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MEDIA RELEASE

Keppel DC REIT announces two data centre acquisitions in Singapore and launches equity fund raising

- *DPU-accretive acquisitions will strengthen Keppel DC REIT's portfolio and increase assets under management significantly by 30.7% to $2.58 billion*
- *Proposed acquisitions will be funded by a combination of private placement, preferential offering and debt, which will maintain gearing at a healthy level to support further growth opportunities*

Singapore, 16 September 2019 – The Manager of Keppel DC REIT has entered into (i) an agreement for the proposed acquisition of a 99% interest in Keppel DC Singapore 4 (KDC SGP 4) at an agreed value of approximately $384.9 million, with the remaining 1% to be acquired by an entity of Keppel Data Centres Holding Pte. Ltd., and (ii) an agreement for the proposed acquisition of 1-Net North Data Centre, Singapore (1-Net North DC) at an agreed value of $200.2 million. Both acquisitions are expected to be completed in 4Q 2019.

The proposed acquisitions are expected to be highly accretive to Keppel DC REIT's Distribution per Unit (DPU). When completed, the REIT's assets under management will grow by 30.7% to $2.58 billion, comprising 17 data centres[1] in key data centre hubs globally, spanning an aggregate lettable area of approximately 1,410,497 sq ft.

Mr Chua Hsien Yang, CEO of the Manager, said, "Singapore is amongst the world's fastest-growing data centre markets, driven by demand from internet enterprises as well as the IT services, telecommunications and financial services sectors. The strategic acquisitions of these two quality data centres will strengthen Keppel DC REIT's foothold in this robust market. With the proposed acquisitions, Keppel DC REIT will have data centres across the Northern, Central, Eastern and Western regions of Singapore, which puts us in a strong position to serve a wider range of clients."

KDC SGP 4 is a five-storey carrier-neutral and purpose-built colocation facility which is 92.0% occupied. Located close to two of the REIT's existing data centres, Keppel DC Singapore 2 and Keppel DC Singapore 3, the acquisition of KDC SGP 4 will strengthen the REIT's presence within the Tampines Industrial Park.

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[1] Excludes IC3 East DC, which is currently under development and expected to be completed in 2020.

1-Net North DC is a five-storey purpose-built facility on a triple-net master lease with approximately 17 years remaining, and an option to renew for a period of 7.6 years. It is located just outside the Woodlands Regional Centre, a planned commercial hub that will serve as the Northern Agri-Tech and Food Corridor.

The acquisitions will strengthen the income resilience and stability of Keppel DC REIT's portfolio. The pro-forma occupancy rate for the enlarged portfolio is expected to improve from 93.2%, based on the portfolio occupancy rate as at 30 June 2019, to 94.1%. Portfolio weighted average lease expiry (WALE) by leased lettable area is expected to improve from 7.8 years to 8.9 years post-completion.

The seller for KDC SGP 4 is a 70:30 joint venture between Alpha Data Centre Fund Pte Ltd., which is managed by Alpha Investment Partners Limited, and Keppel Data Centres Holding Pte Ltd. The sellers for 1-Net North DC are Keppel Infrastructure Trust's wholly-owned subsidiary with a 51% stake in the data centre, and Shimizu Corporation's wholly-owned subsidiary with a 49% stake in the data centre. The agreed values for both acquisitions were negotiated on a willing-buyer willing-seller basis, taking into account their respective independent valuations[2].

Equity Fund Raising

The Manager intends to fund the proposed transactions with proceeds from a fully underwritten equity fund raising exercise of approximately $473.8 million comprising a combination of a private placement and preferential offering, as well as debt.

The equity fund raising exercise will reduce Keppel DC REIT's aggregate leverage ratio from 31.9% as at 30 June 2019, to 30.3%[3], increasing the REIT's debt headroom to pursue further growth opportunities.

To demonstrate support for the REIT's long-term growth, Keppel Group, through Keppel Telecommunications & Transportation and Keppel Capital, will irrevocably undertake to subscribe for their pro-rata Units under the preferential offering.

The proposed acquisitions are subject to, and conditional upon, among others, the approval of the Unitholders of Keppel DC REIT at an extraordinary general meeting.

Please refer to the SGX announcement for more details on the proposed acquisitions.

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[2] Independent valuations of KDC SGP 4: $385.1 million (for 99% interest, including rental support) as stated by Cushman & Wakefield in its report dated 10 September 2019 and $385.1 million (for 99% interest, including rental support) as stated by Savills in its report dated 10 September 2019.
Independent valuations of 1-Net North DC: $200.5 million as stated by Knight Frank in its report dated 15 August 2019 and $201.5 million as stated by Edmund Tie in its report dated 31 August 2019.

[3] Including funds raised for capital expenditures.

About the Data Centres

Keppel DC Singapore 4

Keppel DC Singapore 4 is located at 20 Tampines Street 91, Singapore 528875, which is close to two of Keppel DC REIT's data centre properties in Tampines, namely Keppel DC Singapore 2 and Keppel DC Singapore 3. The five-storey carrier-neutral and purpose-built colocation data centre facility, featuring approximately 84,544 sq ft of net lettable area, was completed in 2017.

Keppel DC Singapore 4 was designed and constructed incorporating environmentally-friendly features. The facility received two green certifications in June 2017: the BCA-IMDA Green Mark Award (Platinum) for New Data Centres and the BCA Green Mark Award (Platinum) for New Building for Non-Residential Buildings.

1-Net North Data Centre

1-Net North Data Centre, located at 18 Riverside Road, Singapore 739088, is a purpose-built five-storey data centre facility featuring approximately 213,815 sq ft of floor area across four floors of data centre halls and one floor of office and ancillary space. Completed in 2016, it is on a triple-net master lease with approximately 17 years remaining, with an option to renew for another 7.6 years.

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About Keppel DC REIT (www.keppeldcreit.com)

Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre REIT listed in Asia and on the Singapore Exchange (SGX-ST).

Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate related assets.

The REIT is managed by Keppel DC REIT Management Pte. Ltd.. Keppel Capital Holdings Pte. Ltd. (Keppel Capital) has a 50% interest in the Manager, with the remaining interest held by Keppel Telecommunications & Transportation Ltd (Keppel T&T). Keppel Capital is a premier asset manager in Asia with assets under management comprising real estate, infrastructure and data centre properties in key global markets.

Keppel T&T, the Sponsor of the REIT, has also granted Rights of First Refusal (ROFR) to the REIT for future acquisition opportunities of its data centre assets.

The Manager’s key objectives are to provide the REIT’s Unitholders with regular and stable distributions, as well as achieve long-term growth while maintaining an optimal capital structure.