

Appendix dated 27 March 2017

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If you have sold all your units in Keppel DC REIT, please forward this Appendix to the purchaser or bank or stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.



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

MANAGED BY

KEPPEL DC REIT MANAGEMENT PTE. LTD.

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
DATED 27 MARCH 2017**

**IN RELATION TO THE RESOLUTION ON THE PROPOSED CHANGE
OF AUDITOR FROM KPMG LLP TO
PRICEWATERHOUSECOOPERS LLP**

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APPENDIX 1

PROPOSED CHANGE OF AUDITOR

1. BACKGROUND

- 1.1 Keppel DC REIT's existing auditor KPMG LLP ("**KPMG**") has been auditor of Keppel DC REIT since its constitution as a trust, pursuant to a trust deed dated 17 March 2011, prior to its commencement as a listed entity on the Singapore Exchange Securities Trading Limited in December 2014. KPMG was last re-appointed as auditor of Keppel DC REIT at the annual general meeting of Keppel DC REIT held on 14 April 2016 (the "**2016 AGM**") to hold office until the conclusion of the forthcoming annual general meeting of Keppel DC REIT to be held on 18 April 2017 (the "**2017 AGM**").
- 1.2 Keppel DC REIT Management Pte. Ltd. (as manager of Keppel DC REIT) (the "**Manager**") proposes to seek Unitholders' approval at the 2017 AGM for PricewaterhouseCoopers LLP ("**PwC**") to be appointed as the auditor of Keppel DC REIT, in place of the retiring auditor of Keppel DC REIT, KPMG (the "**Proposed Change of Auditor**").

2. INFORMATION ON PWC

- 2.1 With more than 2,500 staff, including over 100 partners, PwC is a leading professional services firm in Singapore. PwC provides a wide range of services to help organisations solve business issues, identify and maximise opportunities. Globally, PwC has a network of firms in 157 countries with more than 208,000 people. Their highly qualified and experienced professionals, in Singapore and throughout the globe, allow them to provide the support their clients need wherever they may be located.
- 2.2 The PwC team will be led by Mr Yeow Chee Keong who has more than 22 years of experience in assurance assignments. Mr Yeow is the Leader of the Real Estate and Hospitality Practice of PwC Singapore and has been involved in the audits of various REITs in Singapore. He has also worked in Melbourne, New York and Shanghai on key regional and global PwC client engagements. Mr Yeow is a practising member of the Institute of Singapore Chartered Accountants and is a public accountant registered with the Accounting and Corporate Regulatory Authority of Singapore.
- 2.3 Mr Yeow will be assisted by a team of audit professionals in performing the audit. The audit team includes a quality review partner, who is an experienced partner to ensure that the engagement team provides independent and objective viewpoints on the audit. The audit team also consists of an engagement manager, as well as senior and graduate associates.
- 2.4 For more information on PwC, please visit www.pwc.com/sg.

3. RATIONALE

- 3.1 The Audit and Risk Committee of the Manager (the "**ARC**") reviews the independence and objectivity of the auditor of Keppel DC REIT annually. KPMG has been the auditor for Keppel DC REIT since 2011. KPMG has provided Keppel DC REIT with sound professional audit services since its appointment. Nevertheless, in line with the Manager's commitment to uphold and practise good corporate governance, the ARC is of the view that a change in external auditor at this point would be timely.

- 3.2 In the invitation to accounting firms to submit proposals for the audit service, it is specified that the Manager, in evaluating any proposal, will consider the factors for evaluation of external auditors as provided under Section 6 of The Guidebook for Audit Committees in Singapore, namely the following broad categories (a) Resources of Audit Firm, (b) Industry Experience and Expertise, (c) Relationship and Experience with Regulators, (d) Audit Approach and Methodology and (e) Estimated Cost of Engagement.
- 3.3 Following evaluation of the proposals of large established accounting firms and after due deliberation, the Board of Directors of the Manager (the “**Board**”), on the recommendation of the ARC, recommends that PwC be appointed as the auditor of Keppel DC REIT for the financial year ending 31 December 2017, in place of KPMG. In assessing the suitability of PwC, the Board and the ARC took into consideration various factors, such as, whether PwC had addressed the factors for evaluation of external auditors under Section 6 of the Guidebook for Audit Committees in Singapore, whether PwC has adequate resources and experience to handle the audit, whether the audit engagement partner assigned to the audit has the relevant and appropriate level of experience and whether there would be adequate number of suitably experienced supervisory and professional staff assigned to the audit, having due regard to the size, businesses and complexity of Keppel DC REIT, amongst other considerations. In addition, in PwC’s proposal, they have indicated how they can deliver service to Keppel DC REIT in accordance with the Audit Quality Indicators under the Audit Quality Indicators Disclosure Framework introduced by the Accounting and Corporate Regulatory Authority (“**ACRA**”). In the same proposal, the proposed partner-in-charge of Keppel DC REIT’s audit had also confirmed that he obtained a “Compliant” rating in his last external audit review by ACRA. Following the review, the Board and the ARC are of the opinion that (a) PwC will be able to meet the audit requirements of Keppel DC REIT and (b) Rules 712 and 715 read with Rule 716 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) will be complied with. Assuming the Proposed Change of Auditor is approved by the Unitholders at the 2017 AGM, based on information available to the Manager as at 28 February 2017, being the latest practicable date: (i) in compliance with Rule 715 of the Listing Manual, it is intended that Keppel DC REIT’s Singapore-incorporated subsidiaries and significant foreign incorporated subsidiaries shall be audited by PwC; and (ii) Keppel DC REIT does not have any significant Singapore-incorporated or foreign-incorporated associated companies.
- 3.4 The scope of audit services to be provided by PwC will be comparable to the services currently provided by KPMG.
- 3.5 Following the above, PwC had, on 22 February 2017, given their written consent to be appointed as auditor of Keppel DC REIT, subject to approval of the Unitholders at the 2017 AGM. The Manager has also received a notice of nomination of PwC as the proposed new auditor of Keppel DC REIT dated 17 February 2017 from a Unitholder (the “**Notice of Nomination**”). A copy of the Notice of Nomination is enclosed as Annex 1A to this Appendix.
- 3.6 The appointment of PwC would be effective upon obtaining the approval of Unitholders at the 2017 AGM for the Proposed Change of Auditor. If approved, PwC will hold office until the conclusion of the next Annual General Meeting of Keppel DC REIT.
- 3.7 In view of the above, KPMG will retire and not seek re-appointment as auditor of Keppel DC REIT at the 2017 AGM, being the end of their current term. Keppel DC REIT had, on 16 February 2017, received a letter from KPMG giving notice that they would not be seeking re-appointment as auditor of Keppel DC REIT at the 2017 AGM. The Board wishes to express its appreciation for the past services rendered by KPMG.

4. CONFIRMATIONS

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) the outgoing auditor, KPMG, has confirmed that it is not aware of any professional reasons why the new auditor, PwC, should not accept appointment as auditor of Keppel DC REIT;
- (b) the Manager confirms that there were no disagreements with the retiring auditor, KPMG, on accounting treatments within the last 12 months;
- (c) the Manager confirms that it is not aware of any circumstances connected with the Proposed Change of Auditor that should be brought to the attention of Unitholders, which has not been disclosed in this Appendix;
- (d) the specific reasons for the Proposed Change of Auditor are disclosed in paragraph 3 above; and
- (e) the Manager confirms that Rule 712¹ and Rule 715² read with Rule 716 of the Listing Manual have been complied with in relation to the appointment of PwC as the auditor of Keppel DC REIT in the following manner:
 - (i) Rule 712(1): The Manager is of the view that PwC is a suitable auditing firm to meet the audit obligations of Keppel DC REIT, given the adequacy of the resources and experience of the auditing firm and the audit engagement

1 Rule 712 of the Listing Manual states that:

- (1) An issuer must appoint a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the listed group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit. A mineral, oil and gas company must appoint an auditing firm where the auditing firm and audit partner-in-charge have the relevant industry experience.
- (2) The auditing firm appointed by the issuer must be:-
 - (a) Registered with ACRA;
 - (b) Registered with and/or regulated by an independent audit oversight body acceptable to the Exchange. Such oversight bodies should be members of the International Forum of Independent Audit Regulators, independent of the accounting profession and directly responsible for the system of recurring inspection of accounting firms or are able to exercise oversight of inspections undertaken by professional bodies; or
 - (c) Any other auditing firm acceptable by the Exchange.
- (3) A change in auditing firm must be specifically approved by shareholders in a general meeting.

2 Rule 715 of the Listing Manual states that:

- (1) Subject to Rule 716, an issuer must engage the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries and significant associated companies.
- (2) An issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies.

Rule 716 of the Listing Manual states that:

An issuer may appoint different auditing firms for its subsidiaries or significant associated companies (referred to in Rule 715(1)) provided that:-

- (1) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or
- (2) the issuer's subsidiary or associated company, is listed on a stock exchange.

partner assigned to the audit, PwC's other audit engagements, the size and complexity of Keppel DC REIT, and the number and experience of supervisory and professional staff assigned to Keppel DC REIT.

- (ii) Rule 712(2): PwC is registered with ACRA.
- (iii) Rule 712(3): Approval is being sought from Unitholders for the appointment of PwC as the auditor at the 2017 AGM.
- (iv) Rule 715: Subject to Unitholders approving the appointment of PwC as Keppel DC REIT's auditor, Keppel DC REIT's Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries would be audited by PwC. Keppel DC REIT does not have any significant Singapore-incorporated or foreign-incorporated associated companies.

5. CONSENTS

Each of KPMG and PwC has given and has not withdrawn its written consent to the issue of this Appendix with the inclusion of their name and all references thereto, in the form and context in which they appear in this Appendix.

6. AUDIT AND RISK COMMITTEE STATEMENT

The ARC has reviewed and deliberated, and after taking into consideration the suitability of PwC and compliance with the Listing Manual, is satisfied that the appointment of PwC as the auditor of Keppel DC REIT and its subsidiaries would not compromise the standard and effectiveness of the audit of Keppel DC REIT, and recommends the appointment of PwC as the auditor of Keppel DC REIT in place of the retiring auditor, KPMG, to hold office until the conclusion of the next Annual General Meeting of Keppel DC REIT.

7. DIRECTORS' RECOMMENDATIONS

The Directors, having taken into account the ARC's recommendations and the rationale for the Proposed Change of Auditor as set out in paragraph 3 above, are satisfied that PwC will be able to meet the audit requirements of Keppel DC REIT and are of the opinion that the proposed appointment of PwC as auditor of Keppel DC REIT in place of the retiring auditor, KPMG, is in the best interests of Keppel DC REIT. They accordingly recommend that Unitholders vote in favour of the Proposed Change of Auditor at the 2017 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

- 8.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditor, Keppel DC REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.
- 8.2 Where information contained in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Appendix up to and including the date of the 2017 AGM to be convened:

- (a) the letter from KPMG, giving notice that they would not be seeking re-appointment as auditor of Keppel DC REIT at the 2017 AGM; and
- (b) the letter from PwC, giving their consent to act as auditor of Keppel DC REIT, subject to the approval of Unitholders at the 2017 AGM.

ANNEX 1A



Keppel DC Investment Holdings Pte Ltd Tel : (65) 6415 1800
(Co Reg No. 199005264N) Fax: (65) 6415 1888
25 Serangoon North Avenue 5
Singapore 554914

Date: 17 FEB 2017

The Board of Directors
Keppel DC REIT Management Pte Ltd (as manager of Keppel DC REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Dear Sirs

NOTICE OF NOMINATION

Pursuant to the provisions of Section 205 of the Companies Act, Chapter 50 of Singapore, Keppel DC Investment Holdings Pte Ltd, in our capacity as a unitholder of Keppel DC REIT, hereby give notice of our nomination of PricewaterhouseCoopers LLP of 8 Cross Street, #17-00 PWC Building, Singapore 048424 for appointment as Auditor of Keppel DC REIT in place of the retiring auditor, KPMG LLP, at the forthcoming Annual General Meeting on 18 April 2017 or any adjournment thereof.

Yours faithfully

For and on behalf of

Keppel DC Investment Holdings Pte Ltd

A handwritten signature in black ink, appearing to be "Goh Henry", written over a horizontal line.

Goh Henry

Director

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