

**ACQUISITION OF 100.0% INTEREST IN
THE DATA CENTRE LOCATED AT UNIT B10,
BALLYCOOLIN BUSINESS AND TECHNOLOGY PARK,
BLANCHARDSTOWN, DUBLIN 15, IRELAND**

1. INTRODUCTION

The Board of Directors of 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**"), (a) has through an indirectly wholly-owned subsidiary of Keppel DC REIT, KDCR Ireland Holdings Limited¹ (the "**Purchaser**"), entered into a sale and purchase agreement ("**Sale and Purchase Agreement**") with, amongst others, Dataplex Group Limited ("**Vendor**") on 12 September 2017 to acquire all the preference and ordinary shares being the 100.0% interest in Dataplex Datacentres Limited ("**Dataplex**"), which holds the property located at Unit B10, Ballycoolin Business and Technology Park, Blanchardstown, Dublin 15, Ireland (the "**B10 Data Centre**") of which the land and building shell is on a 30-year lease from Ficepot Limited, and (b) upon completion of the Sale and Purchase Agreement ("**Completion Date**"), through Dataplex, entered into a contract for sale to acquire the 999-year leasehold interest of the property ("**Long Leasehold Interest**") from Ficepot Limited.

The acquisition of Dataplex and the Long Leasehold Interest ("**Acquisition**") was completed on the same date as the Sale and Purchase Agreement.

The Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**").

2. INFORMATION ON THE PROPERTY

B10 Data Centre is located at Unit B10, Ballycoolin Business and Technology Park, Blanchardstown, Dublin 15, Ireland. B10 Data Centre is an energy-efficient carrier-neutral colocation data centre. It is located approximately 12 kilometres from the Dublin city centre and well-served by major transportation modes. The colocation data centre started operations in 2013 and has approximately 25,200 sq ft of lettable area.

Dataplex has entered into colocation agreements with global internet enterprise, IT services and telecommunication clients in relation to B10 Data Centre.

¹ For the purpose of the Acquisition, Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT, has established three new wholly-owned companies, namely, KDCR Ireland 2 Pte. Ltd. which was incorporated in Singapore with an issued and paid up capital of €1.00, and its wholly-owned subsidiaries (i) KDCR Ireland Fin. Company Limited which was incorporated in Ireland with an issued and paid-up capital of €1.00, and (ii) KDCR Ireland Holdings Limited which was incorporated in Ireland with an issued and paid-up capital of €1.00. The incorporation of these companies are not expected to have any material impact on the net asset value per unit or distribution per unit of Keppel DC REIT for the financial year ending 31 December 2017.

3. CONSIDERATION AND PRINCIPAL TERMS OF THE ACQUISITION

The agreed value for the Acquisition of Dataplex and the Long Leasehold Interest is €66.0 million (approximately S\$101.3 million)². This was arrived at on a willing-buyer and willing-seller basis and is supported by the independent valuation by Cushman & Wakefield Debenham Tie Leung Limited (the "**Valuer**"), an independent valuer appointed by the Trustee. The Valuer, in its valuation report dated 31 August 2017, stated that the market value of 100% interest in B10 Data Centre with the Long Leasehold Interest was €67.3 million (approximately S\$103.3 million)² as at 31 August 2017, taking into account the income capitalisation, discounted cash flow and market comparison methods.

The consideration for the Acquisition of Dataplex (the "**Consideration**"), payable in cash, is €58.5 million (approximately S\$89.8 million)²:

- (a) minus the indebtedness of Dataplex;
- (b) as adjusted for the net working capital of Dataplex on Completion, pursuant to the terms and conditions of the Sale and Purchase Agreement;
- (c) minus deductions in relation to the premiums payable with respect to the warranty and indemnity insurance policy to be taken by the Purchaser, and such amounts of capital expenditure required to be incurred by Dataplex;
- (d) minus €600,000, (the "**RCT Deduction**"), being an amount withheld pending satisfaction that no tax is payable by Dataplex in respect of its obligations to Relevant Contracts Tax ("**RCT**"); and
- (e) minus €994,560 (the "**Client Racks Expansion Amount**").

The amount of the RCT Deduction shall be repaid to the Vendor if there is no RCT payable by Dataplex. If such tax is payable by Dataplex, (i) the Purchaser shall pay the Vendor the amount by which the RCT Deduction exceeds the amount of the RCT payable by Dataplex, or (ii) the Vendor shall pay the Purchaser the amount by which the RCT payable by Dataplex exceeds the RCT Deduction.

The Purchaser shall, following the first anniversary of Completion, make a payment to the Vendor of a sum equivalent to (i) any revenue recognised during the 12-month period after Completion in respect of the pure provision of the vacant space of B10 Data Centre, less (ii) the related costs incurred in providing such space, where such sum is subject to a maximum amount equivalent to the Client Racks Expansion Amount.

Further, subject to the terms of the Sale and Purchase Agreement, in the event that Dataplex receives, on or before 31 December 2018, additional power to the B10 Data Centre, the Purchaser shall pay the Vendor €4.0 million for a further 2.0MVA of power or a pro-rated amount subject to a minimum of 1.8MVA and a maximum of 2.0MVA.

At completion of the acquisition of Dataplex ("**Completion**"), the Purchaser also repaid, through Dataplex, the amounts owing (i) by Dataplex to Caterpillar Financial Service (UK) Limited, Chirisa Investments Unlimited Company and certain loan noteholders of Dataplex, and (ii) by Ficepot Limited to Governor & Company of the Bank of Ireland in relation to the Long Leasehold Interest.

² Based on an exchange rate of €1.00 to S\$1.5355 as at 30 June 2017.

Further, on Completion Date, Dataplex acquired the Long Leasehold Interest in B10 Data Centre from Ficepot Limited. The consideration for the Acquisition of the Long Leasehold Interest, payable in cash, is €7.5 million (approximately S\$11.5 million)².

The Sale and Purchase Agreement and the ancillary documents do not contain any unusual requirements and are consistent with usual market conditions of sale in the Republic of Ireland.

4. FINANCIAL EFFECTS

4.1. Assumptions

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes and do not reflect the actual financial position of Keppel DC REIT following the completion of the Acquisition. They have been prepared based on the latest audited financial statements of Keppel DC REIT for the financial period from 1 January 2016 to 31 December 2016, taking into account the Consideration as well as the assumption that the Acquisition is intended to be funded by debt.

4.2. Pro Forma Net Profits

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma net profits attributable to the Acquisition for the period commencing on 1 January 2016 and ended on 31 December 2016 is approximately €3.0 million (approximately S\$4.6 million³).

4.3. Pro Forma Net Asset Value ("NAV")

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Acquisition on the NAV per unit in Keppel DC REIT ("Unit") as at 31 December 2016, as if the Acquisition was completed on 31 December 2016.

	Before the Acquisition	Adjusted for the Acquisition
NAV per Unit (S\$)	0.95	0.95 ⁴

4.4. Pro Forma Distributable Income per Unit⁵ ("DPU")

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Acquisition on Keppel DC REIT's DPU for the financial period commencing on 1 January 2016 and ended on 31 December 2016, as if Keppel DC REIT had completed the Acquisition on 1 January 2016 and held B10 Data Centre with the Long Leasehold Interest through to 31 December 2016:

	Before the Acquisition	Adjusted for the Acquisition	Accretion
DPU (cents)	6.14	6.51 ³	6.0%

³ Based on an average exchange rate of €1.00 to S\$1.5323 for the period commencing on 1 January 2016 and ended on 31 December 2016.

⁴ Based on an exchange rate of €1.00 to S\$1.5381 as at 31 December 2016.

⁵ Rule 1010(9) of the Listing Manual requires that the issuer discloses the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the distributable income per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

5. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

5.1. DPU accretive acquisition consistent with Keppel DC REIT's investment strategy

The Acquisition is immediately DPU accretive upon Completion. As such, the Acquisition is in line with the Manager's growth strategy of acquiring quality income-producing data centre properties that fit within Keppel DC REIT's investment strategy to enhance total return to unitholders of Keppel DC REIT ("Unitholders") and increase potential opportunities for future income and capital growth.

5.2. Enhance portfolio resilience with the introduction of a fairly new asset, with long WALE and staggered lease expiry dates

The Acquisition enhances portfolio resilience with the introduction of a fairly new asset, with long WALE and staggered lease expiry dates. With the acquisition, Keppel DC REIT will have a portfolio of 13 assets⁶, whilst portfolio WALE remains long at approximately 9.4 years.

5.3. Strengthen Keppel DC REIT's presence in Dublin and position for further growth opportunities in Europe

The Acquisition is set to strengthen Keppel DC REIT's presence in Dublin and position Keppel DC REIT for further growth opportunities in Europe. Dublin is widely considered to be a key European data centre market, and is expected to benefit from Brexit. In addition, with two data centres in the same city, there will be further synergies and economies of scale with the current Keppel DC REIT operations team providing oversight and effective deployment of resources to manage the two data centres.

6. METHOD OF FINANCING

The Manager intends to fund the Acquisition entirely by debt.

7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

None of the directors of the Manager or controlling unitholders of Keppel DC REIT has any interest, direct or indirect, in the Acquisition (otherwise than through their unitholdings, if any, in Keppel DC REIT).

8. OTHER INFORMATION

8.1. Director's Service Contracts

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

8.2. Disclosure under Rule 1006 of the Listing Manual

8.2.1. Chapter 10 of the Listing Manual classifies transactions by Keppel DC REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very

⁶ On 28 October 2015, Keppel DC REIT announced its first German acquisition of maincubes Data Centre which will be developed in Offenbach am Main. This development is expected to be completed in 2018 by the vendor and is excluded from the portfolio.

substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the net profits attributable to the assets acquired, compared with Keppel DC REIT's net profits;
- (ii) the aggregate value of the consideration given or received, compared with Keppel DC REIT's market capitalisation based on the total number of issued units excluding treasury units; and
- (iii) the number of equity securities issued by Keppel DC REIT as consideration for the Acquisition, compared with the number of equity securities previously in issue.

8.2.2. Based on the Manager's estimated net profits attributable to the Acquisition and Keppel DC REIT's latest announced financial statements as at 30 June 2017 for the period from 1 January 2017 to 30 June 2017, the relative figure for the basis of comparison set out in paragraph 8.2.1(i) is approximately 2.6%⁷.

8.2.3. Based on the Consideration and Keppel DC REIT's market capitalisation as at 11 September 2017 having been S\$1,465,423,919⁸, the relative figure for the basis of comparison set out in paragraph 8.2.1(ii) is approximately 6.9%.

8.2.4. Paragraph 8.2.1(iii) is not applicable as no equity securities will be issued by Keppel DC REIT as consideration for the Acquisition.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Acquisition is regarded as being a discloseable transaction.

8.3. Documents for Inspection

Copies of the Sale and Purchase Agreement, the contract for sale in relation to the Long Leasehold Interest, and the independent valuation by the Valuer 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 098632⁹, for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

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

Kelvin Chua
Company Secretary
Singapore

13 September 2017

⁷ Based on an average exchange rate of €1.00 to S\$1.5173 for the period commencing on 1 January 2017 and ended on 30 June 2017.

⁸ Based on 1,127,075,772 Units in issue multiplied by the volume weighted average price of \$1.3002 per Unit transacted on the SGX-ST on 11 September 2017, being the market day immediately preceding the date of signing of the Sale and Purchase Agreement.

⁹ Prior appointment with the Manager 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.