

**Keppel DC REIT Management Pte Ltd**

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**Media Release****Keppel DC REIT's proposed investment involving M1's Network Assets to create value for Unitholders**

- Post-completion, FY2020 pro forma distribution per Unit ("DPU") accretion would be 3.8%<sup>1</sup>
- Investment provides stable cash flow of S\$11.0 million per annum for 15 years, without any operational management risks

**Singapore, 18 November 2021** – Keppel DC REIT refers to the announcements dated 14 October 2021 and 10 November 2021, and the circular dated 10 November 2021 issued to Unitholders of Keppel DC REIT (the "Circular"), in relation to Keppel DC REIT's proposal to invest in the bonds and preference shares to be issued by M1 Network Private Limited ("NetCo") for an aggregate subscription amount of S\$89.7 million<sup>2</sup> (the "NetCo Bonds and Preference Shares Investment").

Following the issuance of the Circular, Keppel DC REIT Management Pte. Ltd., in its capacity as manager of Keppel DC REIT (the "Manager"), has received considerable interest and queries from investors seeking further clarity on the NetCo Bonds and Preference Shares Investment. In response, the Manager wishes to reiterate the various merits of the proposed investment, as summarised below:

- **Regular and stable cash flow of S\$11.0 million per annum** (comprising principal and interest payments) **for 15 years without Keppel DC REIT having to assume any operational management risks**. The effective payback period for the aggregate subscription amount is approximately 8 years<sup>3</sup>.
- **DPU accretion of 3.8%**<sup>1</sup> - FY2020 pro forma DPU will increase from 9.170 cents to 9.519 cents.
- **Strengthens income resilience** through diversification of income streams from the enlarged asset base.
- Enlarged portfolio of S\$3.3 billion will create a **stronger platform for acquisition growth** through better access to capital and debt markets.
- **Professional and other fees and expenses** incurred by Keppel DC REIT, estimated to be S\$2.7 million, **will be reimbursed**. If the Proposed Fee Supplement is approved by Unitholders, the estimated reimbursement amount will be approximately S\$2.7 million. If the Proposed Fee Supplement is not approved by Unitholders, the estimated reimbursement amount will be approximately S\$1.8 million.

<sup>1</sup> Based on FY2020 pro forma DPU, and assuming that the NetCo Bonds qualify as Qualifying Project Debt Securities ("QPDS"). If the NetCo Bonds do not qualify as QPDS and are treated as ordinary bonds, DPU accretion will be 3.1%.

<sup>2</sup> Keppel DC REIT intends to subscribe for bonds to be issued by NetCo for a total subscription amount of S\$88.7 million and to subscribe for 100% of the preference shares to be issued by NetCo for a subscription amount of S\$1.0 million.

<sup>3</sup> As stated in the Independent Financial Adviser's Letter, which Unitholders can refer to in the Circular.

The **Independent Financial Adviser** (the “IFA”)<sup>4</sup> is of the opinion that the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement are **on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and its minority Unitholders**. Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that the minority Unitholders vote in favour of the resolutions in connection with the NetCo Bonds and Preference Shares Investment and the Proposed Fee Supplement.

Ms. Anthea Lee (李明芬), CEO of the Manager, said, “This is an opportunistic, DPU-accretive investment that will provide Keppel DC REIT with stable and regular cash flow, as well as enhance total Unitholders’ returns. When completed, the proposed investment would form less than 3% of our enlarged portfolio, while increasing DPU by 3.8%<sup>5</sup>.”

Commenting on the Manager’s strategic focus, Ms Lee added, “Our focus remains on the data centre sector, where we have an established and proven track record and built up strong operational capabilities. Post-completion, our enlarged portfolio will create a stronger platform for acquisition growth, in line with our commitment to maintain at least 90% of our assets under management invested in data centres.”

The table below sets out the **key dates/deadlines** that Unitholders should note:

Key Dates	Actions
22 November 2021 (Monday) 5.00 p.m.	Deadline for CPF/SRS investors to approach their respective CPF agent bank or SRS operator to submit their votes.
29 November 2021 (Monday) 10.30 a.m.	Deadline to: <ul style="list-style-type: none"> <li>pre-register at Keppel DC REIT’s pre-registration website at <a href="https://www.keppeldcreit.com/en/egm2021">https://www.keppeldcreit.com/en/egm2021</a>; and</li> <li><b>submit Proxy Forms.</b></li> </ul>
2 December 2021 (Thursday) 10.30 a.m.	Conduct of the Extraordinary General Meeting

- End -

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Media

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<sup>4</sup> Deloitte & Touche Corporate Finance Pte Ltd has been appointed 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 and the Proposed Fee Supplement.

<sup>5</sup> Based on FY2020 pro forma DPU, and assuming that the NetCo Bonds qualify as QPDS. If the NetCo Bonds do not qualify as QPDS and are treated as ordinary bonds, DPU accretion will be 3.1%.

**About Keppel DC REIT ([www.keppeldcreit.com](http://www.keppeldcreit.com))**

Listed on the Singapore Exchange on 12 December 2014, 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.

The REIT is managed by Keppel DC REIT Management. Keppel Capital has a 50% interest in the Manager, with the remaining interest held by Keppel Telecommunications & Transportation. 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.

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