

## **MEDIA RELEASE**

### **Keppel DC REIT registers Prospectus for first data centre REIT to be listed in Asia**

- **Offering of 261,138,000 Units<sup>1</sup> priced at top end of the offering price range at S\$0.93 per Unit**
- **Expected distribution yield of 6.8%<sup>2</sup> in Forecast Year 2015 and 7.1%<sup>2</sup> in Projection Year 2016 with a distribution growth of 4.5%<sup>2</sup>**
- **Strong support from nine cornerstone investors investing S\$270.0 million, comprising 53% of the total gross IPO proceeds<sup>3</sup>**
- **Strong indications of interest from institutional investors during the bookbuilding process amounting to 24.4 times of the Units offered under the Placement Tranche<sup>1</sup>**
- **The Public Offer will open at 9.00pm on Friday, 5 December 2014 and close at 12.00pm on Wednesday, 10 December 2014**

*Unless otherwise defined, all capitalised terms in this press release shall have the meanings ascribed to them in the prospectus dated 5 December 2014 (the "Prospectus") registered by the Monetary Authority of Singapore.*

**Singapore, 5 December 2014** – Keppel DC REIT Management Pte. Ltd. [吉宝数据中心房地产信托管理有限公司] (as manager of Keppel DC REIT [吉宝数据中心房地产信托] the "Manager"), a wholly-owned subsidiary of Keppel Telecommunications & Transportation Ltd [吉宝电讯与通运有限公司] ("Keppel T&T" or the "Sponsor") has today registered its final prospectus dated 5 December 2014 (the "Prospectus") with the Monetary Authority of Singapore, in connection with the proposed listing of Keppel DC REIT on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

With a market capitalisation at listing of approximately S\$821.1 million, Keppel DC REIT will be the first data centre real estate investment trust ("REIT") to be listed in Asia, making it a milestone listing on the SGX-ST. As a result of the strong indications of interest received from institutional investors during the bookbuilding process, the Units have been priced at the top end of the offering price range at S\$0.93 per Unit. The Sponsor, together with Keppel Land Limited, will, in aggregate, hold approximately 35.0% in Keppel DC REIT post-listing (assuming the Over-Allotment Option is fully exercised).

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<sup>1</sup> Subject to the Over-Allotment Option

<sup>2</sup> The forecast and projected distribution yields are calculated based on the Offering Price and the accompanying assumptions found in the Prospectus. The distribution growth reflects the growth in distribution per Unit for Projection Year 2016 over the distribution per Unit for Forecast Year 2015. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

<sup>3</sup> Excluding the Sponsor Units, KLL Units and Basis Bay Consideration Units and assuming that the Over-Allotment Option is not exercised.

## **Stable, high quality Portfolio located across key data centre hubs**

Keppel DC REIT's IPO Portfolio focuses on income-producing data centre properties and will comprise eight high-quality data centres strategically located in seven key data centre hubs across Asia-Pacific and Europe. The IPO Portfolio has an aggregate Lettable Area of approximately 509,913 sq ft and an aggregate Appraised Value of approximately S\$1.0 billion<sup>4</sup>.

The properties include:

- S25 and T25 in Singapore - Southeast Asia's data centre hub;
- Gore Hill Data Centre in Sydney, Australia – a main data centre hub in Australia
- iseek Data Centre in Brisbane, Australia – a key data centre hub in Australia
- Basis Bay Data Centre<sup>5</sup> in Cyberjaya, Malaysia – multimedia internet super corridor in Malaysia;
- GV7 Data Centre in London, the United Kingdom – Europe's data centre hub;
- Almere Data Centre in Amsterdam, the Netherlands, with proximity to major European trading hubs; and
- Citadel 100 Data Centre in Dublin, Ireland – Europe's cloud computing hub.

The data centres in Keppel DC REIT's IPO Portfolio have been designed and built to attract well established customers. The IPO Portfolio currently enjoys a high occupancy rate of 93.5%<sup>6</sup> and a high customer retention rate of 97.8%<sup>7</sup> from its diverse customer base that includes Fortune 500 and S&P 100 companies, government-related entities, MNCs and financial institutions.

Keppel DC REIT benefits from a balanced lease profile comprising co-location arrangements as well as double-net and triple-net leases, providing for both stability and opportunities for rental reversions. In addition, the existing leases and co-location arrangements have built-in rental escalations averaging 2% to 4% per annum. The IPO Portfolio's long weighted average lease expiry (WALE) of 7.8 years<sup>8</sup> provides for stable and visible cash flows for Keppel DC REIT.

## **Unique exposure to the high growth data centre industry that has high barriers to entry**

As the first data centre REIT listed in Asia, Keppel DC REIT will give investors a unique opportunity to invest, through the IPO Portfolio, in the rising demand for data centres, bolstered by strong fundamental growth drivers such as a rise in data creation and storage needs, the growing adoption of cloud computing, increasing compliance and regulatory requirements on data security, and increasing outsourcing of data centre requirements.

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<sup>4</sup> Appraised Value refers to the average of the two independent valuations conducted by the respective Independent Valuers for each Property as at 30 September 2014, and translated to Singapore dollars based on exchange rates of S\$1.00 = A\$0.90, S\$1.00 = £0.49, S\$1.00 = RM2.62 and S\$1.00 = €0.61 as at 2 December 2014.

<sup>5</sup> Keppel DC REIT is expected to hold a 99.0% interest in Basis Bay Capital Management Sdn Bhd, which holds the Basis Bay Data Centre, with E-Basis Bay Sdn Bhd (the vendor of the property) holding the remaining 1.0% on the Listing Date.

<sup>6</sup> As at 30 September 2014.

<sup>7</sup> For the nine-month period ended 30 September 2014.

<sup>8</sup> By leased Lettable Area as at 30 September 2014 (see "Business and Properties – Competitive Strengths – 3(b) Favourable lease and co-location profile" in the Prospectus for further details on the WALE of the Properties).

Data centres are a highly specialised asset class, designed to specific technical requirements and compliance standards with built-in redundancies. As a result, the data centre industry has high barriers to entry due to the substantial upfront capital commitment and the lack of availability of suitable sites. Customers also prefer data centre providers with a proven track record, due to the mission critical nature of data centre operations.

Mr Chua Hsien Yang [蔡显扬], Chief Executive Officer of the Manager said, “Through Keppel DC REIT’s geographically diversified portfolio of high-quality data centre assets, investors will be able to gain a unique opportunity to participate in the high growth data centre industry.”

“Keppel DC REIT will benefit from the established track record and data centre technical expertise of our Sponsor, Keppel T&T, which has more than 12 years of operational excellence in data centres. The strong support we have received from our cornerstone and institutional investors attests to this,” he added.

### **Attractive distributions and growth delivered both organically and through future acquisitions**

Keppel DC REIT offers investors a distribution yield of 6.8%<sup>2</sup> in Forecast Year 2015 and 7.1%<sup>2</sup> in Projection Year 2016 with a distribution growth of 4.5%<sup>2</sup>, driven by built-in rental escalations as well as the renewal or commencement of leases and co-location arrangements.

Through the rights of first refusals granted by Keppel T&T, as its Sponsor, and Iseek Communications Pty Limited, Keppel DC REIT will have access to future acquisition opportunities of income-producing data centre properties located globally. The Manager believes it is well placed to capitalise on opportunities arising from the growing but still fragmented data centre market and will leverage its acquisitions and development track record, industry network, expertise in the data centre industry, to identify suitable third party acquisition opportunities, with an initial focus on Asia-Pacific and Europe.

Mr Chua said, “We understand that investors today desire not only stable and regular distributions, but also seek opportunities for distribution growth. This is why on top of organic growth opportunities, Keppel DC REIT has an identified acquisition pipeline of three properties through right of first refusals granted by our committed Sponsor and other parties.”

“Our conservative capital structure with an Aggregate Leverage of 27.8%<sup>9</sup> will also give Keppel DC REIT sufficient debt headroom to effectively execute potential acquisitions in the future, capitalising on opportunities arising from the growing, but still fragmented data centre market,” he added.

Mr Thomas Pang, Chief Executive Officer of Keppel T&T said, “Keppel DC REIT is a platform for Keppel T&T to grow and expand its data centre business in a capital efficient manner. On the part of the Sponsor, we will provide an acquisition pipeline for the REIT by continuing to develop high-quality data centre assets to support the global growth in data creation.”

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<sup>9</sup> Without taking into consideration the finance lease liabilities pertaining to the land rent commitments for Iseek Data Centre and Citadel 100 Data Centre. If these finance lease liabilities were included, the Aggregate Leverage would be 30.0%

## **Offering information**

261,138,000 Units are being offered (the "Offering"), subject to an Over-Allotment Option, at the Offering Price of S\$0.93 per Unit.

The Offering consists of (i) an international placement of 207,375,000 Units to investors, including institutional and other investors in Singapore (the "Placement Tranche"), and (ii) an offering of 53,763,000 Units to the public in Singapore (the "Public Offer").

The Placement Tranche drew strong demand from institutional investors. The indications of interest received were valued at S\$4.7 billion, representing approximately 24.4 times of the Placement Tranche.

The Public Offer will open at 9.00pm on Friday, 5 December 2014 and close at 12.00pm on Wednesday, 10 December 2014. Units in Keppel DC REIT are expected to commence trading on the SGX-ST at 2.00pm on Friday, 12 December 2014.

Concurrently but separate from the Offering, Keppel DC REIT has also secured S\$270.0 million worth of commitment from nine cornerstone investors comprising AEW Asia Pte Ltd, DBS Bank Ltd., DBS Bank Ltd. (on behalf of certain private banking clients), Eastspring Investments (Singapore) Limited, Fortress Capital Asset Management (M) Sdn. Bhd., Mr Gordon Tang, Mr Lim Chap Huat, Myriad Asset Management Limited (on behalf of Myriad Opportunities Master Fund Limited), and Wellington Management Company, LLP (on behalf of various investment advisory clients). Collectively, these cornerstone investors will subscribe for an aggregate of 290,316,000 Units at the Offering Price (the "Cornerstone Units").

The Sponsor, Keppel T&T, as well as Keppel Land Limited, will hold 30.1%<sup>10</sup> and 4.9% of the total Units in Keppel DC REIT following the completion of the Offering.

## **Use of Proceeds**

The Manager intends to raise gross proceeds of approximately S\$821.1 million from the Offering, the Sponsor Units, the KLL Units, the Cornerstone Units and the Basis Bay Consideration Units.

The total cash proceeds raised from the Offering, the Sponsor Units, the KLL Units and the Cornerstone Units, as well as an amount drawn down from Debt Facilities of S\$295.0 million on the Listing Date will be used towards the Redemption, Repayment of Existing Debt, the acquisition of the IPO Portfolio Minority Interests (save for the Basis Bay Minority Interest) and the Singapore Properties, transaction costs as well as working capital purposes.

## **More information**

The Joint Financial Advisers and Issue Managers for the Offering are DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited while the Joint Global Coordinators for the Offering are DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Credit Suisse

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<sup>10</sup> Assuming the Over-Allotment Option is exercised in full.

(Singapore) Limited. The Joint Bookrunners and Underwriters are DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch and Goldman Sachs (Singapore) Pte.

Copies of the Prospectus and the application forms relating to the initial public offering in Singapore of the Units in Keppel DC REIT may be obtained, subject to availability, during business hours from branches of DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited. Copies of the Prospectus and application forms may also be obtained, subject to availability, at Keppel DC REIT's booth at One Raffles Place, Pyramid Space, Singapore 048948 from 9.00am to 5.30pm on Monday, 8 December 2014 and Tuesday, 9 December 2014.

The Prospectus is also available on the SGX-ST website at <http://www.sgx.com>. Anyone wishing to acquire the Units will need to make an application in the manner set out in the Prospectus.

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**Important Notice:**

This media release should be read in conjunction with the prospectus of Keppel DC REIT dated 5 December 2014 (“Prospectus”) registered by the Monetary Authority of Singapore.

This media release is for information only and does not constitute an offer, invitation to purchase or subscribe for or solicitation of units in Keppel DC REIT (“Units”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract or commitment whatsoever. The information in this media release in respect of Keppel DC REIT is qualified in its entirety by, and should be read in conjunction with, the full text of the Prospectus. Anyone wishing to purchase Units should read the Prospectus before deciding whether to purchase Units and will need to make an application in the manner set out in the Prospectus. Any decision to purchase Units should be made solely on the basis of information contained in the Prospectus and no reliance should be placed on any information other than that contained in the Prospectus.

The value of the 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, The Trust Company (Asia) Limited (as trustee of Keppel DC REIT), the Company, the Joint Financial Advisers and Issue Managers, Joint Global Coordinators and the Joint Bookrunners and Underwriters. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Save for the Redemption (as defined in the Prospectus) which is expected to be completed on the Listing Date following the listing of the Units on the SGX-ST, investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units 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.

This media release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in the United States. This media release is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia). The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. No public offering of securities is being made in the United States.

## **About Keppel DC REIT**

Keppel DC REIT is the first data centre REIT listed in Asia on the Main Board of the SGX-ST.

Keppel DC REIT is a Singapore REIT established with the investment strategy of principally investing, 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.

The IPO Portfolio of Keppel DC REIT has an aggregate Appraised Value of approximately S\$1.0 billion<sup>11</sup> as at 30 September 2014 and an aggregate Lettable Area of approximately 509,913 sq ft. It comprises eight data centre properties in Asia-Pacific and Europe: S25 and T25 in Singapore; Gore Hill Data Centre in Sydney, Australia and iseek Data Centre in Brisbane, Australia; Basis Bay Data Centre<sup>12</sup> in Selangor, Malaysia; GV7 Data Centre in London, the United Kingdom; Almere Data Centre in Amsterdam, the Netherlands; and Citadel 100 Data Centre in Dublin, Republic of Ireland.

## **About the Sponsor: Keppel Telecommunications & Transportation**

Keppel Telecommunications & Transportation Ltd (“Keppel T&T”), is a subsidiary of Keppel Corporation Limited, a leading company listed on the Main Board of the SGX-ST with core businesses in offshore & marine, infrastructure and property.

Keppel T&T is also listed on the Main Board of SGX-ST with operations in Asia Pacific and Europe. In Singapore, Keppel T&T has over 40 years of experience in offering customised integrated logistics solutions. It currently also operates logistics facilities with advanced IT infrastructure in China, Hong Kong, Malaysia, Indonesia, Vietnam and Australia.

Headquartered in Singapore, Keppel T&T offers integrated services and solutions in two core businesses: logistics and data centres. The logistics division offers one-stop, integrated logistics solutions to help clients manage their entire supply chain, while the data centre division owns, acquires, develops and manages high-availability data centre facilities.

Keppel T&T has more than 12 years of track record in owning, designing and managing high quality data centres that support mission-critical computer systems. In order to ensure minimal downtime to these servers, data centres are built and operated to high technical standards, in terms of the provision of reliable power and cooling, water seepage prevention, fire prevention, high levels of physical security, rigorous maintenance, and are connected to land and/or submarine fibre-optic cables for high speed transmission of data. By being involved in designing and building the data centres it manages, Keppel T&T, through its subsidiary Keppel Data Centres, offers bespoke data centre suites to customers who require co-location services and manages them to customers’ service level requirements.

Keppel Data Centres owns, manages and operates high-availability data centres in Singapore and Ireland. As a carrier-neutral data centre operator, Keppel Data Centres provides data centre co-location services, dedicated co-location suites as well as 24-hour technical support to its customers.

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<sup>11</sup> Appraised Value refers to the average of the two independent valuations conducted by the respective Independent Valuers for each Property as at 30 September 2014, and translated to Singapore dollars based on exchange rates of S\$1.00 = A\$0.90, S\$1.00 = £0.49, S\$1.00 = RM2.62 and S\$1.00 = €0.61 as at 2 December 2014.

<sup>12</sup> Keppel DC REIT is expected to hold a 99.0% interest in Basis Bay Capital Management Sdn Bhd, which holds the Basis Bay Data Centre, with E-Basis Bay Sdn Bhd (the vendor of the property) holding the remaining 1.0% on the Listing Date.

## Summary of Offering

<b>Offer Size</b>	261,138,000 Units subject to the Over-Allotment Option, of which: <ul style="list-style-type: none"> <li>(i) 207,375,000 Units offered by way of an international placement to investors, including institutional and other investors in Singapore; and</li> <li>(ii) 53,763,000 Units offered by way of a public offer in Singapore</li> </ul>
<b>Offer Price</b>	S\$0.93 per Unit
<b>Public Offer Opens</b>	9.00pm on 5 December 2014
<b>Public Offer Closes</b>	12.00pm on 10 December 2014
<b>Commencement of Trading on SGX-ST</b>	2.00pm on 12 December 2014
<b>First Distribution</b>	The first distribution, which will be in respect of the period from the Listing Date to 30 June 2015, will be paid by the Manager on or before 28 September 2015. Subsequent distributions will be on a half-yearly basis.

## Board of Directors of Keppel DC REIT Management Pte. Ltd.

Mr Teo Soon Hoe	Chairman and Non-Executive Director
Mr Chan Hon Chew	Deputy Chairman and Non-Executive Director
Mr Lee Chiang Huat	Independent Director and Chairman of the Audit and Risk Committee
Mr Leong Weng Chee	Independent Director
Mr Lim Chin Hu	Independent Director
Mr Dileep Nair	Independent Director
Mr Teo Cheng Hiang Richard	Independent Director
Dr Tan Tin Wee	Non-Executive Director
Mr Thomas Pang Thieng Hwi	Non-Executive Director



**Mr Chua Hsien Yang (蔡显扬)**

**Chief Executive Officer, Keppel DC REIT Management Pte. Ltd.**

Mr Chua, 37 years old, has more than 13 years of experience in mergers and acquisitions, real estate investments, fund management, business development and asset management in the real estate sector within Asia-Pacific.

Prior to joining Keppel DC REIT Management Pte. Ltd., Mr Chua joined the Keppel Group in 2008 with Keppel REIT Management Limited, the manager of Keppel REIT and last held the position of Senior Vice President (Investment), where he headed the investment team. Over the span of six years in Keppel REIT Management Limited, he has completed transactions of approximately S\$7 billion in total.

From January 2006 to April 2008, Mr Chua was with Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust, as Director of Business Development & Asset Management. From October 2001 to December 2005, Mr Chua was with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management.

Mr Chua holds a Bachelor of Engineering Degree (Civil) from the University of Canterbury and a Master of Business Administration from the University of Western Australia.