

## **MEDIA RELEASE**

### **Keppel DC REIT announces proposed acquisition of 90% interest in Keppel DC Singapore 3, to be funded via an fully underwritten preferential offering**

*DPU-accretive acquisition will enhance Keppel DC REIT's portfolio and increase total asset size to \$1.35 billion*

**Singapore, 17 October 2016** – Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT, wishes to announce that Perpetual (Asia) Limited, as trustee of Keppel DC REIT, has entered into a conditional share purchase agreement with Keppel Data Centres Holding Pte Ltd (KDCH), a joint venture between Keppel Telecommunications & Transportation Ltd (Keppel T&T) and Keppel Land Limited, for the proposed acquisition of a 90% interest in Keppel DC Singapore 3 (KDC SGP 3), formerly known as T27 or Keppel Datahub 2.

Strategically located adjacent to Keppel DC REIT's Keppel DC Singapore 2 in Tampines, Singapore, KDC SGP 3 is a five-storey, carrier-neutral colocation data centre which is fully committed to two well-established clients. Built to energy-efficient specifications and completed in the third quarter of 2015, the facility is the first data centre in Singapore to receive the BCA-IDA Green Mark Platinum Award for New Data Centres, the highest green accolade from the Building and Construction Authority of Singapore and the Infocomm Development Authority of Singapore.

The agreed value of the 90% interest in KDC SGP 3 of approximately \$202.5 million was arrived at on a willing-buyer and willing-seller basis taking into account independent valuations. The proposed transaction will be funded via the net proceeds of approximately \$275.3 million from a fully underwritten preferential offering of 242.0 million new Units on the basis of 274 New Units for every 1,000 existing Units in Keppel DC REIT held as at 5.00 p.m. on Tuesday, 25 October 2016. The issue price of \$1.155 per Unit under the preferential offering represents a discount of approximately 5.0% to the volume weighted average price per Unit on 17 October 2016, being the last full market day prior to the announcement of the preferential offering.

Mr Chua Hsien Yang, CEO of Keppel DC REIT Management Pte. Ltd. said, "The proposed acquisition of KDC SGP 3, a prime asset with a strategic location and built to high specifications, is a positive step in strengthening Keppel DC REIT's foothold in the Singapore data centre market. The Singapore market has shown strong momentum in recent years and remains one of the key data centre hubs in Asia."

DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited are the Joint Financial Advisers and Issue Managers to the initial public offering of Keppel DC REIT (the Offering). DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Credit Suisse (Singapore) Limited are the Joint Global Coordinators to the Offering. DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch and Goldman Sachs (Singapore) Pte. are the Joint Bookrunners and Underwriters to the Offering (collectively, the Joint Bookrunners). The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

The proposed acquisition is expected to be accretive to Keppel DC REIT's Distribution Per Unit. Upon completion of the proposed acquisition, the REIT's portfolio assets under management will increase from \$1.14 billion to \$1.35 billion, comprising 11 data centres globally. The pro forma occupancy rate for the enlarged portfolio will improve from 93.5% to 93.9% based on the occupancy rate as at 30 September 2016.

The proposed acquisition will also improve the portfolio's lease profile such that not more than 17.0% of the enlarged portfolio by leased lettable area will be due for renewal in any one year for the next 10 years.

The expanded portfolio creates greater income resilience, as well as a stronger platform for growth with the increased debt headroom due to higher total deposited property and reduced aggregate leverage after the preferential offering. Post-completion of the transaction, Keppel DC REIT's aggregate leverage will decrease from approximately 36.1% to 27.7%, after taking into consideration the debt financing of the REIT's recent acquisitions in Italy, and the United Kingdom.

Mr Chua added, "Along with the REIT's recent acquisitions, the proposed acquisition of KDC SGP 3 is a testament to the Manager's commitment to enhance total return to Unitholders as well as increase potential opportunities for future income and capital growth through the acquisitions of quality income-producing data centre properties.

"The preferential offering provides Unitholders the opportunity to increase their investments in the REIT at an attractive issue price and participate in its expansion."

To demonstrate its support for Keppel DC REIT's long-term growth and the preferential offering, the Keppel Group, through Keppel DC Investment Holdings Pte. Ltd. (KDCIH) and DC REIT Holdings Pte. Ltd. (DCRH), will irrevocably undertake to subscribe for the pro-rata entitlements of KDCIH and DCRH under the preferential offering. This will further align the interests of the Keppel Group with that of Keppel DC REIT and its Unitholders.

The proposed acquisition is subject to and conditional upon, among others, the approval of the Unitholders of Keppel DC REIT at an extraordinary general meeting, to be announced at a later date, and approvals from the relevant authorities.

The books closure date for the preferential offering will be at 5:00 p.m. on 25 October 2016. Eligible Unitholders can subscribe for their respective entitlements from 28 October 2016 to 7 November 2016. The new Units issued pursuant to the preferential offering are expected to be listed on the Singapore Exchange (SGX-ST) on 15 November 2016.

Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd and UBS AG, Singapore Branch are the Joint Lead Managers and Underwriters for the preferential offering.

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## **About Keppel DC REIT ([www.keppeldcreit.com](http://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, with an initial focus on Asia Pacific and Europe.

Its current portfolio comprises 10 high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 677,695 sq ft, the portfolio spans eight cities in six countries in Asia Pacific and Europe.

Keppel DC REIT's data centre properties in Asia Pacific include Keppel DC Singapore 1 (formerly known as S25) and Keppel DC Singapore 2 (formerly known as T25) in Singapore; Basis Bay Data Centre in Cyberjaya, Malaysia; Intellicentre 2 and Gore Hill Data Centre in Sydney, Australia; and isseek Data Centre in Brisbane, Australia.

In Europe, Keppel DC REIT owns GV7 Data Centre in London, United Kingdom; Cardiff Data Centre in Cardiff, United Kingdom; Keppel DC Dublin 1 (formerly known as Citadel 100 Data Centre) in Dublin, Ireland; and Almere Data Centre in Almere, the Netherlands. The existing portfolio excludes the REIT's forward purchase of maincubes Data Centre which is under construction by the vendor in Offenbach am Main, Germany and slated for completion in 2018, as well as the acquisition of the shell and core building of a data centre in Milan which was announced on 12 August 2016 and is expected to be completed later this year.

Keppel Telecommunications & Transportation Ltd (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 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 T&T. Keppel Capital is a premier asset manager in Asia with assets under management of approximately \$26 billion in real estate, infrastructure and data centre properties in key global markets.

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.

## **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.