



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

ANNOUNCEMENT

ACQUISITION OF THE DATA CENTRE LOCATED AT NO. 5 BLUESEA INTELLIGENCE VALLEY, SHAPING STREET, HESHAN CITY, PEOPLE'S REPUBLIC OF CHINA ("PRC")

1. INTRODUCTION

1.1 The Transaction

Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the "**Manager**"), is pleased to announce that Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT (the "**Trustee**") through its indirect wholly-owned subsidiary in the PRC, KDCR Guangdong Co., Ltd (the "**Buyer**"), has today entered into a conditional sale and leaseback transaction (the "**Transaction**") to acquire from Guangdong Bluesea Data Development Co., Ltd., an unrelated third party (the "**Seller**") and its parent company, Guangdong Bluesea Mobile Development Co., Ltd. ("**Seller's Parent Co.**") and leaseback to the Seller a fully-fitted data centre property located at No. 5 Bluesea Intelligence Valley, Shaping Street, Heshan, Jiangmen, Guangdong Province, PRC (the "**Premises**") together with the facilities and equipment (the "**Facilities and Equipment**") built and installed thereon (collectively, the Premises and the Facilities and Equipment are referred to as the "**Property**") pursuant to a tripartite framework agreement (the "**Framework Agreement**") between the Buyer, and the Seller and Seller's Parent Co. and the various agreements entered or to be entered into pursuant to the Framework Agreement, including the various lease agreements relating to the Premises and the Facilities and Equipment between the Buyer as lessor and the Seller as lessee.

1.2 Information on the Premises

The Premises is a seven-storey fully-fitted data centre building with gross floor area of approximately 20,595 sq m located at No. 5 Bluesea Intelligence Valley, Shaping Street, Heshan, Jiangmen, Guangdong Province, PRC. The Premises is designed in accordance with Code for Design of Data Centre Grade A GB, where Grade A is the highest standard for data centres in the PRC. The Premises is newly completed in 2019 with a 50-year leasehold land tenure expiring in 2067. Situated within the Bluesea Intelligence Valley Mega Data Centre Campus, the Premises is the first of six data centre buildings to be completed and with the Transaction, Keppel DC REIT will also have a pre-emptive right of first refusal to acquire the remaining of the data

centres to be developed within the campus.

2. DETAILS OF THE TRANSACTION

2.1 Purchase Consideration

The total purchase consideration payable by the Buyer in connection with the purchase of the Property (the “**Acquisition**”) amounts in aggregate to approximately RMB 635.9 million (equivalent to S\$132.0 million)¹.

The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property. An independent valuation was carried out by an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. (the “**Valuer**”), which was commissioned by the Trustee, and which arrived at a market value for the Property of RMB 690.0 million (equivalent to S\$143.2 million) as at 1 July 2021 based on income capitalisation and discounted cash flow methods. The Purchase Consideration is at 7.8% discount to the independent valuation.

The Purchase Consideration shall be satisfied fully in cash.

2.2 Estimated Total Acquisition Cost

The total acquisition cost for the Acquisition is estimated to be approximately RMB 727.0 million (approximately S\$150.9 million), comprising (the “**Total Acquisition Cost**”):

- 2.2.1 the Purchase Consideration of approximately RMB 635.9 million (equivalent to S\$132.0 million), excluding value-added taxes (“**VAT**”) of approximately S\$13.3 million;
- 2.2.2 the acquisition fee payable in units in Keppel DC REIT (“**Units**”) to the Manager for the Acquisition (“**Acquisition Fee**”) of approximately S\$1.3 million (being 1.0% of the purchase price of the Property in accordance with the trust deed dated 17 March 2011 constituting Keppel DC REIT, as amended, varied or supplemented from time to time (the “**Trust Deed**”)); and
- 2.2.3 the estimated stamp duty, VAT², professional and other fees and expenses of approximately S\$17.6 million incurred or to be incurred by Keppel DC REIT in connection with the Acquisition.

¹ Unless otherwise stated, certain RMB dollar amounts in this announcement have been translated into Singapore dollar on the illustrative exchange rate of RMB1.00 to S\$0.2076.

² VAT to be incurred will be recoverable overtime against the VAT collected on lease income.

2.3 Certain terms of the Acquisition

The Acquisition is subject to certain terms and conditions being met including the fulfilment of conditions precedent, such as the title transfer relating to the Premises.

Completion of the Transaction is expected to take place in the third quarter of 2021.

2.4 Certain terms of the Lease

The Buyer as lessor and the Seller as lessee has entered into lease agreements for the lease of the Premises (including its auxiliary and supporting facilities) and the Facilities and Equipment (collectively the “**Lease**” and the lease agreements for the Lease, the “**Lease Agreements**”) for a period of 15 years¹ on a triple-net lease basis² from the date of commencement of the Lease upon the completion of the Acquisition (the “**Lease Commencement Date**”). Under the Lease Agreements, the Seller (as lessee) is granted an option to renew the term of the Lease for a further lease term of not less than 5 years.

3. RATIONALE FOR AND BENEFITS OF THE TRANSACTION

The Manager believes that the Transaction will bring the following key benefits to the unitholders of Keppel DC REIT (the “**Unitholders**”):

3.1. First Investment in China, the largest growing data centre hub in Asia

The Transaction would anchor Keppel DC REIT’s entry into China, the largest growing data centre hub in Asia. As the second largest data centre market globally, the data centre market in China is projected to continue to grow rapidly, underpinned by projected strong demand, the Chinese government’s digital efforts and the proliferation of mobile connectivity, Internet of Things, cloud, big data and artificial intelligence.

3.2 DPU accretive acquisition consistent with Keppel DC REIT’s investment strategy

The Transaction is expected to be accretive to Keppel DC REIT’s distribution per unit (“**DPU**”) and is in line with Keppel DC REIT’s investment strategy of acquiring stable and income-producing data centre properties that would enhance total return to Unitholders. The master lease on a triple net lease basis² to the tenant mitigates any operating and capital expenditure risks for the lessor.

3.3 Improve portfolio occupancy and income diversification

The Transaction enhances portfolio resilience with the introduction of a newly completed asset, and adds to further income diversification and rebalances the portfolio with more master leases and assets in Asia. With the Transaction, portfolio

¹ Subject to the Seller’s early termination right to terminate the Lease Agreements on the date falling 12 years after the Lease Commencement Date.

² With the exception of the applicable real estate tax which the Seller shall bear up to a certain threshold.

occupancy would improve from 98.0% as at 30 June 2021 to 98.2% whilst portfolio weighted average lease expiry (“**WALE**”) would increase from 6.5 years as at 30 June 2021 to 7.3 years.

4. METHOD OF FINANCING

The Manager intends to fund the Total Acquisition Cost with a mix of debt and/or equity.

The structure and timing of the equity fund raising exercise have not been determined by the Manager as at the date of this announcement. The final decision regarding the proportion of the debt and equity to be employed to fund the Total Acquisition Cost will be made by the Manager at the appropriate time.

Post completion of the Transaction, Keppel DC REIT’s aggregate leverage is estimated to be 37.5%¹.

5. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION

5.1 The pro forma financial effects of the Transaction on the DPU, the net asset value (“**NAV**”) per Unit and capitalisation presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Keppel DC REIT for the financial year ended 31 December 2020 as well as the following assumptions:

- 5.1.1 RMB 400.0 million (approximately S\$83.0 million) to be drawn down from debt facilities to part finance the Transaction;
- 5.1.2 The balance of the Total Acquisition Cost (excluding Acquisition Fee) to be financed by equity;
- 5.1.3 the Acquisition Fee to be paid fully in Units to the Manager in respect of the Acquisition; and
- 5.1.4 the assumed exchange rate of RMB1.00 to S\$0.2076 unless otherwise stated.

¹ Based on Keppel DC REIT’s interim financial statements for the half year ended 30 June 2021 and as if the Transaction were completed on 30 June 2021.

5.2 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Transaction on Keppel DC REIT's DPU for the financial year ended 31 December 2020, as if the Transaction were completed on 1 January 2020, and Keppel DC REIT held the Property to 31 December 2020 are as follows:

	Before the Transaction	After the Transaction
Net Profit before Tax (S\$'000)	192,750	198,314 ⁽¹⁾
Distributable Income (S\$'000)	156,915	162,241
Issued Units ('000)	1,633,121 ⁽²⁾	1,660,525 ⁽³⁾
DPU (cents)	9.170	9.340
Accretion (%)	-	1.9%

Notes:

- (1) Based on an illustrative exchange rate of RMB1.00 to S\$0.1996.
- (2) Number of Units issued as at 31 December 2020.
- (3) Assuming (i) approximately 26.7 million new Units (at an illustrative issue price of S\$2.499 per Unit) issued via equity fund raising and (ii) approximately 0.7 million new Units issuable (at an illustrative issue price of S\$2.563) to the Manager in satisfaction of the Acquisition Fee and management fees for the financial year ended 31 December 2020.

5.3 Pro Forma NAV

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

	Before the Transaction	After the Transaction
NAV (S\$'000)	1,944,652	2,006,932
Issued Units ('000)	1,633,121 ⁽¹⁾	1,659,811 ⁽²⁾
NAV per Unit (S\$)	1.19	1.21

Notes:

- (1) Number of Units issued as at 31 December 2020.
- (2) Assuming (i) approximately 26.7 million new Units (at an illustrative issue price of \$2.499 per Unit) issued via equity fund raising and approximately 0.5 million new Units issuable (at an illustrative issue price of S\$2.563) to the Manager in satisfaction of the Acquisition Fee.

6 NON-DISCLOSEABLE TRANSACTION

6.1 Relative Figures Computed on the Bases set out in Rule 1006

Chapter 10 of the listing manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) classifies transactions by Keppel DC REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases or comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual¹:

- 6.1.1 the net profits attributable to the assets acquired, compared with Keppel DC REIT’s net profits; and
- 6.1.2 the aggregate value of the consideration given, compared with Keppel DC REIT’s market capitalisation.

The relative figures for the Acquisition using the applicable bases of comparison in Rule 1006 are set out below.

Comparison of	Acquisition	Keppel DC REIT	Relative figure (%)
Profits (S\$ million)	2.8 ⁽¹⁾	98.2 ⁽²⁾	2.9
Consideration against market capitalisation (S\$ million)	132.0	4,186.9 ⁽³⁾	3.2

Note(s):

- (1) Based on an illustrative exchange rate of RMB1.00 to S\$0.1996.
- (2) The figure is based on the net profit before tax of Keppel DC REIT for the financial period ended 30 June 2021.
- (3) The figure is based on the weighted average traded price of S\$2.563 per Unit on the SGX-ST as at 23 July 2021, being the day immediately preceding the date of this Announcement.

Accordingly, as the relative figure(s) as computed on the bases set out in Rule 1006 of the Listing Manual amount to 5% or less, the Acquisition is a “Non-Discloseable Transaction”. Nonetheless, as this is Keppel DC REIT’s first investment in China, Keppel DC REIT has provided the pro forma financial effects of the Transaction in Section 5 above for the information of Unitholders.

¹ Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets, and Rule 1006(d) of the Listing Manual is not applicable as Keppel DC REIT is not issuing any equity securities as consideration for the Transaction.

7 OTHER INFORMATION

7.1 Directors' Service Contracts

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

7.2 Interests of Directors and Controlling Unitholders

As at the date of this announcement and to the best of the Manager's knowledge, based on information available to the Manager as at the date of this announcement, save for the unitholding interests in Keppel DC REIT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Transaction.

8 DOCUMENTS ON DISPLAY

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

- (i) the Framework Agreement; and
- (ii) the independent valuation report on the Property issued by the Valuer.

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

Tan Weiqiang, Marc / Chiam Yee Sheng
Joint Company Secretaries
26 July 2021

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

Important Notice:

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

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events. The past performance of Keppel DC REIT and the Manager are not necessarily indicative of the future performance of any of them.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.