M1 (the “**ATA**”) provided on 13 September 2021;
- n) The NetCo Subscription Deed (the “**Deed**”) provided on 21 September 2021;
- o) An extract of Clause 4 ‘Agreement to Transfer of the Network Assets’ of the ATA provided on 30 September 2021;
- p) An extract of Clause 3 ‘Consideration’ of the ATA provided on 22 September 2021;
- q) An extract of Schedule 1 ‘Terms and Conditions of the Preference Shares’ of the SSHA provided on 22 September 2021;
- r) An extract of the ALF provided on 23 September 2021 for details about the extension fee rate of the Bank Loan;
- s) General information gleaned from documents submitted by Management;
- t) Other information and representations made to us by Management during discussions; and
- u) All other publicly available information.

While our work has involved analysis of the above mentioned financial information, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us by and on KDCRM’s behalf.

Our conclusion in the Report has been arrived at based on the assumption that the information provided to us is accurate and that no significant information essential to the Report has been intentionally withheld.

5. Valuation methodology and summary results

The basis of value that we have adopted is market value defined in International Valuation Standards (“**IVS**”) 2020 as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

In arriving at the valuation results, we have applied the income approach as a primary approach to derive the indicative value range of the NetCo, using the discounted cash flow (“**DCF**”) methodology for the following reasons:

- The NetCo is primarily income driven, underpinned by the provision of access to and use of network capacity of the NetCo’s Network Assets by the NetCo to M1 (the “**Network Services**”). The DCF methodology will better reflect a valuation that is based on income derived from the Network Assets through the NSA (from the network utilisation fees) between the NetCo and M1;
- The Financial Forecasts prepared by M1 based on their expectation of the future cash flow to the NetCo including forecasts for earnings before interests, taxes, depreciation and amortisation (“**EBITDA**”), debt and interests repayment, depreciation and amortisation (“**D&A**”) costs and tax expenses of the NetCo during the Project Period; and
- The Enterprise Value (“**EV**”)¹ of the NetCo (which was incorporated to own the Network Assets) computed comprises the equity value (to the shareholders), and the net financial debt (i.e. non-equity claims) of the NetCo which would include, in present value terms, interest-bearing liabilities and shareholder loans/ bonds.

In arriving at the indicative EV range of the NetCo as at the Valuation Date, we have applied the DCF as a primary method to estimate the indicative equity range.

Under the DCF, the future free cash flows to equity expected to be generated based on income derived from the Network Assets through the NSA between the NetCo and M1, are discounted using appropriate discount rates to derive the likely equity value range of the NetCo through sensitivity analysis.

The range of equity value of the NetCo from the Lower end to the Upper end is derived by sensitivity analysis through varying the discount rate of 8.8% by +/- 0.5%.

The net debt has to be added to and non-operating assets have to be subtracted from the equity value, to derive the indicative EV range of the NetCo as at the Valuation Date.

In addition, we have adopted the Market Approach using the EV to EBITDA (“**EV/EBITDA**”) multiples of comparable companies as a secondary approach to cross-check the indicative value range as at the Valuation Date derived by the DCF methodology.

In summary, based on our analysis, the indicative EV of the NetCo is estimated to range from S\$586.7m to S\$586.8m as at the Valuation Date.

¹ EV refers to the valuation of the Network Assets on an Enterprise Value basis.

We wish to emphasise that the projected cash flows used in the DCF analysis have been based upon certain identified assumptions. Some of these assumptions inevitably will not materialise, and unanticipated events may occur; therefore, the actual results achieved during the projection period will vary from the projection, and the variations may be substantial. Consequently, they cannot be relied upon to the same extent as information derived from audited accounts for completed accounting periods. For these reasons we express no opinion as to how closely the actual results achieved will correspond to those projected.

We have set out in the Report, the key assumptions as well as the risk factors, which may materially affect the indicative valuation of the NetCo. These include:

- i. The NetCo will be operating on a going concern basis and will continue to have sufficient capital to support future expenditure and working capital and the capability to achieve the forecasted cashflows during the Project Period;
- ii. The future operations of the NetCo will not be adversely affected by changes to its key personnel, management team and shareholdings;
- iii. The accuracy and completeness of the financial information provided to us;
- iv. The reliability of the assumptions underlying the Financial Forecasts, including but not limited to the revenue and profitability relating to the NetCo, which is assumed to be achievable. We note that if the actual financial performance of the NetCo during the Project Period is significantly different from the forecasts, the valuation might be significantly different;
- v. Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future, even if there are any changes in the shareholding structure;
- vi. There are no significant changes in the types of products and services being provided in the forecast period that will materially affect the expected use of the Network Assets held by the NetCo, which is covered in the NSA;
- vii. There will be no significant changes in the economic and political environment, which may significantly alter the financial performance and position of the NetCo;
- viii. In including the tax expenses in the financial forecasts, we have referred to the tax computation provided in the Financial Forecasts. As such, we have relied on the tax computation for the purposes of valuation and have not performed an independent tax assessment or review of the tax computation;
- ix. All the relevant regulatory approvals, project related agreements, licences, permits, certificates and documents required for the ownership of the NetCo have been obtained, and will continue to be in effect until the end of the Project Period;
- x. The NetCo will have legal title to the Network Assets apart from the co-owned and right-of-use ("**ROU**") shared Network Assets, which are physically in existence and are in good working condition. There are no known indications that the Network Assets are subject to compulsory acquisition by any third party or government body;
- xi. Depreciation of the Network Assets are in line with original depreciation methods and their respective economic useful lives are expected to be in line with the Project Period as stipulated in the NSA; and
- xii. The Novel Coronavirus ("**COVID-19**") will not fundamentally affect the business of the NetCo. We understand that COVID-19 impact on the business has been considered in the Financial Forecasts of the NetCo.

6. Conclusion

As detailed in the Report, the 100% indicative EV of the NetCo is estimated to range from S\$586.7m to S\$586.8m as at the Valuation Date.

We assume no responsibility and are not required to update, revise or reaffirm our conclusion of value to reflect events or developments subsequent to the date of the Report and this Valuation Summary Letter.

Yours faithfully,

For and on behalf of
BDO Advisory Pte Ltd

A handwritten signature in black ink, appearing to read 'Josephine Hong', written over a faint, illegible stamp or watermark.

Josephine Hong
Executive Director, Advisory

PROPOSED FEE SUPPLEMENT

The proposed form of the acquisition fee supplement for the REIT Trust Deed is as follows:

That Clause 15.2 be amended by inserting the following clause after Clause 15.2.5:

“15.2 Acquisition Fee

15.2.6 The Manager is also entitled to receive for its own account out of the Deposited Property an acquisition fee at a rate of 1.0% of the net aggregate subscription amount of S\$87.0 million for the subscription, by the Trust and/or its subsidiary(ies), of bonds and preference shares to be issued by M1 Network Private Limited, pursuant to (i) the bond subscription deed entered into on 14 October 2021 by the Trust and/or its subsidiary(ies) with M1 Network Private Limited and (ii) the subscription and shareholders' agreement entered into on 14 October 2021 by the Trust and/or its subsidiary(ies) with M1 Limited and M1 Network Private Limited, respectively. The acquisition fee is payable to the Manager in the form of Units issued at the Market Price as determined under Clause 5.3.1 and the Units shall not be sold within one year from their date of issuance.”

PROCEDURES FOR EXTRAORDINARY GENERAL MEETING

Steps for pre-registration, submission of questions and voting at the EGM

Unitholders will be able to observe and/or listen to the EGM proceedings via “live” audio-and-visual webcast or “live” audio-only stream by pre-registering, submitting questions in advance of and/or via the live chat function at the EGM and voting by appointing the Chairman of the EGM (being the Lead Independent Director, Mr Kenny Kwan) as proxy to attend, speak and vote on their behalf at the EGM.

To do so, they will need to complete the following steps:

No.	Steps	Details
1.	Pre-registration	<p>Unitholders and CPF/SRS investors must pre-register at the pre-registration website at https://www.keppeldcreit.com/en/egm2021/ from now till 10.30 a.m. on 29 November 2021 to enable the Manager to verify their status as Unitholders.</p> <p>Following the verification, authenticated persons will receive an email which will contain user ID and password details, as well as the link to access the “live” audio-and-visual webcast and a toll-free telephone number to access the “live” audio-only stream of the EGM proceedings.</p> <p>Persons who do not receive the email by 12.00 p.m. on 1 December 2021, but have registered by the 29 November 2021 deadline should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email at keppel@boardroomlimited.com or via phone at +65 6536 5355 (Mondays to Fridays, excluding Public Holidays, from 9.00 a.m. to 5.00 p.m.).</p> <p>Investors who hold Units through relevant intermediaries (other than CPF/SRS investors) will not be able to pre-register at https://www.keppeldcreit.com/en/egm2021/ for the “live” broadcast of the EGM. Such investors who wish to participate in the “live” broadcast of the EGM should instead approach their relevant intermediary as soon as possible in order to make the necessary arrangements.</p>
2.	Submission of questions	<p>While Unitholders will be able to ask questions via the live chat function at the EGM, they may also submit their questions in advance of the EGM.</p> <p>Submission of questions: Unitholders may submit questions relating to the business of the EGM in advance of the EGM, in the following manner:</p> <p>(a) via the pre-registration website at https://www.keppeldcreit.com/en/egm2021/;</p> <p>(b) by email to investor.relations@keppeldcreit.com; or</p> <p>(c) by post to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.</p>

No.	Steps	Details
		<p>Addressing questions: The Manager will endeavour to answer all substantial and relevant questions prior to the EGM through publication on SGXNet and on Keppel DC REIT's website, or at the EGM.</p> <p>Minutes of EGM: The Manager will publish the minutes of the EGM on SGXNet and on Keppel DC REIT's website.</p>
3.	Submission of Proxy Form to vote	<p>Appointment of Chairman as proxy: Unitholders (whether individual or corporate) who wish to vote on the resolutions to be tabled at the EGM must appoint the Chairman as their proxy to attend, speak and vote on their behalf at the EGM, in accordance with the instructions on the Proxy Form.</p> <p>Specific voting instructions to be given: Where Unitholders (whether individual or corporate) appoint the Chairman as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.</p> <p>Submission of Proxy Forms: Proxy Forms must be submitted in the following manner:</p> <p>(a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or</p> <p>(b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com;</p> <p>in either case, by 10.30 a.m. on 29 November 2021.</p> <p>A Unitholder who wishes to submit the Proxy Form by post or via email must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.</p> <p>Unitholders are strongly encouraged to submit the completed Proxy Forms electronically via email.</p> <p>CPF/SRS investors who wish to appoint the Chairman as proxy should approach their respective CPF agent bank or SRS operator to submit their votes by 5.00 p.m. on 22 November 2021. Other persons holding Units through other relevant intermediary who wish to vote should approach their relevant intermediary as soon as possible to specify their voting instructions.</p>

Keppel DC REIT

(Constituted in the Republic of Singapore
pursuant to a trust deed dated 17 March 2011 (as amended))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of unitholders of Keppel DC REIT (“**Unitholders**”) will be convened and held by way of electronic means on **Thursday, 2 December 2021 at 10.30 a.m.** (Singapore time), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

(1) ORDINARY RESOLUTION 1

THE PROPOSED NETCO BONDS AND PREFERENCE SHARES INVESTMENT, AS AN INTERESTED PERSON TRANSACTION

That:

- (i) approval be and is hereby given for the proposed subscription of bonds (“**NetCo Bonds**”) by Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT (the “**Trustee**”) and/or its nominee(s) which would be wholly-owned subsidiary(ies) of Keppel DC REIT, to be issued by M1 Network Private Limited (“**NetCo**”) for a subscription amount of S\$88.7 million, on the terms and conditions set out in the bond subscription deed (the “**Bond Subscription Deed**”) dated 14 October 2021 made between the Trustee and the NetCo, and the entry into the Bond Subscription Deed be and is hereby approved and ratified;
- (ii) approval be and is hereby given for the proposed subscription by KDCR Singapore 2 of 100% of the preference shares (“**NetCo Preference Shares**”) to be issued by the NetCo for a subscription amount of S\$1.0 million, on the terms and conditions set out in the subscription and shareholders’ agreement (the “**Subscription and Shareholders’ Agreement**”), and the entry into the Subscription and Shareholders’ Agreement be and is hereby approved and ratified;
- (iii) approval be and is hereby given for the payment of all fees and expenses relating to the subscription of the NetCo Bonds and NetCo Preference Shares (together, the “**NetCo Bonds and Preference Shares Investment**”); and
- (iv) Keppel DC REIT Management Pte. Ltd., as the manager of Keppel DC REIT, (the “**Manager**”), any director or Chief Executive Officer of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel DC REIT to give effect to the NetCo Bonds and Preference Shares Investment, the entry into the Bond Subscription Deed and the Subscription and Shareholders’ Agreement and all transactions in connection therewith.

(2) EXTRAORDINARY RESOLUTION 2

THE PROPOSED FEE SUPPLEMENT

That approval be and is hereby given to:

- (i) supplement the trust deed constituting Keppel DC REIT (as amended) with the Proposed Fee Supplement, in the manner set out in Appendix C of the circular to Unitholders, to introduce an acquisition fee (“**Acquisition Fee**”) payable to the Manager to allow a one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment, which is a non-real estate investment;

- (ii) authorise the Manager to issue Units in full payment of the Acquisition Fee, credited as fully paid and ranking pari passu in all respects with the other Units in issue; and
- (iii) authorise the Manager, any director or Chief Executive Officer of the Manager, and the Trustee and direct them to do all things necessary or expedient or in the interests of Keppel DC REIT and the Unitholders (including executing any document) as he or they may deem fit, to give effect to the matters contemplated in this resolution.

BY ORDER OF THE BOARD

Keppel DC REIT Management Pte. Ltd.
(as manager of Keppel DC REIT)
(Company Registration No. 199508930C)

Chiam Yee Sheng

Company Secretary
Singapore
10 November 2021

Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 1 October 2020 titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation". In addition to printed copies of the Notice of EGM that will be sent to Unitholders, this Notice of EGM will also be sent to Unitholders by electronic means via publication on Keppel DC REIT's website and on SGXNet.
2. The proceedings of this EGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Unitholders and investors holding Units through the Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors") who wish to follow the proceedings must pre-register at <https://www.keppeldcreit.com/en/egm2021/> no later than **10.30 a.m. on 29 November 2021**. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by **12.00 p.m. on 1 December 2021**.
3. Investors holding Units through relevant intermediaries ("Investors") (other than CPF/SRS investors) will not be able to pre-register at <https://www.keppeldcreit.com/en/egm2021/> for the "live" broadcast of the EGM. An Investor (other than CPF/SRS investors) who wishes to participate in the "live" broadcast of the EGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email to keppel@boardroomlimited.com no later than **10.30 a.m. on 29 November 2021**.

In this Notice of EGM, a "relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and as such a Unitholder will not be able to attend the EGM in person. A Unitholder will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM (being the Lead Independent Director, Mr Kenny Kwan) ("**Chairman**") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM. The Chairman, as proxy, need not be a Unitholder. The instrument for appointing the Chairman of the EGM as proxy ("**Proxy Form**") will be sent to Unitholders and may be accessed at Keppel DC REIT's website or on SGXNet. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

5. The Proxy Form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than CPF/SRS investors) who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator to submit his/her vote by **5.00 p.m. on 22 November 2021**, being 7 working days before the date of the EGM.

6. **The Proxy Form must be submitted in the following manner:**

(a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

(b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com,

in either case, by **10.30 a.m. on 29 November 2021**, being 72 hours before the time appointed for holding this EGM.

A Unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **Unitholders are strongly encouraged to submit the completed Proxy Forms electronically via email.**

7. **Unitholders and Investors will be able to ask questions during this EGM via the live chat function. All Unitholders and Investors may also submit questions relating to the business of this EGM no later than 10.30 a.m. on 29 November 2021:**

(a) via the pre-registration website at <https://www.keppeldcreit.com/en/egm2021/>;

(b) by email to investor.relations@keppeldcreit.com; or

(c) by post to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

The Manager will endeavour to answer all substantial and relevant questions prior to the EGM through publication on SGXNet and on Keppel DC REIT's website, or at the EGM.

8. All documents (including the Circular, the Proxy Form and this Notice of EGM) and information relating to the business of this EGM have been, or will be, published on SGXNet and/or Keppel DC REIT's website at <https://www.keppeldcreit.com>. **Printed copies of the Circular will not be despatched to Unitholders.** Unitholders and Investors are advised to check SGXNet and/or Keppel DC REIT's website regularly for updates.

9. Any reference to a time of day is made by reference to Singapore time.

Personal data privacy:

By submitting the proxy form appointing the Chairman to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing, administration and analysis by the Manager and the Trustee (or their agents or service providers) of the appointment of the Chairman as proxy for the EGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Unitholder warrants that the Unitholder has obtained the prior consent of such participant(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents or service providers) of the personal data of such participant(s) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of the "live" broadcast of the EGM (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM

Keppel DC REIT

(Constituted in the Republic of Singapore pursuant to a trust deed dated 17 March 2011 (as amended))

IMPORTANT:

1. This EGM (as defined below) will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 1 October 2020 titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation". In addition to printed copies of the Notice of EGM and this Proxy Form that will be sent to unitholders of Keppel DC REIT ("Unitholders"), the Notice of EGM and this Proxy Form will also be sent to Unitholders by electronic means via publication on Keppel DC REIT's website and on SGXNet.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman (as defined below) and/or via the live chat function at the EGM, addressing of substantial and relevant questions prior to the EGM through publication on the SGXNet and on Keppel DC REIT's website or at the EGM, and voting by appointing the Chairman as proxy at the EGM, are set out in the Notice of EGM and the accompanying announcement dated 10 November 2021. This announcement may be accessed at Keppel DC REIT's website at <https://www.keppeldcreit.com> and SGXNet.
3. **In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and as such a Unitholder will not be able to attend the EGM in person. A Unitholder will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A Unitholder (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM. The Chairman, as proxy, need not be a Unitholder.**
4. This Proxy Form is not valid for use by investors holding units in Keppel DC REIT ("Units") through relevant intermediaries ("Investors") (including investors holding through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 5.00 p.m. on 22 November 2021, being 7 working days before the date of the EGM to submit his/her vote.
5. **Personal Data Privacy:** By submitting this Proxy Form, a Unitholder accepts and agrees to the personal data terms set out in the Notice of EGM dated 10 November 2021.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

EXTRAORDINARY GENERAL MEETING

I/We _____ (Name(s))
_____ NRIC/Passport/Company Registration Number(s) of
_____ (Address)

being a Unitholder/Unitholders of Keppel DC REIT, hereby appoint the **Chairman of the Extraordinary General Meeting ("Chairman")** as my/our proxy to attend, speak and vote on my/our behalf at the Extraordinary General Meeting of Keppel DC REIT ("**EGM**") to be convened and held by electronic means on **Thursday, 2 December 2021 at 10.30 a.m.**, and at any adjournment thereof.

No.	Ordinary Resolution	For*	Against*	Abstain*
1.	To approve the proposed NetCo Bonds and Preference Shares Investment, as an interested person transaction			
Extraordinary Resolution				
2.	To approve the Proposed Fee Supplement			

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Units in the boxes provided. If you wish to abstain from voting on a resolution, please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of Units which you wish to abstain from voting in the box provided. In the absence of specific directions in respect of a resolution, the appointment of the Chairman as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: Please read the notes overleaf before completing this Proxy Form



Notes to the Proxy Form

1. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore and maintained by The Central Depository (Pte) Limited (“CDP”)), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of Keppel DC REIT, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
2. **In view of the current COVID-19 situation the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and as such a Unitholder will not be able to attend the EGM in person.** A Unitholder will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A Unitholder (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM. The Chairman, as proxy, need not be a Unitholder. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. The Proxy Form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 5.00 p.m. on 22 November 2021, being 7 working days before the date of the EGM to submit his/her vote.
4. The Proxy Form must be submitted in the following manner:
 - (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com, in either case, by 10.30 a.m. on 29 November 2021, being 72 hours before the time appointed for holding this EGM.

3rd fold here, glue along the dotted line and fold flap

Affix
Postage
Stamp

KEPPEL DC REIT MANAGEMENT PTE. LTD.
(as Manager of Keppel DC REIT)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

5. A Unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
6. Unitholders are strongly encouraged to submit the completed Proxy Forms electronically via email.
7. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney, must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
10. Any reference to a time of day is made by reference to Singapore time.