Keppel DC REIT

Harnessing Strengths

Report to Unitholders 2015

Harnessing Strengths

The Keppel Group harnesses and synergises the distinctive strengths of its multi businesses to capture opportunities arising from the global demand for energy, sustainable urbanisation and connectivity. Our strong culture and enduring values drive our people to strive for execution excellence and operational efficiency. With financial discipline and sharp focus on optimising returns, we will seize opportunities as well as innovate solutions and services to build a long-term and competitive position and capture sustainable returns for our stakeholders.

Overview

Operations Review

Sustainability Report

Other Information

Statutory Reports & Financial Statements

Key Figures for 2015

Distribution per Unit[1]

6.84cts

1.9% higher than IPO Forecast's 6.71 cents
Annualised distribution yield[2] of 6.97% is 13 basis points higher than IPO Forecast's 6.84%.

Distributable Income[1][3]

$60.4m

1.9% higher than IPO Forecast's $59.3m
Distributable income is higher mainly due to higher NPI, lower borrowing costs from interest rate swaps entered into and realised gains from the settlement of foreign exchange forward contracts.

Net Asset Value (NAV) per Unit

$0.921

5.3% above 31 December 2014's $0.875
Adjusted NAV per Unit, excluding distribution of 3.28 cents per Unit declared for the financial period from 1 July 2015 to 31 December 2015, is $0.888 (31 December 2014: $0.872).

Net Property Income (NPI)[1]

$91.3m

1.7% higher than IPO Forecast's $89.7m
NPI is higher mainly due to higher rental income, contribution from Intellicentre 2 acquired during the financial period and higher other income partially offset by higher facility-related expenses and property taxes.

Aggregate Leverage[4]

29.2%

210 basis points higher than 31 December 2014's 27.1%
Aggregate leverage is higher due to additional borrowings for the acquisition of Intellicentre 2 and 10% deposit paid for maincubes Data Centre.

Interest Coverage

9.4 times

9.4 times as compared to IPO Forecast's 5.6 times
Improvement compared to IPO Forecast mainly from higher NPI and lower borrowing costs.

Portfolio Assets Under Management (AUM)[5]

$1.07b

4.9% higher than IPO's $1.02b
Portfolio AUM is higher due to net fair value gains recognised from independent valuations and acquisition of Intellicentre 2, offset by foreign exchange losses upon consolidation arising from depreciation of foreign currencies against SGD.

Portfolio Occupancy

94.8%

130 basis points higher than IPO's 93.5%
Portfolio occupancy remains healthy at 94.8%, with seven data centres at full occupancy.

NOTES:
(1) For the financial period of 385 days from 12 December 2014 (Listing Date) to 31 December 2015. The forecast figures were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.
(2) The annualised distribution yield is derived on a pro-rata basis from the results from Listing Date to 31 December 2015 based on the listing price of $0.930. The forecast figures were derived from the Forecast Year 2015 as disclosed in the Prospectus.
(3) The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.
(4) Aggregate leverage is computed based on gross borrowings and deferred payments over total deposited properties as stipulated in the Property Funds Appendix in the CIS Code, without considering finance lease liabilities pertaining to land rent commitments.
(5) Based on valuations by independent valuers and excludes finance lease liabilities pertaining to land rent commitments.

Corporate Profile

01

***01** Keppel DC REIT, the first pure-play data centre REIT listed in Asia, has had a successful first year since listing on the Singapore Exchange.*

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

Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre REIT listed in Asia on the Singapore Exchange.

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.

As at 31 December 2015, the REIT has a portfolio valued at approximately $1.07 billion comprising nine high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 597,900 sq ft, the portfolio spans seven cities in six countries in Asia Pacific and Europe.

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

In Europe, Keppel DC REIT owns GV7 Data Centre in London, United Kingdom; Citadel 100 Data Centre in Dublin, Ireland; as well as Almere Data Centre in Almere, the Netherlands. In October 2015, Keppel DC REIT announced the forward purchase of maincubes Data Centre which will be developed in Offenbach am Main, Germany, and is expected to be completed in 2018.

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., a wholly-owned subsidiary of Keppel T&T. The 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.

Strategic Direction

Keppel DC REIT aims to be the leading data centre real estate investment trust in Asia with a quality portfolio of assets across Asia Pacific and Europe.

The Manager will employ proactive asset management, disciplined investment, capital and risk management strategies to capture the growth potential of the data centre industry.

Building a Resilient Portfolio

- Pursue strategic growth opportunities that will complement the portfolio and drive long-term sustainability for the REIT and its Unitholders.
- Build a geographically diversified portfolio with well-staggered lease expiries to enhance stability of the REIT's income streams.
- Maintain an optimal mix of fully fitted as well as shell and core assets with stable long-term leases, and colocation assets which are diversified in terms of client profile and lease terms.

Optimising Portfolio Performance

- Pursue new contracts and manage renewals proactively to optimise occupancy and rental levels.
- Develop new opportunities by heightening understanding of global clientele's requirements and leveraging both the REIT's as well as the Sponsor's networks.
- Manage property expenses prudently to maximise net property income.
- Review the portfolio continuously to identify opportunities to enhance the existing assets and create further value from the portfolio.

Minimising Risk Exposure

- Employ an optimal mix of debt and equity in financing acquisitions to maximise returns while maintaining financial flexibility.
- Utilise appropriate hedging strategies to achieve best risk-adjusted returns and ensure stability of distributions to Unitholders.
- Diversify sources of funding and spread out debt maturity profile to reduce concentration risk.
- Negotiate favourable credit facilities and terms to fund business operations.
- Monitor risk exposure closely to ensure effectiveness of policies against evolving market conditions.

Chairman's Statement

Chan Hon Chew
Chairman

The Manager remains committed in its ambition to expand the portfolio and provide Unitholders with regular and stable distributions, as well as long-term growth.

Key Performance 2015

- Net property income for the financial period since the REIT's listing on 12 December 2014 to 31 December 2015 was $91.3 million, surpassing the IPO forecast of $89.7 million by 1.7%.
- Portfolio growth with maiden acquisition of Intellicentre 2 in Sydney, Australia, and forward purchase of maincubes Data Centre in Offenbach am Main, Germany, which is expected to be completed in 2018.
- Annualised distribution yield of 6.97% based on the IPO price of $0.93 per Unit.

Distribution per Unit

6.84cts

DPU was 1.9% higher than the IPO Forecast of 6.71 cents, with an annualised distribution yield of 6.97% based on the listing price of $0.93.

Aggregate Leverage

29.2%

Aggregate leverage remains low at 29.2%, providing healthy debt headroom for further growth opportunities.

Dear Unitholders,

On behalf of the Board of Directors of Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, I am pleased to present Keppel DC REIT's inaugural Annual Report to Unitholders for the financial period since its listing on 12 December 2014 to 31 December 2015.

Keppel DC REIT is the first pure-play data centre REIT listed in Asia. The issuance garnered strong interest from investors with the placement tranche being approximately 24.4 times subscribed, while the public offer was approximately 9.6 times subscribed. With a total of $512.9 million raised, the issuance was the largest REIT Initial Public Offering (IPO) on the Singapore Exchange in 2014.

Resilient Results

Extending the momentum from its successful listing, Keppel DC REIT continued to trade healthily in 2015, providing Unitholders exposure to a unique asset class with a diversified portfolio of assets across Asia Pacific and Europe. As at 31 December 2015, Keppel DC REIT was trading at approximately 10.2% above its Net Asset Value per Unit of $0.921.

I am pleased to report that Keppel DC REIT has delivered results exceeding its IPO forecast despite the volatile macroeconomic landscape.

Distributable income for the financial period from 12 December 2014 to 31 December 2015 was $60.4 million, 1.9% higher than the IPO forecast of $59.3 million while distribution per Unit (DPU) was 6.84 cents, up 1.9% from the forecast of 6.71 cents. This translates to an annualised distribution yield of 6.97%, based on the IPO price of $0.93 per Unit.

Net property income (NPI) for the financial period was $91.3 million, surpassing the IPO forecast of $89.7 million by 1.7%. The higher NPI and distributable income were mainly due to higher variable rental income from the Singapore properties and other income from Gore Hill Data Centre and Citadel 100 Data Centre, as well as rental contribution from Intellicentre 2 which was acquired during the period.

Disciplined Investment Strategy

In line with its investment strategy to invest in a diversified portfolio of data centre properties with an initial focus on Asia Pacific and Europe, the Manager remains committed in its ambition to expand the portfolio and provide Unitholders with regular and stable distributions, as well as long-term growth.

Keppel DC REIT started its first year of listing on a positive note with two third-party acquisitions. Its maiden acquisition of the shell and core building of Intellicentre 2 in Sydney, Australia, was successfully completed in August 2015 and expanded the REIT's portfolio to nine high-quality data centre properties in Asia Pacific and Europe with a portfolio value of $1.07 billion as at 31 December 2015.

The REIT made its first investment in Germany with its second acquisition during the year. This was a forward purchase of maincubes Data Centre which will be developed in the Offenbach am Main data centre hub, and it is expected to be completed in 2018.

Both acquisitions are backed by long master leases, which will enhance the REIT's income stream stability and extend the Weighted Average Lease Expiry (WALE) of its portfolio. The Manager will remain disciplined in its investment selection criteria to seek DPU accretive acquisitions with potential for long-term income and capital growth.

Apart from pursuing third-party acquisition opportunities, Keppel DC REIT will be able to tap the pipeline of Rights of First Refusal assets from its Sponsor, Keppel Telecommunications and Transportation Ltd (Keppel T&T), and leverage its established track record and technical expertise in the data centre industry.

Proactive Asset Management

The portfolio's occupancy rate remains healthy at 94.8% as at 31 December 2015. The Manager will continue to be proactive in its lease management and marketing efforts. Of the nine assets in Keppel DC REIT's portfolio, seven assets were fully leased.

Keppel DC REIT's portfolio constitutes a mix of fully fitted and shell and core assets with stable long-term leases, as well as colocation assets which are diversified in terms of client profile and lease expiry dates. As at end 2015, the portfolio's WALE of 8.7 years was amongst the highest within the REIT sector in Singapore.

Underpinned by factors such as the data centre industry's growth potential, the portfolio's diversified lease mix with embedded rental escalations, a long and staggered lease expiry profile, the defensive nature of the

Chairman's Statement

portfolio will serve to strengthen the REIT's income stream stability.

The Manager will continue building on existing relationships with its diversified global clientele as well as prospective clients to pursue opportunities for further growth.

Prudent Capital Management

The Manager believes that prudent capital management is key to optimise the REIT's financial position.

As at 31 December 2015, Keppel DC REIT's balance sheet remained healthy with an aggregate leverage of 29.2% and interest coverage ratio of 9.4 times. All of the REIT's borrowings are unsecured with an average annualised cost of debt of approximately 2.5% per annum and weighted average debt maturity of 3.3 years.

Since the listing, the Manager has been proactively adopting appropriate hedging strategies to manage interest rate and foreign currency exposure for the REIT. Interest rate swaps are used to hedge interest rate exposure of the long-term loans, protecting earnings from interest rate volatility and enhancing the stability of our distributions.

To mitigate the impact of currency fluctuations, the Manager uses foreign currency forward contracts to hedge the REIT's foreign-sourced distribution, on top of natural hedging with borrowings in currencies that match the corresponding investment amounts.

Accolades

Within its first year of listing, Keppel DC REIT was recognised as the "Most Transparent Company (New Issues) – Runner Up" in the SIAS 16th Investors' Choice Awards. The REIT was also voted "3rd Strongest Adherence to Corporate Governance", "Most Improved Investor Relations", and one of the six most preferred Singaporean companies by institutional investors in the Alpha Southeast Asia Institutional Investor Awards for Corporates.

Keppel DC REIT's colocation assets in Singapore were recognised for their environmentally friendly features during the year. T25 was conferred the BCA-IDA Green Mark GOLDPLUS Award for Data Centres by the Building and Construction Authority of Singapore and the Infocomm Development Authority of Singapore while S25 and T25 received various green awards from TÜV SÜD PSB.

Harnessing Strengths

On 25 January 2016, the Manager was notified of Keppel Corporation Limited's intention to consolidate its interests in all four of its subsidiaries in business trust management, real estate investment trust management and fund management under Keppel Capital Holdings Pte. Ltd. This includes

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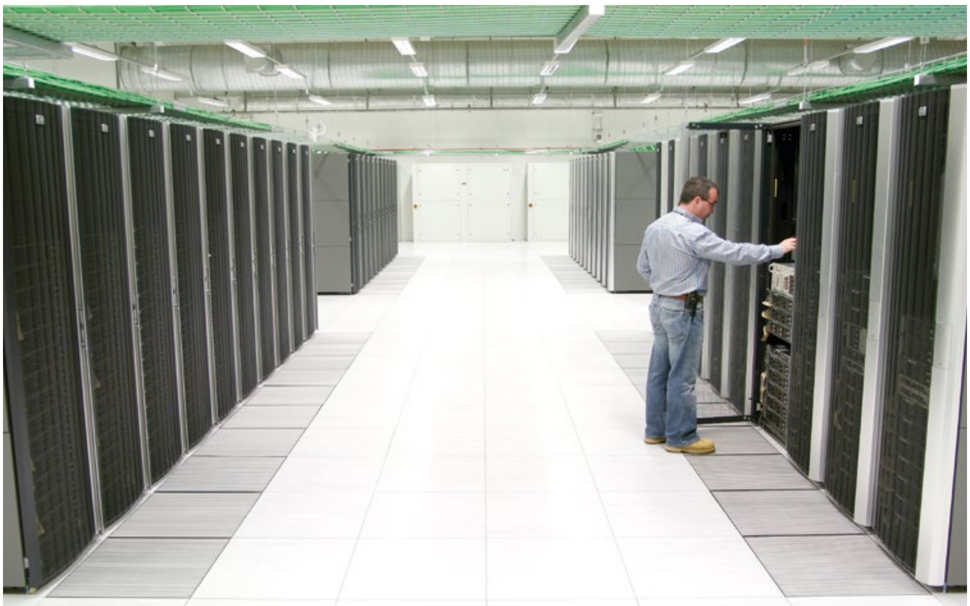


02

01 Keppel DC REIT will be able to tap the pipeline of ROFR assets from its Sponsor, Keppel T&T, and leverage its established track record and technical expertise in the data centre industry.

02 Within its first year of listing, the Manager received accolades for its proactive engagement of the investment community.

Keppel DC REIT's colocation assets in Singapore were recognised for their environmentally friendly features during the year.

Keppel T&T's interest in Keppel DC REIT Management Pte. Ltd.

The proposed consolidation is expected to improve the operational efficiency and performance of the Manager through centralising certain non-regulated support functions and creating a larger platform that will enhance recruitment and retention of talent, as well as sharing of best practices. This will in turn benefit the Unitholders of Keppel DC REIT. Keppel T&T will continue to be the Sponsor of the REIT post-consolidation, expected to be completed by the second half of 2016.

Looking Ahead

The data centre industry is set to continue its upward trajectory propelled by global trends such as the proliferation of smart devices, growing internet penetration, shift towards e-commerce as well as increased compliance and regulatory requirements. Additionally, the adoption of cloud computing by corporates augurs well for the growth of data creation and storage needs.

Keppel DC REIT's focus remains clear. The Manager will continue its proactive asset management, disciplined investment and prudent capital management strategies to capture the growth potential of this industry and deliver value to its stakeholders.

Appreciation

On behalf of the Board of Directors, I would like to thank our Unitholders, business associates and clients for your continued support and confidence, which were instrumental to the REIT's successful listing in December 2014 and its strong performance in the first year of listing.

I would also like to extend my appreciation to my fellow Board members, the management team and staff for their dedication and contribution which have been integral to solidifying the REIT's business strategy and laying a strong foundation for the future of Keppel DC REIT.

Chan Hon Chew
Chairman
12 February 2016

Group Financial Highlights

Results Highlights and Ratios
12 December 2014 (Listing Date) to 31 December 2015[1]

	Actual $'000	Forecast $'000	Change %
Gross revenue	**107,684**	105,853	1.7
Net property income	**91,297**	89,730	1.7
Distributable income[2]	**60,394**	59,283	1.9
Distribution per Unit (DPU)[3] (cents)	**6.84**	6.71	1.9
Annualised distribution yield[4] (%)			
– Initial Public Offering (IPO) price of $0.930	**6.97**	6.84	13 bps
– Closing price of $1.015 on last trading day of the financial period	**6.39**	6.27	12 bps
Weighted average all-in interest rate for the period (% per annum)	**2.5**	3.1	(60 bps)
Interest coverage ratio[5] (times)	**9.4**	5.6	Nm

Balance Sheet Highlights and Ratios
as at 31 December

	2015 $'000	2014 $'000	Change %
Investment properties[6]	**1,102,685**	1,047,143	5.3
Total assets[6][7]	**1,211,171**	1,121,505	8.0
Gross borrowings[7][8]	**(341,848)**	(294,826)	15.9
Deferred payments[7]	**(3,042)**	–	Nm
Finance lease liabilities[6][7]	**(31,327)**	(33,235)	(5.7)
Total liabilities	**(397,683)**	(348,477)	14.1
Unitholders' funds	**813,114**	772,587	5.2
Units in issue ('000)	**882,977**	882,930	–
Net asset value (NAV) per Unit ($)	**0.921**	0.875[11]	5.3
Adjusted NAV per Unit, excluding distributable income[9] ($)	**0.888**	0.872	1.8
Unit price as at balance sheet date ($)	**1.015**	0.975	4.1
Premium to NAV[10] (%)	**10.2**	11.4	(120 bps)
Aggregate leverage[7] (%)	**29.2**	27.1	210 bps

(1) For the financial period of 385 days from Listing Date to 31 December 2015. The forecast figures were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.
(2) The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.
(3) DPU of 6.84 cents for the financial period from Listing Date to 31 December 2015 comprises 3.56 cents per Unit for the financial period from Listing Date to 30 June 2015 paid on 28 August 2015 and 3.28 cents per unit declared for the financial period from 1 July 2015 to 31 December 2015. Forecast DPU of 6.71 cents were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.
(4) The annualised distribution yield is derived on a pro-rata basis from the results from Listing Date to 31 December 2015. The forecast figures were derived from the Forecast Year 2015 as disclosed in the Prospectus.
(5) Interest coverage is computed as EBIT / Finance costs, where EBIT is NPI less the Manager's base and performance fees, trustee's fees and other trust expenses. Finance costs pertain to interest expenses based on total debt drawn and debt amortisation costs. Property-related calculations include the 1.0% interest in Basis Bay Data Centre held by the non-controlling interest.
(6) Investment properties and total assets include the carrying value of the finance lease liabilities pertaining to the land rent commitments for iseek Data Centre and Citadel 100 Data Centre.
(7) Aggregate leverage is computed based on gross borrowings and deferred payments over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by MAS, without considering finance lease liabilities pertaining to land rent commitments. If these finance lease liabilities pertaining to land rent commitments were included, the aggregate leverage would be 31.1% (31 December 2014: 29.3%).
(8) Gross borrowings relates to bank borrowings drawn down from loan facilities.
(9) Adjusted NAV per Unit as at 31 December 2015 excludes distributable income of 3.28 cents per Unit for the financial period from 1 July 2015 to 31 December 2015 (31 December 2014: excludes 0.03 cents per Unit for the financial period from Listing Date to 31 December 2014).
(10) Based on NAV as at 31 December 2015 and 31 December 2014.
(11) NAV per Unit as at 12 December 2014 after listing is similiar to NAV per Unit as at 31 December 2014.

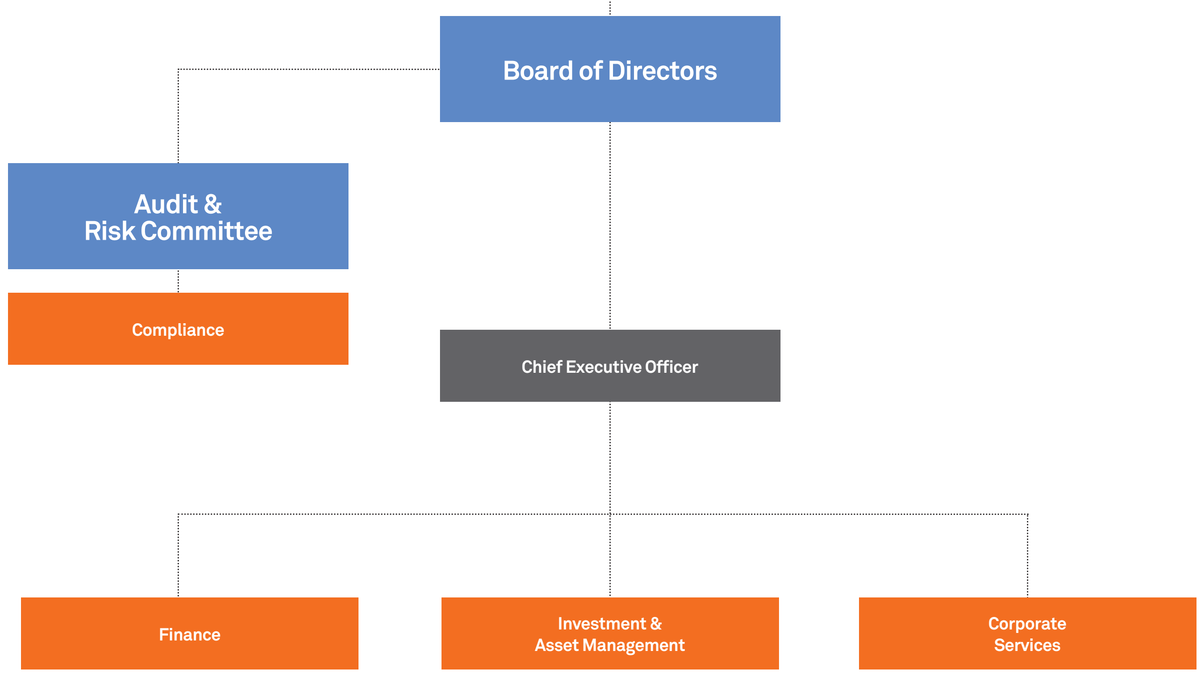
bps = basis points
Nm = Not meaningful

Group Quarterly Results

	Quarter 1[(1)]		Quarter 2		Quarter 3		Quarter 4		Total[(1)]
	$'000	%	$'000	%	$'000	%	$'000	%	$'000
Gross Revenue									
2015 Actual	**31,150**	**29**	**26,027**	**24**	**25,743**	**24**	**24,764**	**23**	**107,684**
2015 Forecast[(1)]	30,244	28	25,019	24	25,295	24	25,295	24	105,853
Net Property Income									
2015 Actual	**26,154**	**29**	**21,925**	**24**	**21,373**	**23**	**21,845**	**24**	**91,297**
2015 Forecast[(1)]	25,638	28	21,207	24	21,442	24	21,443	24	89,730
Distributable Income									
2015 Actual	**17,160**	**28**	**14,272**	**24**	**14,480**	**24**	**14,482**	**24**	**60,394**
2015 Forecast[(1)]	16,939	28	14,010	24	14,165	24	14,169	24	59,283
DPU (cents)									
2015 Actual	**1.94**	**28**	**1.62**	**24**	**1.64**	**24**	**1.64**	**24**	**6.84**
2015 Forecast[(1)]	1.91	28	1.59	24	1.60	24	1.61	24	6.71

(1) "Quarter 1" relates to the financial period of 110 days from Listing Date to 31 March 2015 and "Total" relates to the financial period of 385 days from Listing Date to 31 December 2015. The forecast figures were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.

Trust and Organisation Structure



Properties

Asia Pacific			Europe			
Singapore[1]	Malaysia	Australia	United Kingdom	The Netherlands	Ireland	Germany
S25	Basis Bay Data Centre	Gore Hill Data Centre	GV7 Data Centre	Almere Data Centre	Citadel 100 Data Centre	maincubes Data Centre (Expected completion in 2018)
FM[2]: Keppel Digihub		FM[2]: iseek-KDC Services Pty Ltd				
T25		iseek Data Centre				
FM[2]: Keppel Datahub		Intellicentre 2				

NOTES:
[1] The Singapore Properties are held directly by the REIT.
[2] The Facility Managers (FM) are appointed pursuant to the facility management agreements entered into for the respective properties.

Board of Directors

Mr Chan Hon Chew age 51
Chairman and Non-Executive Director
Member of the Audit and Risk Committee

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Accountancy (Honours), National University of Singapore; Chartered Financial Analyst; Member of the Institute of Chartered Accountants Australia and Institute of the Singapore Chartered Accountants

Present Directorships (as at 1 January 2016):
Listed companies
Keppel Telecommunications & Transportation Ltd

Other principal directorships
Keppel Infrastructure Holdings Pte Ltd; Keppel Offshore & Marine Ltd; Singapore Tianjin Eco-City Investment Holdings Pte Ltd

Major Appointments (other than directorships):
Chief Financial Officer, Keppel Corporation Limited

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Tiger Airways Holdings Limited; Virgin Atlantic Limited (Alternate Director); Virgin Atlantic Airways Limited (Alternate Director); Virgin Travel Group Limited (Alternate Director); Singapore Aviation & General Insurance Company (Pte) Ltd; RCMS Properties Private Limited

Others:
Nil

Mr Lee Chiang Huat age 66
Independent Director
Chairman of the Audit and Risk Committee

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Business Administration, University of Singapore; Master of Business Administration, University of New South Wales; Master of Social Science (Applied Economics), University of Singapore

Present Directorships (as at 1 January 2016)
Listed companies
Keppel REIT Management Limited
(the manager of Keppel REIT)

Other principal directorships
Icurrencies Pte Ltd; Channoil Asia Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Nil

Others:
Former Chief Financial Officer of Singapore Petroleum Company Limited and NOR Offshore Ltd

Mr Leong Weng Chee age 60
Independent Director

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Architecture (Honours), National University of Singapore; Master in Design Studies (Finance, Law and Real Estate), Harvard University

Present Directorships
(as at 1 January 2016):
Listed companies
Nil

Other principal directorships
Reef Management Pte Ltd

Major Appointments
(other than directorships):
Nil

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Celestine Management Private Limited

Others:
Former Chief Executive Officer (Real Estate), OUE Ltd; Former Chief Executive Officer, Cambridge Industrial Trust Management Ltd (the manager of Cambridge Industrial Trust); Former Director/Managing Director (Developments), SC Global Developments Ltd

Mr Lim Chin Hu age 57
Independent Director
Member of the Audit and Risk Committee

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Dip EEE, Ngee Ann Polytechnic; BSc, La Trobe University; Fellow, Singapore Institute of Directors

Present Directorships
(as at 1 January 2016):
Listed companies
Telstra Limited (ASX); Kulicke & Soffa Industries Inc. (NASDAQ)

Other principal directorships
Eastern Health Alliance Pte Ltd; G-Able Thailand Ltd; Citibank Singapore Limited; Heliconia Capital Management Pte Ltd

Major Appointments
(other than directorships):
Managing Partner, Stream Global Pte Ltd; Member, Data Protection Advisory Committee, Infocommunications Media Development Authority of Singapore (IDMA); Member of the Listing Advisory Committee (LAC) of Singapore Exchange Ltd

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Singapore Institute of Directors (SID); BT Frontline Pte Ltd (now known as BT Advise); BT Singapore Pte Ltd; Caledonian Investments Pte Ltd; Frontline Technologies Sdn Bhd; ITH Holdings Pte Ltd; Modern Devices China Ltd; PT Sun Microsystems, Inc; S I2I Limited; Sun Microsystems Vietnam Pte Ltd; Sun Philippines Pte Ltd

Others:
Nil

Board of Directors

Mr Dileep Nair age 65
Independent Director
Member of the Audit and Risk Committee

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Engineer, McGill University;
Master in Public Administration, Harvard University

Present Directorships
(as at 1 January 2016)
Listed companies
Thakral Corporation Ltd; Singapore Reinsurance Corporation Ltd

Other principal directorships
Agri-Food Veterinary Authority of Singapore

Major Appointments
(other than directorships):
High Commissioner to the Republic of Ghana

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Nil

Others:
Former Ambassador to the Lao People's Democratic Republic; Former Consul-General to the Emirate of Dubai; Former Under-Secretary-General (Internal Oversight Services), United Nations; Former Managing Director, DBS Bank; Former Chief Executive Officer, Post Office Savings Bank of Singapore

Mr Teo Cheng Hiang Richard age 60
Independent Director

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Science and Bachelor of Architecture (First Class Honours), University of Newcastle, Master of Business Administration, National University of Singapore

Present Directorships
(as at 1 January 2016)
Listed companies
Viva Industrial Trust Management Pte Ltd and Viva Asset Management Pte Ltd (the managers of Viva Industrial Trust)

Other principal directorships
Nil

Major Appointments
(other than directorships):
Nil

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
International Healthway Corporation Limited; Healthway Medical Development (Private) Limited; Mahogany Global Advisors LLP; Pacific Star REIT Management Holdings (Singapore); Pacific Star Ventures Pte Ltd; Pacific Star (China Holdings) Pte Ltd; YTL Starhill Global REIT Management Holdings Pte Ltd

Others:
Former Executive Vice President, GIC Real Estate; Former President (REIT & Private Clients) & President (Asset Management), Pacific Star Group

Dr Tan Tin Wee age 54
Independent Director

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Arts (Natural Science Tripos majoring in Biochemistry), University of Cambridge; MSc (Applied Molecular Biology and Biotechnology), University of London; PhD (Recombinant Chlamydial Vaccines), University of Edinburgh

Present Directorships (as at 1 January 2016)
Listed companies
Nil

Other principal directorships
Asia Pacific Bioinformatics Network Ltd; iGates Bioinnovation Pte Ltd; Knorex Pte Ltd

Major Appointments (other than directorships):
Associate Professor, Department of Biochemistry, National University of Singapore; Chairman of A*STAR Computational Resource Centre (ACRC); Director, National Supercomputing Centre, Singapore; Founding Secretariat of the Asia Pacific Bioinformatics Network (APBioNet); Secretary of the ExCo, International Conference on Bioinformatics (InCoB)

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel Telecommunications & Transportation Ltd

Others:
Founding principal investigator of the Singapore Advanced Research and Education Network (SINGAREN); Founder of multilingual Internet domain name system (IDN); Former Chairman of ASEAN Sub-Committee on Biotechnology (SCB); Former Chairman of the Asia Pacific Network Group (APNG); Former President of the Association for Medical and Bioinformatics Singapore (AMBIS); Former three-term Board Director of the International Society for Computational Biology (ISCB); Former Master of Eusoff Hall, NUS; Internet Hall of Fame Inaugural Inductee 2012 of the Internet Society

Mr Thomas Pang Thieng Hwi age 51
Non-Executive Director

Date of first appointment as a director:
18 November 2014
Length of service as a director
(as at 31 December 2015):
1 year 2 months

Academic & Professional Qualification(s):
Bachelor of Arts (Engineering, 2nd Upper Honours), University of Cambridge; Master of Arts (Honorary Award), University of Cambridge

Present Directorships (as at 1 January 2016)
Listed companies
Keppel Telecommunications & Transportation Ltd; SVOA Public Company Ltd

Other principal directorships
Keppel Data Centres Pte Ltd; Keppel Data Centres Holding Pte Ltd; Keppel Datahub Pte Ltd; Keppel Digihub Ltd; Keppel Logistics Pte Ltd; Radiance Communications Pte Ltd (Chairman); Keppel Logistics (Tianjin Eco-City) Ltd; Keppel Anhui Food Logistics Park Pte Ltd; Keppel Jilin Food Logistics Park Pte. Limited; Indo-Trans Keppel Logistics Vietnam Co. Ltd.; Asia Airfreight Terminal Company Limited

Major Appointments (other than directorships):
Chief Executive Officer, Keppel Telecommunications & Transportation Ltd

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel Seghers Newater Development Co. Pte Ltd; Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd; Senoko Waste-To-Energy Pte Ltd; Caspian Rigbuilders Pte Ltd

Others:
Nil

Senior Management

Mr Chua Hsien Yang age 38
Chief Executive Officer

Mr Chua has extensive experience in real estate funds management and the hospitality industries, with more than 14 years of experience in mergers and acquisitions, real estate investments, fund management, business development and asset management in the real estate sector.

Prior to joining the Manager, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited, the manager of Keppel REIT, since May 2008, where he headed the investment team.

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 and 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 and he was responsible for the asset management activities of the group owned properties.

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

Present directorships (as at 1 January 2016):
Basis Bay Capital Management Sdn Bhd; Boxtel Investments Limited; Citadel 100 Datacenters Limited; Greenwich View Place Limited; Keppel DC REIT Fin. Company Pte Ltd; KDCR 1 Limited; KDCR 2 Limited; KDCR Almere B.V.; KDCR Australia Pte. Ltd.; KDCR Australia No. 1 Pty Limited; KDCR Australia No. 2 Pty Limited; KDCR C100 Pte Ltd; KDCR GVP Pte Ltd; KDCR Netherlands B.V.; KDCR Netherlands 3 B.V.; KDCR Netherlands 1 Pte Ltd; KDCR Netherlands 2 Pte Ltd; KDCR Netherlands 3 Pte. Ltd.; iseek Facilities Pty Ltd

Past directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Mirvac 8 Chifley Pty Limited; Mirvac (Old Treasury) Pty Limited

Mr Andy Gwee age 39
Head of Finance

Mr Gwee has more than 15 years of experience in the accounting, finance and auditing industry.

Prior to joining the Manager, Mr Gwee was formerly Senior Finance Manager of Keppel Corporation Limited, where he assisted the Chief Financial Officer and Group Controller in the Keppel Group's financial and reporting functions.

These included group consolidation, management reporting, statutory and financial reporting, annual group budgeting and certain compliance matters. In addition to these functions, he provided accounting and technical advisory to the various business units of Keppel Group.

Prior to joining Keppel, Mr Gwee spent 12 years at PricewaterhouseCoopers LLP Singapore in an audit function where he had been the engagement manager for leading clients and local listed groups.

Mr Gwee graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from Nanyang Technological University of Singapore in 2000. He is a Chartered Accountant (Singapore) and has been a member of the Institute of Singapore Chartered Accountants since 2003.

Present directorships (as at 1 January 2016):
Nil

Past directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Nil

Ms Anthea Lee age 42
Head of Investment and Asset Management

Ms Lee has more than 18 years of experience in real estate investment, business development, asset management and project management.

Prior to joining the Manager, she was Vice President, Investment at Keppel REIT Management Limited, managing regional investments and divestments.

Before joining Keppel Group, she was with JTC Corporation and Ascendas Land, where she was responsible for business development and asset management of industrial and business park facilities for 10 years.

Ms Lee holds a Bachelor of Science Degree (Hons) in Estate Management from the National University of Singapore and a Master of Science Degree (International Construction Management) from Nanyang Technological University.

Present directorships (as at 1 January 2016):
Nil

Past directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Nil

Mr Maritz Bin Mansor age 47
Head of Corporate Services

Mr Maritz has more than 20 years of legal and investor relations experience in the fund management and telecommunications industry. He has been involved with Keppel DC REIT since its inception as Securus Data Property Fund in 2010 till its listing in 2014 as Keppel DC REIT.

Mr Maritz was formerly the Head of Corporate and Investor Relations at Securus Data Property Fund since July 2011, where he was responsible for all legal, corporate governance, and investor relations matters. Prior to that, he was responsible for the same functions as Vice President of Corporate and Investor Relations at AEPim, the Joint Investment Manager of Securus Data Property Fund since 2010. From May 2007, he was Senior Manager at the Legal Department of AsiaEquity Partners Pte. Ltd.

From January 2006, he held the position of Head Legal with Frontline Security Pte. Ltd. and prior to that, he was General Manager at Konsortium Jaringan Selangor Sdn Bhd, a Telecommunications Infrastructure Regulator in the State of Selangor Darul Ehsan, Malaysia. In January 2002, Mr Maritz was also Advisor to the Chief Technical Officer of Maxis Communications Bhd, a prominent telecommunications company in Malaysia.

Mr Maritz holds a Bachelor of Laws from the University of Dundee, United Kingdom. He was called to the Singapore Bar in 1995 and is also a Barrister at Lincoln's Inn, London since 1994.

Present directorships (as at 1 January 2016):
Nil

Past directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Citadel 100 Datacenters Limited;
Securus Australia No. 3 Pty Ltd

Investor Relations

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The Manager will maintain timely and clear communication to keep investors abreast of business developments.

The Manager strongly believes in timely, transparent and accurate communication as part of good corporate governance and accountability to the REIT's investors.

Active Engagement
The Manager has been engaging the international investment community actively in the REIT's first year of listing.

Senior management and investor relations personnel held 145 meetings, conference calls and post-results luncheons with institutional investors to help them better understand the REIT's business and strategic directions. Apart from the day-to-day meetings and calls, the Manager hosted several site visits to data centre facilities in Singapore to familiarise investors with the unique asset class and its operations.

The Manager has also participated widely in conferences and roadshows to build and enhance relationships with global investors. Throughout the year, the Manager met up with investors during four local conferences in Singapore, as well as four non-deal roadshows in Hong Kong, Japan, and the United Kingdom.

Timely and Transparent Communication
In line with its commitment to timely disclosures to stakeholders as detailed in its investor relations policy, Keppel DC REIT's quarterly financial results are published within a month after the end of each quarter. The investor relations policy is available on the REIT's corporate website and sets out principles and practices which are reviewed regularly to ensure effectiveness.

Multiple platforms have also been utilised to enhance the Manager's outreach to the investment community.

After the posting of quarterly results announcements on the Singapore Exchange, analyst teleconferences were organised to communicate the company's developments and growth strategies, as well as to address questions from the market.

During the year, Keppel DC REIT made its first acquisition in Germany with a forward purchase of a data centre which will be developed in Offenbach am Main. Additional slides were developed to accompany the press release and help the investment community better understand the new market as well as the REIT's rationale for the acquisition.

The REIT's corporate website has also been optimised for users' ease of navigation on their mobile devices. Investors can subscribe to email alerts to receive prompt company updates. The investor relations contact is also clearly displayed on the corporate website and press releases to encourage feedback from the investment community.

Research Coverage
Eight equity research houses currently provide regular research coverage on Keppel DC REIT:
- CIMB
- Citi
- Credit Suisse
- DBS
- Deutsche Bank
- Goldman Sachs
- OCBC
- Phillip Capital

Accolades
The Manager's ongoing efforts to uphold sound corporate governance and disclosure of the REIT were recognised by the investment community during the year. Keppel DC REIT was conferred the "Most Transparent Company Award (New Issues) – Runner Up" in the SIAS 16th Investors' Choice Awards.

The REIT was also voted "3rd Strongest Adherence to Corporate Governance", "Most Improved Investor Relations", and one of the six most preferred Singaporean companies by institutional investors in the Alpha Southeast Asia Institutional Investor Awards for Corporates.

Delivering Value
Despite the volatile operating environment, the REIT continued to deliver consistent value to its investors.

As at 31 December 2015, Keppel DC REIT's stock price registered a gain of 5.2% since Listing Date's closing price and outperformed the Straits Times Index (STI), the FTSE ST Real Estate (RE) and Real Estate Investment Trust (REIT) Indices. Based on the listing price of $0.930, the REIT's annualised distribution yield was 6.97%, 13 basis points above its IPO forecast and compares favourably against the broader benchmarks.

***01** Keppel DC REIT received recognition in the Alpha Southeast Asia Institutional Investor Awards for its high standards of disclosure.*

Significant Events

2014

December
Listing of Keppel DC REIT on the Singapore Exchange

2015

January
T25 was conferred the BCA-IDA Green Mark Gold^PLUS Award for Data Centres

May
Keppel DC REIT announced its maiden acquisition of Intellicentre 2 in Sydney, Australia

Keppel DC REIT was added to the MSCI Singapore Small Cap Index within six months from listing

August
Keppel DC REIT completed maiden acquisition of Intellicentre 2 in Sydney, Australia

October
Keppel DC REIT was voted "3rd Strongest Adherence to Corporate Governance", "Most Improved Investor Relations", and one of the six most preferred Singaporean companies by institutional investors in the Alpha Southeast Asia Institutional Investor Awards for Corporates

Keppel DC REIT was conferred the "Most Transparent Company Award (New Issues) – Runner Up" in the SIAS 16th Investors' Choice Awards

Keppel DC REIT announced acquisition of maincubes Data Centre which will be developed in Offenbach am Main, Germany

December
Keppel DC REIT was named the "Best Equity Deal in Singapore" in The Asset Triple A Country Awards 2015 (South East Asia)

Investor Relations

Investor Relations Calendar

Proactive initiatives to enhance outreach to investors and analysts:

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***01** Keppel DC REIT regularly engages the investment community with site visits to foster greater understanding of its data centre properties.*

1Q 2015
- Launched mobile-friendly corporate website and investor relations webpages

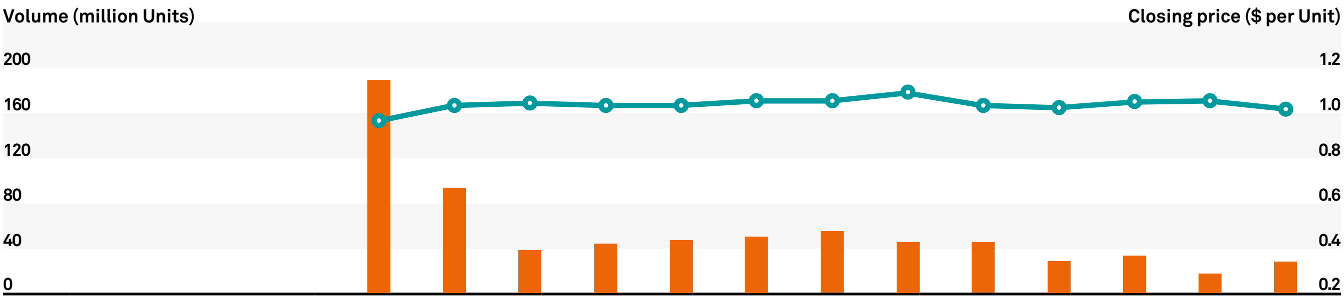
2Q 2015
- 1Q 2015 results announcement and analyst teleconference
- Post-results investors luncheon hosted by Citi
- Roadshow to Hong Kong with DBS
- SGX-Barclays Corporate Day in Singapore
- dbAccess Asia Conference in Singapore

3Q 2015
- 2Q & 1H 2015 results announcement and analyst teleconference
- Distribution payout to Unitholders for the period from Listing Date to 30 June 2015
- Post-results investors luncheon hosted by Credit Suisse
- Citi-REITAS Conference in Singapore
- Group investors luncheon followed by inaugural group investors site visit to T27 with UBS

4Q 2015
- 3Q & 9M 2015 results announcement and analyst teleconference
- Post-results investors luncheon hosted by Deutsche Bank
- Roadshow to Tokyo with JP Morgan
- Morgan Stanley Asia Pacific Summit in Singapore and group investors site visit to T27 with Morgan Stanley
- Roadshow to Hong Kong with BNP Paribas
- UBS Global Real Estate Conference in London followed by roadshow with Deutsche Bank

Unit Price Performance

Monthly Trading Performance

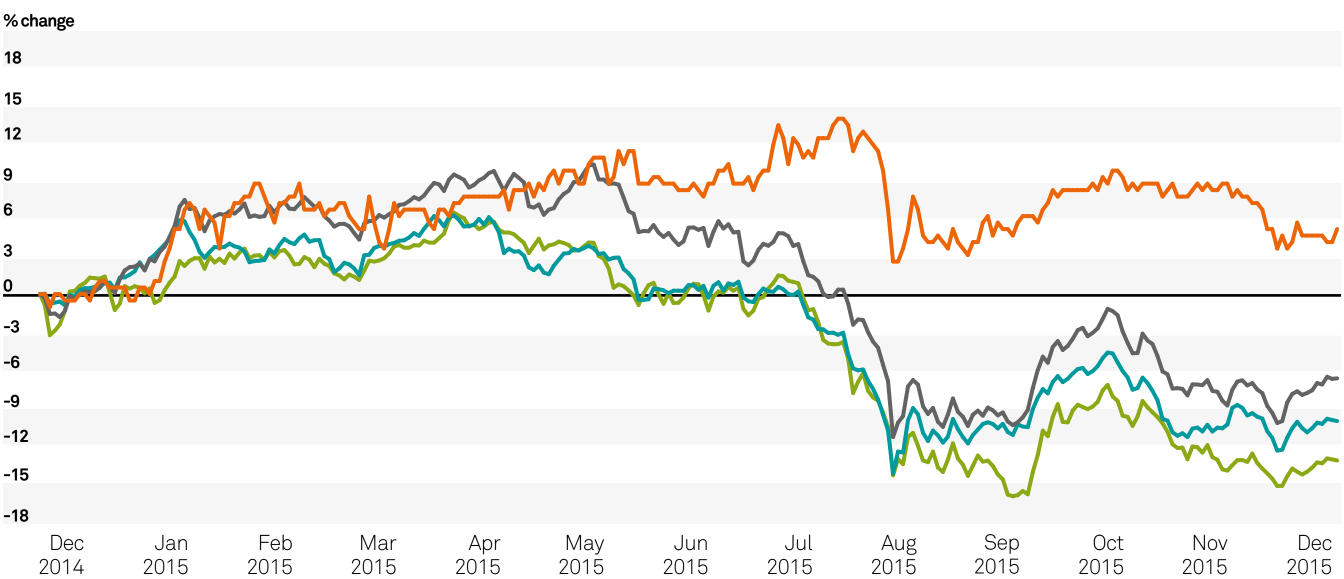


	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015
Monthly trading volume (million Units)	187.9	93.1	38.1	43.8	47.1	50.1	54.7	45.3	45.0	28.4	33.2	17.6	28.3
Closing Unit price at month-end ($ per Unit)	0.975	1.030	1.040	1.030	1.030	1.050	1.050	1.085	1.030	1.020	1.045	1.050	1.015

Unit Price Performance
(for the period from 12 Dec 2014 to 31 Dec 2015)

IPO price ($)	0.930
Highest closing price ($)	1.100
Lowest closing price ($)	0.955
Average closing price ($)	1.033
Closing price on last market trading day ($)	1.015
Trading volume (million Units)	712.7
Average daily trading volume (million Units)	2.7

Unit Price Performance Against Indices
(for the period from 12 Dec 2014 to 31 Dec 2015)



Keppel DC REIT	+5.2%
FTSE ST RE	-6.7%
FTSE ST REIT	-10.1%
STI	-13.3%

Harnessing Strengths

With a quality portfolio across Asia Pacific and Europe, Keppel DC REIT will continue to strengthen its presence and create value for Unitholders. Harnessing strengths, the Manager strives to deliver the best value proposition to its stakeholders.

Resilience

We strive to build a resilient portfolio of quality data centre assets.

The Manager will seek to build a portfolio of quality assets across Asia Pacific and Europe to provide its established global clientele with value-added service offerings. Assets will be proactively managed to optimise occupancy levels. Enhancement opportunities will be identified through constant portfolio review.

Acumen

We employ proactive asset management, disciplined investment, capital and risk management strategies to capture the industry's growth potential and deliver value to our stakeholders.

The Manager will pursue strategic growth opportunities that complement the portfolio and drive long-term income and capital accumulation. An optimal lease mix will be maintained for stability provided by long leases in fully fitted data centres and shell and core assets, as well as opportunities for further growth from shorter leases in colocation facilities.

Agility

We are prepared for market volatility with an optimal capital structure and appropriate hedging strategies. In doing so, we endeavour to achieve maximum risk-adjusted returns and ensure stability of distributions for Keppel DC REIT's Unitholders.

The Manager will employ an optimal mix of debt and equity in financing acquisitions to maximise returns while maintaining financial flexibility. Appropriate hedging strategies will be utilised to mitigate interest rate and foreign currency fluctuations.

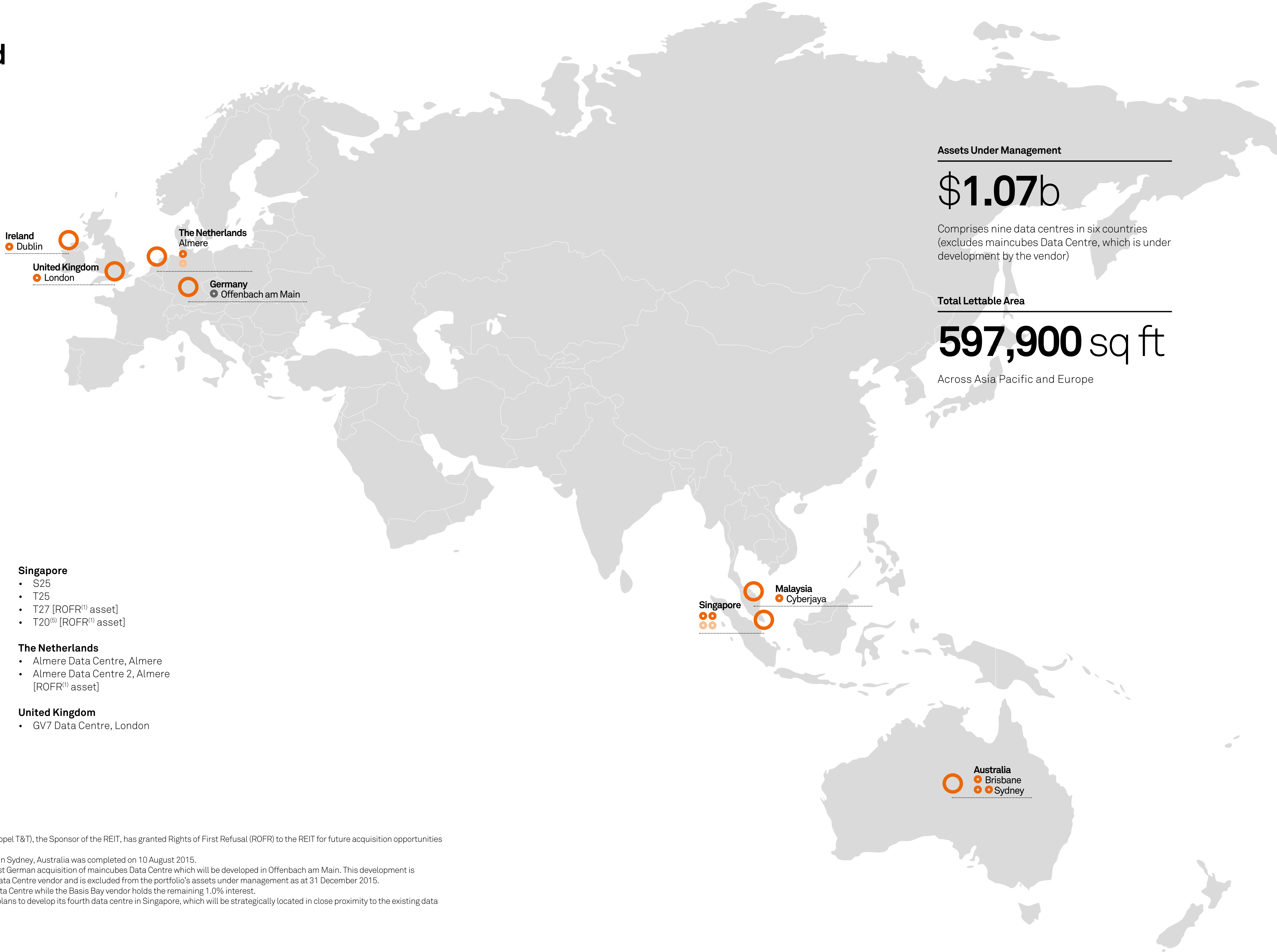
Scalability

We are poised to tap the growth potential of the data centre industry, supported by the positive trends fuelling data creation and storage requirements.

Keppel DC REIT is positioned to capture the growth potential of the data centre industry as the first pure-play data centre REIT listed in Asia. The Manager will also be able to harness strengths from the Sponsor's proven track record and established technical expertise of more than a decade.

Keppel DC REIT Around the World

The REIT offers Unitholders a unique investment opportunity with a quality portfolio of data centres across Asia Pacific and Europe.



Assets Under Management

$1.07b

Comprises nine data centres in six countries (excludes maincubes Data Centre, which is under development by the vendor)

Total Lettable Area

597,900 sq ft

Across Asia Pacific and Europe

Keppel DC REIT data centre
ROFR[(1)] asset
Under development

Data Centre

Australia
- Gore Hill Data Centre, Sydney
- Intellicentre 2[(2)], Sydney
- iseek Data Centre, Brisbane

Germany
- maincubes Data Centre[(3)] (Under development), Offenbach am Main

Ireland
- Citadel 100 Data Centre, Dublin

Malaysia
- Basis Bay Data Centre[(4)], Cyberjaya

Singapore
- S25
- T25
- T27 [ROFR[(1)] asset]
- T20[(5)] [ROFR[(1)] asset]

The Netherlands
- Almere Data Centre, Almere
- Almere Data Centre 2, Almere [ROFR[(1)] asset]

United Kingdom
- GV7 Data Centre, London

NOTES:
(1) Keppel Telecommunications & Transportation Ltd (Keppel T&T), the Sponsor of the REIT, has granted Rights of First Refusal (ROFR) to the REIT for future acquisition opportunities of its data centre assets.
(2) Keppel DC REIT's maiden acquisition of Intellicentre 2 in Sydney, Australia was completed on 10 August 2015.
(3) 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 maincubes Data Centre vendor and is excluded from the portfolio's assets under management as at 31 December 2015.
(4) Keppel DC REIT holds a 99.0% interest in Basis Bay Data Centre while the Basis Bay vendor holds the remaining 1.0% interest.
(5) On 23 July 2015, the Sponsor Keppel T&T announced plans to develop its fourth data centre in Singapore, which will be strategically located in close proximity to the existing data centres in Tampines.

Business and Market Review

Overview

Positive growth trends are expected to continue, generating strong demand for data centre space.

Data Centre Utilisation Rate in Singapore

82%

Utilisation rate of data centre space is expected to remain healthy at 82% in 2017 and 2018 in Singapore, where Keppel DC REIT owns two data centre properties.

The updates and forecasts in this report were prepared by 451 Research, an independent research company, dated December 2015.

Data Centre Market Review

The multi-tenant data centre (MTDC) industry has evolved in the past 10 to 15 years. Although some enterprises continue to own and operate in-house data centres, their use of colocation, private cloud (dedicated hosting), public cloud (infrastructure as a service), and other elements of outsourcing have increased demand for MTDCs from both enterprises and service providers. The growth of data creation globally has fuelled data storage needs. Users' requirements for minimal latency and high processing speeds have also been a factor in determining the location of data centres. These trends are expected to continue and will generate strong demand for data centre space worldwide.

Singapore

Singapore continues to be one of the top data centre markets in the world, with an active supply pipeline and demand from both local and international companies. While the slowdown in China has impacted Singapore's economy with a 2.1% growth in 2015 Gross Domestic Product (GDP), the Singapore market remains a popular destination for multinational firms to locate data centres serving the Southeast Asian or entire Asian region. This is due to its legal system and strong law enforcement, its multilingual and highly educated workforce, its connectivity, and high-quality infrastructure.

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01 *Requirements for minimal latency and high processing speeds will continue to underpin demand for data centre space worldwide.*

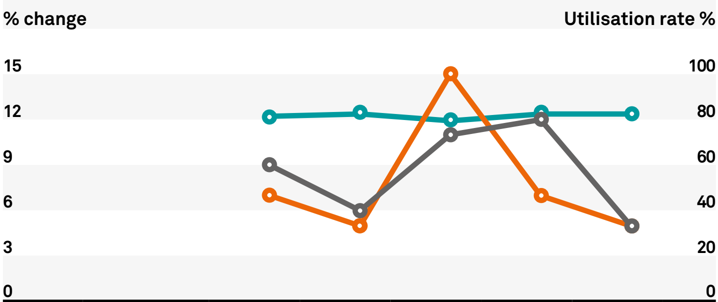
02 *Multi-tenant data centre providers in Singapore have experienced a surge in demand from media, content and mobile customers.*

Financial services firms were the biggest data centre customers in Singapore. The Monetary Authority of Singapore (MAS) has mandated that all financial institutions operating in Singapore must comply with updated Technology Risk Management Guidelines. As a result, many banks have built their own data centres that are compliant with Threat and Vulnerability Risk Assessment (TVRA), while MTDC providers are also bringing significant TVRA-compliant capacity online. MTDC providers have also experienced a surge in demand from media, content and mobile customers.

Singapore's power prices were relatively high in the past so it faces some competition from other data centre markets such as Hong Kong, Taiwan and, increasingly, Malaysia and Indonesia. The Singapore government recognises this and has been working to reduce electricity prices over the past two years. This should help maintain demand for data centres in Singapore.

Singapore is a competitive market, with several established providers that have opened or are planning large scale data centres, and several new players that have either opened facilities in the past two to three years

MTDC Supply, Demand and Utilisation in Singapore



	2014	2015	2016	2017	2018
Supply added	7	5	15	7	5
Demand (take-up)	9	6	11	12	5
Utilisation rate	81	82	79	82	82

Business and Market Review

or are planning to. Approximately 115,000 operational sq ft of supply were added to the market in 2014 and 85,000 operational sq ft in 2015, leading to pressure on the price in Singapore for the past year. This will continue through 2016. However, demand is expected to remain strong and prices should stabilise towards the end of 2016.

Average utilisation was over 80% as at end 2015. Although there is a supply of at least 200,000 operational sq ft expected to come online in 2016, providers remain optimistic about the market prospects.

Cyberjaya (Kuala Lumpur), Malaysia

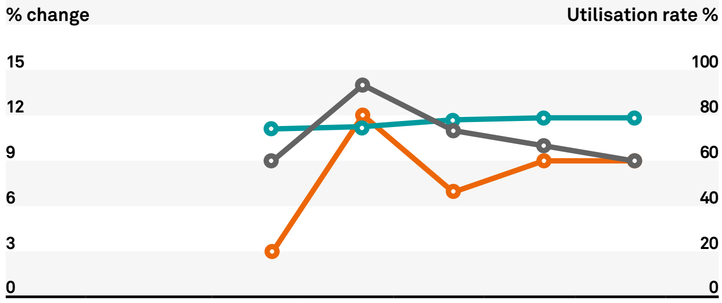
Malaysia's economy has been impacted by the downturn in China, resulting in the falling prices of commodities, such as its palm oil exports. Despite the downward revision of the country's expected growth for 2015 during the year, the projected growth of 4.5% to 5.0% in 2016 remains at an enviable rate compared to that of many other countries.

The Malaysian data centre industry got off to a slower start compared to peers in Singapore or Hong Kong, resulting in a 40% smaller market size. Local enterprises appear to be relatively reluctant to use colocation or cloud, so efforts have focused on attracting multinational enterprises. The Malaysian government has been supportive of the industry, making land and power readily available for data centre development. The lower land, labour and power costs have also presented competition to Singapore, although connectivity in Malaysia has been more expensive and power prices have been rising.

Cyberjaya is the top location for data centres in Malaysia, housing over half of the MTDC space in the Kuala Lumpur area. It is about 30km south of Kuala Lumpur and spans approximately 28km[2]. Cyberjaya is the nucleus of the Multimedia Super Corridor, which hosts more than 2,000 companies focused on technology, multimedia and communications products and services.

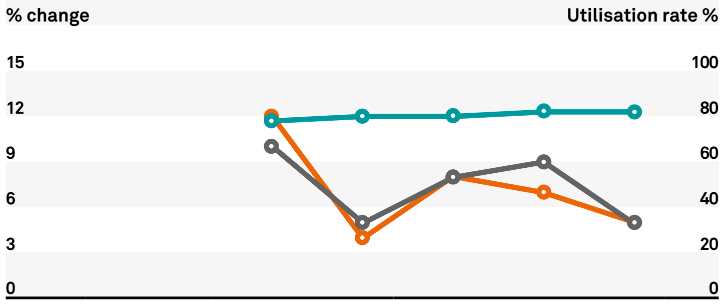
There were space additions of 20,000 to 30,000 operational sq ft over the past two years, as some providers focused on adding space outside of Kuala Lumpur. While there has been price pressure from an influx of space in previous years, larger providers have reported steady demand. Average utilisation rate was around 75% as at end 2015. Prices are likely to stabilise in 2016 with additional space in line with projected demand in 2017.

MTDC Supply, Demand and Utilisation in Cyberjaya



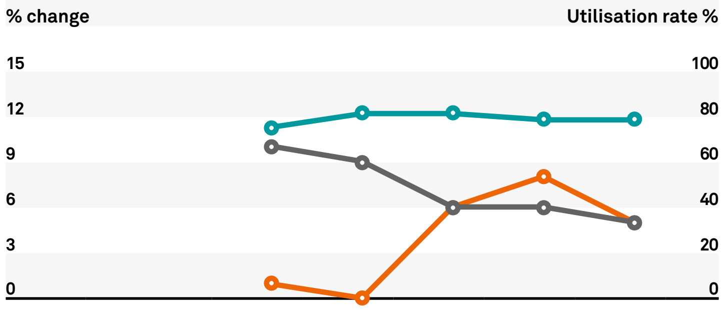
	2014	2015	2016	2017	2018
Supply added	3	12	7	9	9
Demand (take-up)	9	14	11	10	9
Utilisation rate	74	75	78	79	79

MTDC Supply, Demand and Utilisation in Sydney



	2014	2015	2016	2017	2018
Supply added	12	4	8	7	5
Demand (take-up)	10	5	8	9	5
Utilisation rate	78	80	80	82	82

MTDC Supply, Demand and Utilisation in Brisbane



	2014	2015	2016	2017	2018
Supply added	1	0	6	8	5
Demand (take-up)	10	9	6	6	5
Utilisation rate	75	81	81	79	79

***01** Cloud and IT service providers continue to drive data centre space demand in Australia.*

Sydney, Australia

Sydney has the largest economy in the Southern Hemisphere and generates about 25% of Australia's GDP. Much of Sydney's data centre demand is driven by its location, relative lack of natural disasters compared with other locations, and its access to submarine cables connecting directly to international locations including the US West Coast, Asia and Guam.

Sydney is also the choice destination for multinational companies entering the Australian market. It has a wealth of educated manpower in a variety of industries and start-ups across multiple verticals, including IT. Local hosting and cloud adoption has been very strong, resulting in cloud and other IT service providers driving data centre space demand over the past couple of years.

Sydney has had a severe undersupply of wholesale space for years, with colocation and managed hosting providers continuing to vie for space in existing facilities. This has changed, however, with several providers having brought more space online. Total supply grew by over 100,000 operational sq ft in 2014, while the increase was lower in 2015 at around 40,000 operational sq ft. The space has been rapidly consumed by the government, digital media, systems integrators and service providers. Average utilisation was around 80% as at end 2015.

Colocation continues to be highly competitive in Sydney, resulting in some pricing pressure for retail colocation providers. However, as the customer base matures, more focus can be expected on facility selection criteria other than based on price alone.

Brisbane, Australia

The Australian economy is expected to slow down due to declining Chinese demand for Australian exports, particularly metals. The Organisation for Economic Co-operation and Development (OECD) projects 2016 GDP growth for the country to be around 2.6%.

Brisbane is ranked as the third largest business hub in Australia by population. Most major Australian companies and many international companies have offices in Brisbane. The Brisbane data centre market

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Business and Market Review

has been driven by local companies and government agencies, as well as national companies seeking a more cost-effective alternative to Sydney. Cloud providers have also been strong drivers of data centre take-up too given Australia's advancement in cloud adoption. Other key verticals requiring space in the market include information and communication technology, financial services, scientific innovation, creative industries, higher education, manufacturing, mining, logistics and distribution, oil and gas, and aviation.

Supply in the city grew by 20,000 to 30,000 operational sq ft in 2012 and 2013, with relatively little supply coming online in 2014 and 2015, as providers waited for the new space to be absorbed. Demand has continued to be steady, with several providers planning to expand. Supply is expected to increase in 2016 and 2017. Average utilisation rate has risen to around 80% as at end 2015.

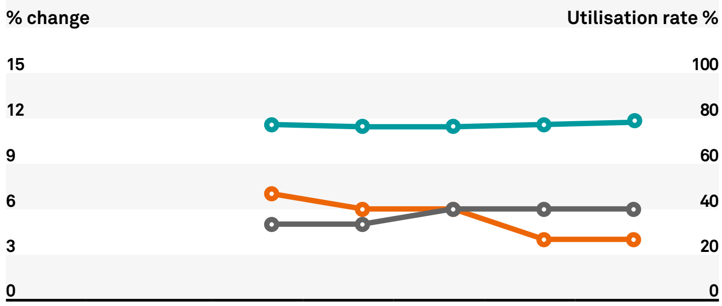
London, United Kingdom

The United Kingdom's (UK) GDP growth is expected to average around 2.4% in 2016 according to the OECD, driving continued investment in London. The return to economic growth has been reflected in the increasing demand for data centre space in London; demand is now outstripping supply for the first time since 2009.

The demand pipeline is much stronger than in 2014 when London was beginning to see the signs of economic recovery and was in much earlier stages of hybrid cloud adoption. Demand is driven by clients upgrading from ageing enterprise data centre assets, increased take up of cloud delivery models and other services, concerns about the storage and retention of data following new European Union (EU) directives, and international companies and cloud providers using London as a springboard to reach the rest of Europe. The UK remains one of the top locations for enterprises looking to build data centre space (colocation and enterprise). International hosting firms continue to use London as their European base, expanding their presence via established networks of carrier-neutral facilities into the larger economies of Western Europe.

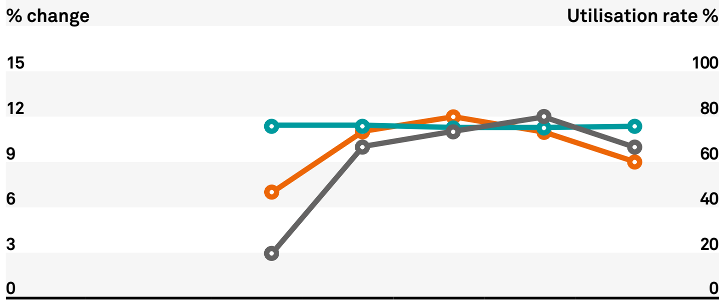
London MTDC providers continue to bring new space online at record levels, with supply not likely to abate in the years ahead. Investment in the data centre market in London has been high. In 2014, over 200,000 sq ft of operational space came online. A similar amount was commissioned in 2015. With more space

MTDC Supply, Demand and Utilisation in London



	2014	2015	2016	2017	2018
Supply added	7	6	6	4	4
Demand (take-up)	5	5	6	6	6
Utilisation rate	77	76	76	77	79

MTDC Supply, Demand and Utilisation in Amsterdam



	2014	2015	2016	2017	2018
Supply added	7	11	12	11	9
Demand (take-up)	3	10	11	12	10
Utilisation rate	76	76	75	75	76


01

coming online in 2016, price dynamics in the market could be negatively affected.

However, with much of this space being brought online in a phased approach and demand forecasted to grow, the market will be strong enough to weather any oversupply situation. Opportunities will open up for greater consolidation in view of eroding margins from smaller providers. In addition, much of the new supply coming online will be in the outer regions of Greater London and beyond, presenting less of an impact for facilities' prices in central London.

Providers in London still view plenty of opportunities in the market – as evidenced in the strong supply pipeline. London will continue to be the first choice for companies looking to provide hosting, colocation and other infrastructure services, both within the UK and out to Western Europe. Average utilisation rate across London was estimated to be 76% as at end 2015.

Amsterdam, the Netherlands

The Netherlands has been sheltered to some extent from the negative economic trends seen across other Eurozone countries in recent years. Its GDP has been projected to grow 2.5% in 2016 by the OECD.

Amsterdam's thriving data centre industry has developed due to the city's high fibre network concentration and access to one of the largest Internet hubs in Europe – the AMS-IX. Its data centre market is the fourth largest in Europe in terms of operational square footage.

Demand for data centre services in Amsterdam comes mainly from cloud service providers and international companies expanding into Europe. It is one of the first points of call for many international service providers and enterprises. In recent years, this demand has mostly come from Asia Pacific-based companies. In addition, increasing regulation of data – where it flows and where it is stored – is likely to boost demand for data centre space

01 *Demand for data centre space in London has outstripped supply for the first time since 2009.*

Business and Market Review

01

in many countries in Europe, including the Netherlands.

The data centre market has experienced some challenges in recent years. Some space has taken longer than expected to fill, and several providers have held off expansion plans or focused on other European markets instead. While a significant amount of supply has come into the Amsterdam market in recent years, many providers say they are looking to expand due to high utilisation rates in a number of facilities. Supply is expected to grow 12% in 2016. Similar to what was seen in the London market in recent years, additional supply has asserted pressure on pricing. However, providers have opined that rental rates are stabilising and price differentiation will be greatly dependent on quality of infrastructure, connectivity, and overall proposition.

Some providers are concerned that cloud service firms will build their own facilities in cities that offer power and land at lower costs, as well as incentives to build. However, nearly all customers in the market seek connectivity options, which are not easily found in self-built facilities. Most providers have seen demand remain fairly constant, as large cloud providers continue to lease space and telecommunications companies seek to expand. At the same time, systems integrators and content delivery network (CDN) providers are also showing average to high levels of demand.

In 2014, 75,500 operational sq ft of supply was added to the market and in 2015, 130,000 operational sq ft was added. Average utilisation rate as at end 2015 was approximately 76%. Amsterdam is expected to continue to be a popular data centre location.

Dublin, Ireland

Ireland's GDP is projected to grow by 4.1% in 2016 according to the OECD. This makes it one of the fastest growing economies in the EU. Ireland has maintained a corporate tax rate lower than in other European countries. This, along with its educated workforce, has drawn most of the big web-scale businesses to Dublin, such as Amazon, PayPal, Microsoft and Google.

More than 700 multinational companies contribute to data centre demand in Dublin, along with demand from digital media and content, online gaming companies and insurance firms. About 90% of MTDC customers in the market are international firms, with demand driven largely by US corporations looking to establish a cost efficient point of presence in Europe. Most of this US demand is from the medical technology, media, and insurance industries, as well as cloud service providers.

More demand can be expected from big data analytics service providers with the government's investment in Centre for Applied Data Analytics Research. Two new undersea cables are due to come online in 2016 and 2017, connecting the US, Ireland and the UK which should add to the

01 *Stringent data protection regulations have contributed to growth in demand for data centre space in Europe.*

market's appeal. Dublin data centre providers also see growth potential in the emerging demand for hosting of enterprise hybrid cloud.

MTDC capacity in Dublin currently outstrips demand, which could worsen as some large web-scale tenants build their own facilities and potentially exit leased space. Supply grew roughly 40,000 operational sq ft in 2015. Continued pricing pressure is expected for the next year or so until more of the available space is leased. Average utilisation rate was 67% as at end 2015.

Frankfurt, Germany

As the largest economy in Europe, Germany plays an important role in the development of the MTDC, cloud and hosting sectors across the region. However, its growth in the past few years has been relatively stagnant, although the OECD forecasts 1.8% growth for the country in 2016. Another challenge faced by the data centre industry is that Germany has some of the highest electricity costs in Europe.

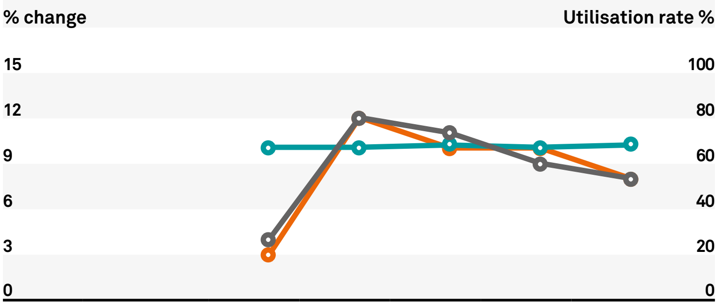
Nevertheless, Frankfurt's data centre market remains robust. Demand is being driven by cloud service providers, financial services, digital media and general connectivity needs between Eastern and Western parts of Europe. Demand for colocation and other IT services remain strong. Frankfurt will also see most new capacity coming online over the next year pre-committed by tenants.

Due to more stringent data protection regulations, tenants favour Frankfurt because of its excellent connectivity. Internet exchange provider DE-CIX has heightened the focus on this market and its access to growing markets and business in Eastern Europe. It is also becoming much easier to onboard services from Austria, Stockholm, Italy and the Middle East because of connectivity into the city. In addition, Frankfurt is also seeing the cost of bandwidth becoming more competitive, in tandem with the cost of connectivity as telecommunications companies and colocation providers increase connectivity options.

Outsourcing remains on the rise and there are still opportunities for growth as more German enterprises move to hybrid cloud. This suggests that Frankfurt will see higher growth rates than other European markets in 2016 and 2017.

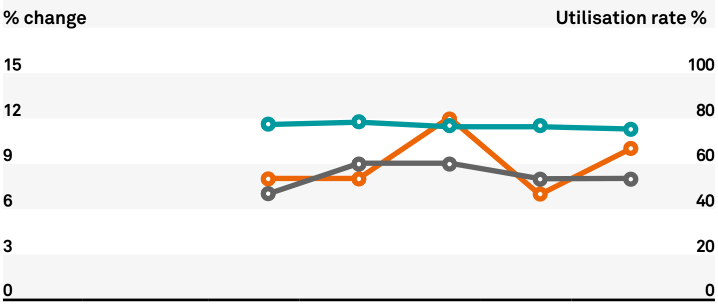
An estimated 141,051 sq ft of operational space have been brought online in Frankfurt in 2014 and 158,986 sq ft in 2015. The average utilisation rate was 78% at end 2015.

MTDC Supply, Demand and Utilisation in Dublin



	2014	2015	2016	2017	2018
Supply added	3	12	10	10	8
Demand (take-up)	4	12	11	9	8
Utilisation rate	67	67	68	67	68

MTDC Supply, Demand and Utilisation in Frankfurt



	2014	2015	2016	2017	2018
Supply added	8	8	12	7	10
Demand (take-up)	7	9	9	8	8
Utilisation rate	77	78	76	76	75

Portfolio Review

Overview

Weighted Average Lease Expiry

8.7 years

The long portfolio weighted average lease expiry enhances the REIT's income stream stability.

Portfolio Occupancy

94.8%

The REIT maintained a healthy portfolio occupancy rate with seven of its nine data centre assets at full occupancy.

The Manager remains focused on building a resilient portfolio and optimising its performance to provide Unitholders with regular and stable distributions, as well as long-term growth potential.

Strategic Acquisitions for Growth

The Manager actively pursues accretive acquisitions in Asia Pacific and Europe to capture the growth potential of the data centre industry. The Manager is constantly on the lookout for opportunities to acquire assets that would complement its portfolio and enhance the total returns to Unitholders, with potential for long-term income and capital growth.

Keppel DC REIT made its first acquisition within five months of listing on the Singapore Exchange with the purchase of Intellicentre 2 (IC2) in Sydney at a consideration of A$43.3 million. The addition expanded the REIT's portfolio to nine data centre properties in Asia Pacific and Europe. Completed in 2012, IC2 is a carrier-neutral data centre located in Macquarie Business Park, a research and business park located 12km from Sydney's central business district with a concentration of communications and information technology (IT) companies.

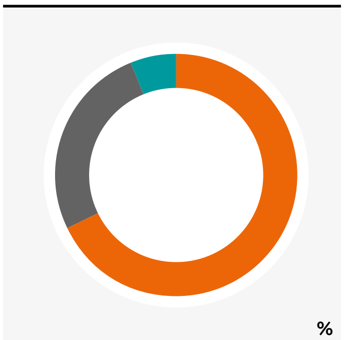
The sale and leaseback transaction with Macquarie Telecom enhanced the REIT's income stability with a 20-year triple-net lease that included annual rental escalations and two renewal options of five years each. Under the lease, the client will manage the facility and bear all property-related outgoings. The acquisition has also strengthened the market presence of Keppel DC REIT in Sydney, allowing the REIT to tap the growth potential of a prominent data centre hub in Australia.

Five months after its first acquisition, Keppel DC REIT expanded its portfolio into the German data centre market with a forward purchase agreement to acquire maincubes Data Centre (maincubes DC) from maincubes One Immobilien GmbH & Co. KG. maincubes DC is strategically sited on 5,596 sqm of freehold land in Offenbach am Main data centre hub and located close to the data centre-neutral fibre provider DE-CIX, which enables its end-users to benefit from minimal latency.

Total purchase consideration for the fully fitted facility was €84.0 million, with 10% of the purchase price paid on the signing of the contract in October 2015 and the remaining payable upon legal and building completion expected in 2018. During the construction period of the data centre, Keppel DC REIT will receive regular coupon payments from the Vendor, making the acquisition immediately accretive to the REIT's Distribution Per Unit. As maincubes DC's vendor will assume responsibilities for development of the data centre, the acquisition of maincubes DC is not considered as development activity.

The acquisition is backed by a 15-year triple-net lease agreement with a related party of maincubes DC's vendor which will bear all operating expenses. The lease, which will commence upon building completion, provides for annual rental escalations and three renewal options of five years each. The acquisition of maincubes DC has expanded Keppel DC REIT's geographical presence in Europe. It will further diversify Keppel DC REIT's income stream and improve the portfolio's weighted average lease expiry and age.

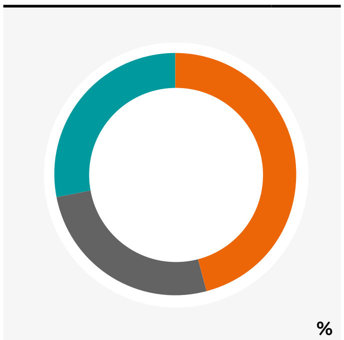
Rental Income[(1)] Breakdown by Lease Type



	%
Colocation	67.9
Fully fitted	26.0
Shell and core	6.1
Total	**100**

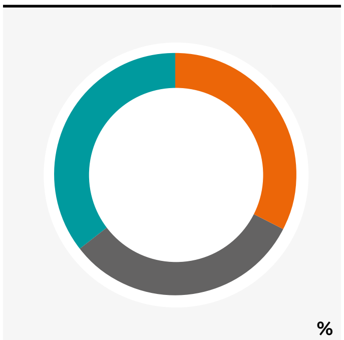
[(1)] Rental income for the month of December 2015

Portfolio AUM by Geography
(as at 31 December 2015)



	%
Asia	45.9
Australia	26.2
Europe	27.9
Total	**100**

Portfolio Lettable Area by Geography
(as at 31 December 2015)



	%
Asia	32.6
Australia	32.0
Europe	35.4
Total	**100**

Balanced Portfolio

As at 31 December 2015, Keppel DC REIT has approximately $1.07 billion of assets under management (AUM) comprising nine assets with a combined lettable area of more than 597,900 sq ft across Asia Pacific and Europe.

The portfolio is well diversified in terms of client profile and lease expiries, with a good mix of fully fitted as well as shell and core assets with stable long-term leases, and colocation assets.

In the month of December 2015, colocation assets constituted approximately 67.9% of Keppel DC REIT's rental income while fully fitted assets and shell and core assets accounted for approximately 32.1%.

Attractive Portfolio Characteristics and Age

Keppel DC REIT's assets are relatively new with the portfolio's average age at 6.5 years as at 31 December 2015. The young portfolio of assets strategically located in key data centre hubs will continue to meet the rising demand for quality data centre space.

Geographical Diversification

Keppel DC REIT's nine assets span seven cities in six countries. As at end 2015, the total portfolio presence in Asia, made up of two assets in Singapore and one in Malaysia, represented about $491.5 million[1] (45.9%) of Keppel DC REIT's total portfolio value. Keppel DC REIT owns three assets each in Europe and Australia, valued at approximately $299.1 million[1] (27.9%) and $280.7 million[1] (26.2%) of the total portfolio respectively.

In terms of lettable area, Keppel DC REIT's portfolio is evenly spread across the three main geographical regions in Asia, Europe and Australia. As at 31 December 2015, the two assets in Singapore and the asset in Malaysia contributed 195,142 sq ft of lettable area, accounting for 32.6% of the total portfolio lettable area. Keppel DC REIT's three assets in Europe comprised 211,493 sq ft of lettable area, accounting for 35.4% of the total portfolio lettable area. The three assets in Australia had about 191,274 sq ft of lettable area and constituted 32.0% of the total portfolio lettable area.

[1] Based on exchange rates of S$1.00 = A$0.986, S$1.00 = £0.462, S$1.00 = RM3.097, S$1.00 = €0.659 as at 31 December 2015.

Portfolio Statistics

	As at 31 December 2015	At IPO (12 December 2014)
Lettable Area	597,909 sq ft	509,913 sq ft
Valuation	$1.07 billion	$1.02 billion[(2)]
Number of clients[(1)]	36	34
Occupancy	94.8%	93.5%
Weighted Average Lease Expiry	8.7 years	7.8 years

[(1)] "Clients" shall refer to those contracted under service level agreements with Keppel DC REIT and/or its subsidiaries with the exceptions of S25 and T25 where clients refer to those who contracted with Keppel Digihub and Keppel Datahub respectively. Certain clients have signed more than one colocation contracts using different entities.

[(2)] Valuation as at 30 September 2014.

Portfolio Review

Overview

Strong and Diverse Client Base

Keppel DC REIT's proactive leasing and marketing strategy led to a healthy portfolio occupancy rate of 94.8% as at 31 December 2015. Of the nine assets in Keppel DC REIT's portfolio, seven assets were fully leased as at end 2015. The seven assets are T25 in Singapore, Basis Bay Data Centre in Cyberjaya, Gore Hill Data Centre and Intellicentre 2 in Sydney, iseek Data Centre in Brisbane, GV7 Data Centre in London and Almere Data Centre in Almere.

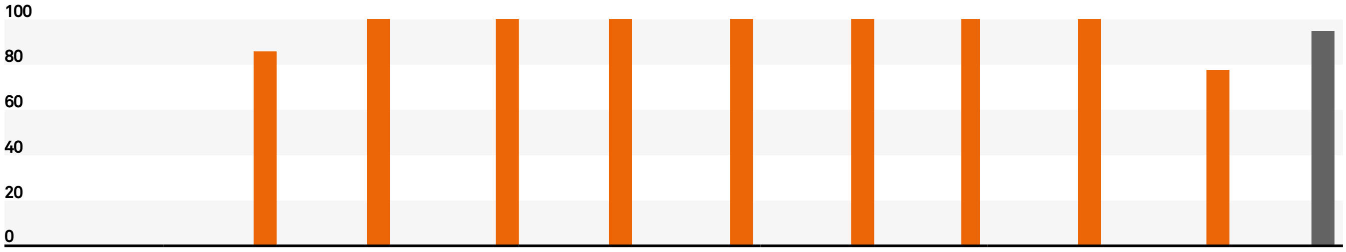
Keppel DC REIT derives its income from a diverse mix of clients[1] across various sectors. The IT services sector represented the largest source of rental income of about 39.0%, while clients[1] from the internet enterprises industry contributed about 24.6%. The remainder were from the telecommunications, financial services and corporate sectors which contributed 19.0%, 13.1% and 4.3% respectively.

The top ten clients[1] in Keppel DC REIT's portfolio based on rental income are primarily from the internet enterprises, IT services and telecommunications industries. Keppel DC REIT's income sources are mainly derived from the fast growing technology industries buoyed by positive industrial growth trends globally.

Favourable Lease Expiry Profile

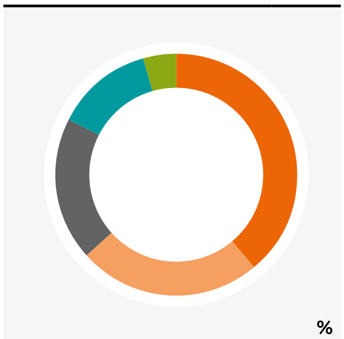
Keppel DC REIT's long portfolio weighted average lease expiry enhances the stability of the REIT's income streams. As at 31 December 2015, the portfolio weighted average lease expiry by

Occupancy Rates (%)
(as at 31 December 2015)



	S25	T25	Basis Bay DC	Gore Hill DC	Intellicentre 2	iseek DC	GV7 DC	Almere DC	Citadel 100 DC	Portfolio
Occupancy Rates (%)	**85.7**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**77.4**	**94.8**

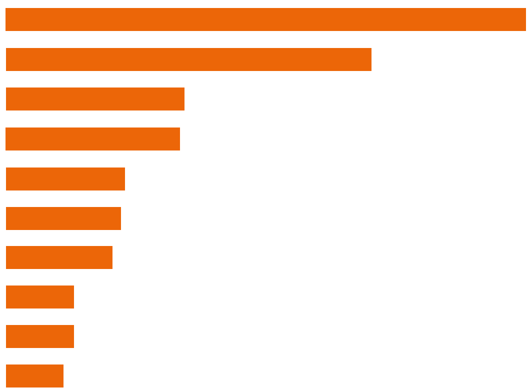
Rental Income[(1)] Breakdown by Client's Trade Sector



	%
IT Services	39.0
Internet Enterprise	24.6
Telecommunications	19.0
Financial Services	13.1
Corporate	4.3
Total	**100**

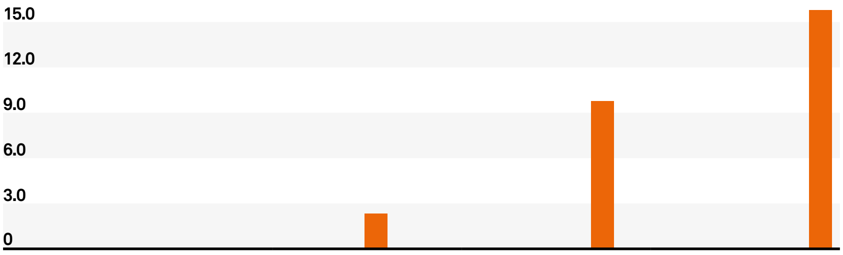
[(1)] Rental income for the month of December 2015

Top 10 Clients[(1)(2)(3)] by Rental Income[(4)] (%)
(for the month of December 2015)



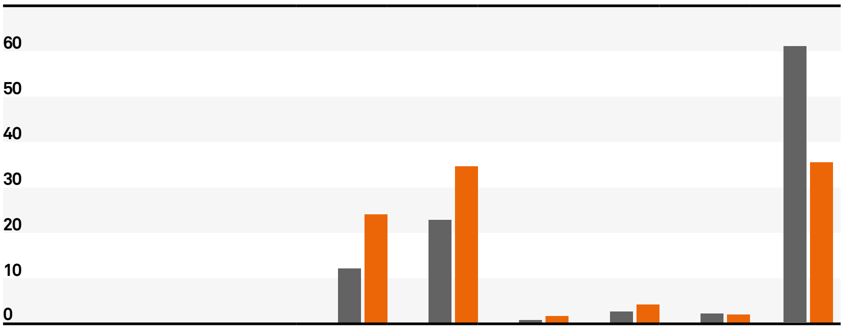
[(1)] The names of the clients cannot be identified and matched to the information set out above as many of the lease arrangements and colocation arrangements contain confidentiality provisions. Furthermore, there are commercial sensitivities involved due to the mission-critical nature of data centre operations and some clients would prefer to keep their presence in a data centre facility confidential in order to minimise the risk of physical threats and/or intrusions.
[(2)] "Clients" shall refer to those contracted under service level agreements with Keppel DC REIT and/or its subsidiaries with the exceptions of S25 and T25 where clients refer to those who contracted with Keppel Digihub and Keppel Datahub respectively.
[(3)] Certain clients have signed more than one colocation contracts using different entities.
[(4)] Includes the 1.0% interest in Basis Bay Data Centre held by the Basis Bay Vendor.

Breakdown of Weighted Average Lease Expiry by Lease Type (years)
(as at 31 December 2015)



	Colocation	Fully fitted	Shell and core
Weighted Average Lease Expiry (Years)	**2.3**	**9.7**	**15.7**

Portfolio Lease Expiry Profile (%)
(as at 31 December 2015)



	2016	2017	2018	2019	2020	>2020
Lease Expiry (by Lettable Area) (%)	**11.8**	**22.5**	**1.0**	**2.4**	**1.9**	**60.4**
Lease Expiry (by Rental Income) (%)	**23.6**	**34.3**	**1.4**	**3.9**	**1.7**	**35.0**

lettable area was 8.7 years, an increase from 7.8 years on Listing Date. The colocation, fully fitted as well as shell and core assets have weighted average lease expiry at 2.3 years, 9.7 years and 15.7 years respectively. The weighted average lease expiry of the top 10 clients[1] in Keppel DC REIT's portfolio is at 9.0 years.

In 2015, the weighted average lease expiry of new leases taken up by Keppel DC REIT was 18.2 years and in terms of rental income, the new leases represents 2.4% of the total rental income in the portfolio.

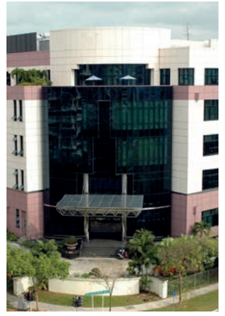
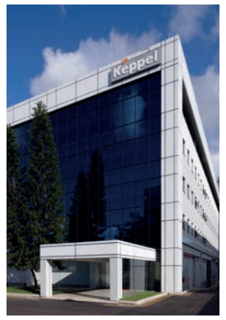
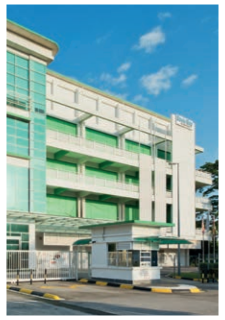
Keppel DC REIT's lease expiry profile is also well-staggered with 60.4% of the portfolio's total lettable area having more than five years to expiry as at 31 December 2015. Not more than 22.5% of the portfolio's lettable area will be up for renewal in any single year over the next five years, underpinning the long-term stability of the portfolio. The leases that are due for renewal in 2016, 2017 and 2018 accounted for 11.8%, 22.5% and 1.0% of the portfolio's lettable area respectively.

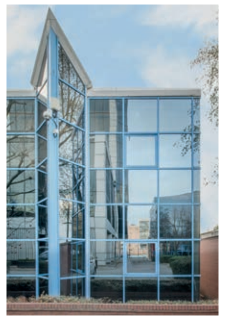
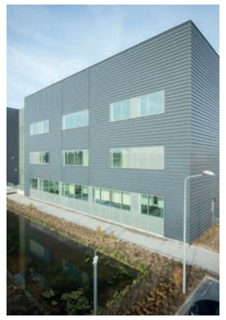
In terms of the REIT's lease expiry profile by rental income, not more than 34.3% of the portfolio's rental income will be up for renewal in any single year over the next five years. The leases that are due for renewal in 2016, 2017 and 2018 accounted for 23.6%, 34.3% and 1.4% of the portfolio's rental income respectively.

[1] "Clients" shall refer to those contracted under service level agreements with Keppel DC REIT and/or its subsidiaries with the exceptions of S25 and T25 where clients refers to those who contracted with Keppel Digihub and Keppel Datahub respectively.

Portfolio Review

Property Portfolio at a Glance

Property	S25	T25	Basis Bay Data Centre	Gore Hill Data Centre	Intellicentre 2
					
Location	25 Serangoon North Avenue 5, Singapore 554914	25 Tampines Street 92, Singapore 528877	No. 4710, Jalan Cyber Point 5, Zone Flagship Cyberjaya 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia	5 Broadcast Way (South Gate) Artarmon, New South Wales 2064, Australia	17 – 23 Talavera Road, Macquarie Park New South Wales 2113, Australia
Land Lease Title	Leasehold (Expiring 30 September 2025, with option to extend by 30 years)	Leasehold (Expiring 31 July 2021, with option to extend by 30 years)	Freehold	Freehold	Freehold
Ownership Interest	100%	100%	99%	100%	100%
Land Area (sq ft)	78,928	53,820	64,809	72,032	215,612
Gross Floor Area (sq ft)	225,945	106,726	88,600	127,283	–
Lettable Area (sq ft)	109,574	36,888	48,680	90,955	87,930
Number of Clients[2]	20	4	1	3	1
Lease Type	Keppel lease / Colocation	Keppel lease / Colocation	Double-net lease (Fully fitted)	Triple-net lease (Shell and core) / Colocation	Triple-net lease (Shell and core)
Facility Manager	Keppel Digihub[3]	Keppel Datahub[4]	–	iseek-KDC[5]	–
Occupancy Rate	85.7%	100%	100%	100%	100%
Appraised Value ($mil)[6]	275.0	179.0	37.5	202.8	48.0
Age of Building (years)[7]	2.3	5.3	7.3	5.3	3.6

Property	iseek Data Centre	GV7 Data Centre	Almere Data Centre	Citadel 100 Data Centre	maincubes Data Centre (Under Development)
					
Location	2 Cycas Lane, Brisbane Airport, Queensland 4009, Australia	7 Greenwich View Place, Millharbour Road, London E14, 9NN, United Kingdom	Rondebeltweg 62 'Sallandsekant' Business Park, Almere, the Netherlands	Citadel 100 – Unit 4031 – 4033 Citywest Business Park Co Dublin	Goethering 29, Offenbach am Main, Germany
Land Lease Title	Leasehold (Expiring 29 June 2040, with an option to extend by 7 years)	Leasehold (Expiring 28 September 2183)	Freehold	Leasehold (Expiring 11 April 2041)	Freehold
Ownership Interest	100%	100%	100%	100%	100%
Land Area (sq ft)	41,559	N.A.[1]	85,358	218,236	60,235
Gross Floor Area (sq ft)	28,955	34,848	–	125,044	–
Lettable Area (sq ft)	12,389	24,972	118,403	68,118	126,800
Number of Clients[2]	1	1	1	9	1
Lease Type	Double-net lease (Fully fitted)	Triple-net lease (Fully fitted)	Double-net lease (Fully fitted)	Colocation	Triple-net lease (Fully fitted)
Facility Manager	–	–	–	–	–
Occupancy Rate	100%	100%	100%	77.4%	100%
Appraised Value ($mil)[6]	29.9	82.2	129.7	87.2	127.4
Age of Building (years)[7]	6.3	15.5	8.3	16.3	Building is under development; completion expected in 2018

(1) For GV7 Data Centre, neither the lease nor the registered title of the Property refers, nor are they required to refer, to the land area of the Property.
(2) "Clients" shall refer to those contracted under service level agreements with Keppel DC REIT and / or its subsidiaries with the exceptions of S25 and T25 where clients refers to those who contracted with Keppel Digihub and Keppel Datahub respectively.
(3) Keppel DC REIT outsources facilities management of S25 to Keppel Digihub. Keppel Digihub is a wholly-owned subsidiary of Keppel Data Centres Holding, a joint venture company held indirectly by Keppel Telecommunications and Transportation Ltd and Keppel Land Limited in the proportion of 70% and 30% respectively.
(4) Keppel DC REIT outsources facilities management of T25 to Keppel Datahub. Keppel Datahub is a wholly-owned subsidiary of Keppel Data Centres Holding, a joint venture company held indirectly by Keppel Telecommunications and Transportation Ltd and Keppel Land Limited in the proportion of 70% and 30% respectively.
(5) Keppel DC REIT outsources facilities management to iseek-KDC in respect of the colocation space in Gore Hill Data Centre. iseek-KDC is 60% owned by Keppel Telecommunications and Transportation Ltd and 40% owned by iseek Pty Ltd.
(6) Based on an exchange rate of S$1.00 = A$0.986, S$1.00 = £0.462, S$1.00 = RM3.097, S$1.00 = €0.659 as at 31 December 2015.
(7) Calculated from date of Temporary Occupation Permit (TOP) or refurbishment, whichever is later.

Portfolio Review

Key Statistics
as at 31 December 2015

Location	25 Serangoon North Avenue 5, Singapore 554914
Land Lease Title	Leasehold (Expiring 30 September 2025, with option to extend by 30 years)
Ownership Interest	100%
Land Area (sq ft)	78,928
Gross Floor Area (sq ft)	225,945
Lettable Area (sq ft)	109,574
Number of Clients	20[1]
Lease Type	Keppel lease[2] / Colocation
Facility Manager	Keppel Digihub
Occupancy Rate	85.7%
Appraised Value ($mil)	275.0
Age of Building[3]	2.3 years

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S25

S25 is located at the junction of Serangoon North Avenue 4 and Avenue 5 in Singapore. It is situated within the Serangoon North Industrial Estate, some 10.5km North of the city centre. The property is well-connected by expressways such as the Central Expressway and Kallang-Paya Lebar Expressway, as well as arterial roads, which provide efficient linkages to the city centre, the airport and other parts of the island.

S25 consists of a six-storey data centre main building and an adjoining five-storey annexe infrastructure building. The main building was originally built in the 1990s and converted for use as a data centre in 2001. This was followed by major retrofitting works between 2011 and 2013 to further upgrade the data centre specifications. In 2015, S25 was awarded by TÜV SÜD PSB the SS564 Part-1:2013 Energy and Environment Management System for Provision of Data Centre Colocation Services, SS577:2012 Water Efficiency Management System for Provision of Green Data Centre and Water Efficiency Building, as well as the ISO 9001:2008 Quality Management System for Provision of Data Centre Colocation Services.

NOTES:

(1) Based on the number of underlying clients which have entered into colocation arrangements with Keppel Digihub, treating the S25 lease on a pass-through basis to the underlying clients. Keppel DC REIT has in place the S25 lease with Keppel Digihub pursuant to which Keppel DC REIT will grant a lease for a term of 10 years to Keppel Digihub, with an option to renew for a further term of five years subject to JTC's consent, and on terms to be agreed between Keppel DC REIT and Keppel Digihub.

(2) Refers to the S25 lease which has been entered into by Keppel DC REIT with Keppel Digihub in relation to S25. However, due to the pass-through nature of the S25 lease, Keppel DC REIT will substantially enjoy the benefit and assume the liabilities of the colocation arrangements entered into by Keppel Digihub and the underlying clients.

(3) Calculated from the date of refurbishment.

T25

T25 is located along Tampines Street 92, off Tampines Avenue 1 in Singapore. It is situated within the Tampines Industrial Park A, 12km from the city centre. The property is well connected by major roads and expressways such as the Pan-Island Expressway, Tampines Expressway and East Coast Parkway, which provide efficient links to the city centre, the airport and other parts of the island.

T25 consists of a five-storey main building and a four-storey annexe building. The main building was built in 1991 and was extensively retrofitted in 2010 for conversion to a data centre. In 2015, T25 was awarded the BCA-IDA Green Mark Gold[PLUS] Award for Data Centres, SS564 Part-1:2013 Energy and Environment Management System for Operation of Green Data Centre, and ISO 9001:2008 Quality Management System for Provision of Data Centre Colocation Services by TÜV SÜD PSB. In 2016, T25 was recently conferred the SS577:2012 Water Efficiency Management System for Provision of Green Data Centre and Water Efficiency Building by TÜV SÜD PSB.

***01 & 02** During the year, S25 and T25 received recognition from TÜV SÜD PSB for Keppel DC REIT's commitment to sustainability.*

02

Key Statistics
as at 31 December 2015

Location	25 Tampines Street 92, Singapore 528877
Land Lease Title	Leasehold (Expiring 31 July 2021, with option to extend by 30 years)
Ownership Interest	100%
Land Area (sq ft)	53,820
Gross Floor Area (sq ft)	106,726
Lettable Area (sq ft)	36,888
Number of Clients	4[(1)]
Lease Type	Keppel lease[(2)] / Colocation
Facility Manager	Keppel Datahub
Occupancy Rate	100%
Appraised Value ($mil)	179.0
Age of Building[(3)]	5.3 years

NOTES:

(1) Based on the number of underlying clients which have entered into colocation arrangements with Keppel Datahub, treating the T25 lease on a pass-through basis to the underlying clients. Keppel DC REIT has in place the T25 lease with Keppel Datahub pursuant to which Keppel DC REIT will grant a lease for a term of 10 years to Keppel Datahub, with an option to renew for a further term of five years subject to HDB's consent, and on terms to be agreed between Keppel DC REIT and Keppel Datahub.

(2) Refers to the T25 lease which has been entered into by Keppel DC REIT with Keppel Datahub in relation to T25. However, due to the pass-through nature of the T25 lease, Keppel DC REIT will substantially enjoy the benefit and assume the liabilities of the colocation arrangements entered into by Keppel Digihub and the underlying end-clients.

(3) Calculated from the date of refurbishment.

Portfolio Review

Key Statistics
as at 31 December 2015

Location	No. 4710, Jalan Cyber Point 5, Zone Flagship Cyberjaya 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia
Land Lease Title	Freehold
Ownership Interest	99%
Land Area (sq ft)	64,809
Gross Floor Area (sq ft)	88,600
Lettable Area (sq ft)	48,680
Number of Clients	1
Lease Type	Double-net lease (Fully fitted)
Occupancy Rate	100%
Appraised Value ($mil)[(1)(2)]	37.5
Age of Building[(3)]	7.3 years

NOTES:
(1) Includes the 1.0% interest in Basis Bay Data Centre which is held by E-Basis Bay Sdn Bhd.
(2) Based on an exchange rate of S$1.00 = RM3.097 as at 31 December 2015.
(3) Calculated from the date of building completion.

Basis Bay Data Centre

Basis Bay Data Centre is located in the township of Cyberjaya, Malaysia, approximately 35km Southwest of the Kuala Lumpur City Centre and 26km Northwest of the Kuala Lumpur International Airport.

Cyberjaya features a science park which forms a key part of the Multimedia Super Corridor in Malaysia. The Multimedia Super Corridor covers 750km^2 and is equipped with world-class physical infrastructure as well as a next-generation 2.5 to 10GB multimedia network. The township was planned to provide comprehensive infrastructure with a principal emphasis on its enterprise and office development as the catalyst for the growth of information and communications technology enterprises and the multimedia industry in Malaysia.

Cyberjaya is well connected by the major roads and expressways which form an integral part of the comprehensive transportation network facilitating efficient traffic flow within the entire Klang Valley. There is also an Express Rail Link service to Cyberjaya from Kuala Lumpur International Airport via KLIA Transit. These connections provide good all-round accessibility of Cyberjaya to other strategic economic areas in the greater Klang Valley.

Basis Bay Data Centre is a four-storey facility, with an adjoining two-storey office building. Completed in 2009, the building was built with provision for future expansion.

01

02

Key Statistics
as at 31 December 2015

Location	5 Broadcast Way (South Gate) Artarmon, New South Wales 2064, Australia
Land Lease Title	Freehold
Ownership Interest	100%
Land Area (sq ft)	72,032
Gross Floor Area (sq ft)	127,283
Lettable Area (sq ft)	90,955
Number of Clients	3
Lease Type	Triple-net lease (Shell and core) / Colocation
Facility Manager	iseek-KDC(1)
Occupancy Rate	100%
Appraised Value ($mil)(2)	202.8
Age of Building(3)	5.3 years

NOTES:

(1) Keppel DC REIT outsources facilities management to iseek-KDC in respect of the colocation space at Gore Hill Data Centre which is used by the two end-clients. iseek-KDC is 60% owned by Keppel Telecommunications and Transportation Ltd and 40% owned by iseek Pty Ltd.

(2) Based on an exchange rate of S$1.00 = A$0.986 as at 31 December 2015.

(3) Calculated from the date of building completion.

Gore Hill Data Centre

Gore Hill Data Centre is located within Gore Hill Technology Park in Australia, a mixed use commercial and technology area located approximately 9km Northwest of Sydney's central business district. The facility is located on one of Sydney's main power and data arteries, allowing access to large, secure power sources and multiple carrier networks. The Gore Hill Expressway, M2, M5 and M7 motorways are all easily accessible, giving excellent transport connectivity to many other parts of greater Sydney.

Gore Hill Technology Park contains a mix of data centres, Grade A offices, retail and community sporting facilities. Gore Hill Data Centre is a four-storey facility built in 2011 with additional capital works undertaken in the first half of 2012 and in mid-2013 to facilitate client requests.

01 *Located in Cyberjaya, Basis Bay Data Centre enjoys world-class infrastructure and connectivity.*

02 *Gore Hill Data Centre has access to large, secure power sources and multiple carrier networks on one of Sydney's main power and data arteries.*

Portfolio Review

Key Statistics
as at 31 December 2015

Location	17-23 Talavera Road, Macquarie Park New South Wales 2113, Australia
Land Lease Title	Freehold
Ownership Interest	100%
Land Area (sq ft)	215,612
Gross Floor Area (sq ft)	–
Lettable Area (sq ft)	87,930
Number of Clients	1
Lease Type	Triple-net lease (Shell and core)
Occupancy Rate	100%
Appraised Value ($mil)[1][2]	48.0
Age of Building[3]	3.6 years

NOTES:

(1) Based on an exchange rate of S$1.00 = A$0.986 as at 31 December 2015.

(2) The consideration for the acquisition at A$43.3 million was arrived at on a willing-buyer and willing-seller basis and supported by the independent valuation of Intellicentre 2 by Colliers International, commissioned by the Manager. Colliers International, in its valuation report dated 12 February 2015, and the Letter of Addendum dated 29 April 2015, stated that the market value of the 100.0% interest in the shell and core building of Intellicentre 2 was A$47.3 million, using income capitalisation and discounted cash flow methods.

(3) Calculated from the date of building completion.

01

Intellicentre 2

Intellicentre 2 is a carrier-neutral data centre that is strategically located within the Macquarie Business Park. The site is located in the North of Sydney at 17-23 Talavera Road, and is 12km away from Sydney's central business district. Talavera Road is well served by all major telecommunication carriers, with ample network capacity available.

Macquarie Business Park is a research and business park in Sydney with a concentration of companies in the communications and information technology sectors. It is set on over 200ha of commercial land and is the second largest commercial office region in New South Wales after Sydney's central business district. The business park is projected to become Australia's fourth largest central business district (behind Sydney, Melbourne and Brisbane) by 2030. Macquarie Park also offers a plethora of lifestyle and entertainment options, from campgrounds and bushwalks to a wide range of shopping, dining and entertainment choices.

Intellicentre 2 is a two-storey data centre built in 2012.

***01** Intellicentre 2 was Keppel DC REIT's maiden acquisition five months after listing.*

***02** iseek Data Centre is a two-storey energy efficient facility in Brisbane.*

iseek Data Centre

iseek Data Centre is located in the Export Park Precinct of Brisbane Airport in Australia, a locality comprising five distinct development areas, as well as a commercial and lifestyle precinct on approximately 600ha of land. Sitting on elevated land, iseek Data Centre is situated away from flood prone areas and in close proximity to secure power sources. The data centre is purpose-built to serve clients that have high power density requirements.

iseek Data Centre is a two-storey energy efficient facility built in 2010. It clinched the 2012 Property Council of Australia's "Best Sustainable Development – New Buildings" award and Queensland Development of the Year 2012.

02

Key Statistics
as at 31 December 2015

Location	2 Cycas Lane, Brisbane Airport, Queensland 4009, Australia
Land Lease Title	Leasehold (Expiring 29 June 2040, with an option to extend by 7 years)
Ownership Interest	100%
Land Area (sq ft)	41,559
Gross Floor Area (sq ft)	28,955
Lettable Area (sq ft)	12,389
Number of Clients	1
Lease Type	Double-net lease (Fully fitted)
Occupancy Rate	100%
Appraised Value ($mil)[1]	29.9
Age of Building[2]	6.3 years

NOTES:

(1) Based on an exchange rate of S$1.00 = A$0.986 as at 31 December 2015.

(2) Calculated from the date of building completion.

Portfolio Review

Key Statistics
as at 31 December 2015

Location	7 Greenwich View Place, Millharbour Road, London E14, 9NN, United Kingdom
Land Lease Title	Leasehold (Expiring 28 September 2183)
Ownership Interest	100%
Land Area (sq ft)	N.A.[1]
Gross Floor Area (sq ft)	34,848
Lettable Area (sq ft)	24,972
Number of Clients	1
Lease Type	Triple-net lease (Fully fitted)
Occupancy Rate	100%
Appraised Value ($mil)[2]	82.2
Age of Building[3]	15.5 years

NOTES:
(1) For GV7 Data Centre, neither the lease nor the registered title of the Property refers to, nor are they required to refer to, the land area of the Property.
(2) Based on an exchange rate of S$1.00 = £0.462 as at 31 December 2015.
(3) Calculated from the date of refurbishment.


01

GV7 Data Centre

GV7 Data Centre is located in Greenwich View Place, London. Greenwich View Place is approximately 750m South of Canary Wharf, East London and is a secured estate which primarily houses data centres and office accommodation services. As a result of excellent fibre optic connectivity, Greenwich View Place and its vicinity has established itself as a data centre hub with many of the operators offering high connectivity services.

GV7 Data Centre is a two-storey facility which was built in 1987 and extensively refurbished in 2000.

Almere Data Centre

Almere Data Centre is located in the Sallandsekant business estate, in the city of Almere, the Netherlands. The property is located approximately 50km from Schiphol airport and 135km from Rotterdam harbour.

Sallandsekant business estate is targeted at users of logistics properties and has several distribution centres with well-known names establishing a presence there. The city is well-connected by a network of motorways including the A1, A6 and A27 which link to various other cities and parts of the Netherlands. Public transport to the business estate is provided by two local bus lines.

Almere Data Centre is a three-storey facility built in 2008.

01 *GV7 Data Centre is located in close proximity to Canary Wharf and enjoys excellent fibre optic connectivity.*

02 *Almere Data Centre is located in close proximity to Amsterdam, which has the fourth largest data centre market in Europe.*

02

Key Statistics
as at 31 December 2015

Location	Rondebeltweg 62 'Sallandsekant' Business Park, Almere, the Netherlands
Land Lease Title	Freehold
Ownership Interest	100%
Land Area (sq ft)	85,358
Gross Floor Area (sq ft)	–
Lettable Area (sq ft)	118,403
Number of Clients	1
Lease Type	Double-net lease (Fully fitted)
Occupancy Rate	100%
Appraised Value ($mil)(1)	129.7
Age of Building(2)	8.3 years

NOTES:

(1) Based on an exchange rate of S$1.00 = €0.659 as at 31 December 2015.

(2) Calculated from the date of building completion.

Portfolio Review

Key Statistics
as at 31 December 2015

Location	Citadel 100 – Unit 4031 – 4033 Citywest Business Park Co Dublin
Land Lease Title	Leasehold (Expiring 11 April 2041)
Ownership Interest	100%
Land Area (sq ft)	218,236
Gross Floor Area (sq ft)	125,044
Lettable Area (sq ft)	68,118
Number of Clients	9
Lease Type	Colocation
Occupancy Rate	77.4%
Appraised Value ($mil)(1)	87.2
Age of Building(2)	16.3 years

NOTES:
(1) Based on an exchange rate of S$1.00 = €0.659 as at 31 December 2015.
(2) Calculated from the date of building completion.

Citadel 100 Data Centre

Citadel 100 Data Centre is located in the Citywest Business Campus, a prime suburban industrial / commercial location in Dublin. It is approximately 14km Southwest of Dublin City Centre and South of Junction Three of the N7 National Road. The Citywest Business Campus is immediately located South of the N7 Dublin-Limerick Road via its dedicated interchange and is now home to over 130 companies with an overall focus on technological innovation. In recent years, the area has secured a number of new occupiers. The Citywest Business Campus also makes provision for high specification industrial properties in a low density park environment. Dublin Bus operates a number of routes to Citywest Business Campus from the city centre and the Luas Red Line has also been recently extended to provide a station at Citywest Business Campus.

Citadel 100 Data Centre is a two-storey detached facility built in 2000 with several of the data halls in the building recently upgraded. Citadel 100 Data Centre was awarded the ISO 27001:2013 Information Security Management System for Provision of Data Centre Services by Certification Europe in 2015.

01

02

maincubes Data Centre (under development)

maincubes Data Centre, a fully fitted data centre, will be developed in Offenbach am Main, Germany. The site is located about 10km from Frankfurt and is strategically located within the data centre hub across Frankfurt and Offenbach.

The data centre hub where maincubes Data Centre is located comprises stand-alone data centres as well as data centre campuses owned by international and domestic colocation operators. maincubes Data Centre is situated about 800m away from the world's leading internet exchange point, DE-CIX. The proximity of maincubes Data Centre to the internet exchange point minimises latency issues which is a key consideration for end-users such as financial institutions and e-commerce firms.

***01** Citadel 100 Data Centre is located in Citywest Business Campus, home to more than 130 technology companies.*

***02** Artist's impression of maincubes Data Centre, which marks Keppel DC REIT's expansion into Germany. The facility is expected to be completed by 2018.*

Key Statistics
as at 31 December 2015

Location	Goethering 29, Offenbach am Main, Germany
Land Lease Title	Freehold
Ownership Interest	100%
Land Area (sq ft)	60,235
Gross Floor Area (sq ft)	–
Lettable Area (sq ft)	126,800
Number of Clients	1
Lease Type	Triple-net lease (Fully fitted)
Occupancy Rate (upon legal completion)	100%
Appraised Value ($mil)[(1)(2)]	127.4
Age of Building	Building is under development; completion expected in 2018

NOTES:

(1) Based on an exchange rate of S$1.00 = €0.659 as at 31 December 2015.

(2) The consideration for the acquisition at €84.0 million was arrived at on a willing-buyer and willing-seller basis and supported by the independent valuation of maincubes Data Centre by CBRE Ltd, which is an independent valuer appointed by the Manager. CBRE Ltd, in its valuation report dated 1 October 2015 stated that the market value of the 100.0% interest in maincubes Data Centre was €86.1 million as at 1 October 2015, using investment (income capitalisation) and discounted cash flow methods.

Financial Review

Overview

Keppel DC REIT consistently delivers value to investors despite the volatile macroeconomic landscape.

Distribution per Unit [1]

6.84cts

DPU was 1.9% higher than the IPO Forecast of 6.71 cents, with an annualised distribution yield of 6.97% based on the listing price of $0.930.

Distributable Income [1][2]

$**60.4**m

1.9% higher than IPO Forecast of $59.3m due to higher NPI, lower borrowing costs and realised gains from the settlement of foreign exchange forward contracts.

Group Overview

Keppel DC REIT (formerly known as Securus Data Property Trust) is a Singapore-domiciled real estate investment trust (REIT) established on 17 March 2011 and was listed on Singapore Exchange Securities Trading Limited (SGX-ST) on 12 December 2014 (Listing Date).

The financial review is for the financial period from Listing Date to 31 December 2015 (YTD 2015). For comparative purposes, it is more meaningful for the Unitholders to use the forecast figures for YTD 2015 (Forecast) which is derived from the Forecast Year 2015 as disclosed in the Prospectus.

The acquisition of the Singapore Properties, remaining issued share capital of subsidiaries and an associate it did not already hold, were completed on Listing Date, except for a 1.0% non-controlling interest in Basis Bay Data Centre. On 10 August 2015, Keppel DC REIT completed its maiden acquisition of Intellicentre 2 (IC2). In addition, on 28 October 2015, Keppel DC REIT expanded its data centre footprint to Germany with a forward sale and purchase agreement to acquire maincubes Data Centre (maincubes DC), a data centre that will be fitted out to Tier III specifications and is expected to be completed in 2018.

01

Group Financial Overview	12 December 2014 (Listing Date) to 31 December 2015[1]			1 January 2014 to 31 December 2014[3]
	Actual $'000	Forecast $'000	Change %	Actual $'000
Gross rental income	105,940	105,770	0.2	49,728
Other income	1,744	83	>100	4,967
Gross revenue	**107,684**	**105,853**	1.7	**54,695**
Property operating expenses	(16,387)	(16,123)	1.6	(4,463)
Net property income	**91,297**	**89,730**	1.7	**50,232**
Finance income	321	73	>100	–
Finance costs	(12,401)	(13,867)	(10.6)	(13,254)
Trustee's fees	(189)	(189)	–	(34)
Manager's base fee	(5,271)	(5,547)	(5.0)	(2,641)
Manager's performance fee	(3,429)	(2,950)	16.2	(167)
Audit fees	(270)	(300)	(10.0)	(154)
Valuation fees	(181)	(240)	(24.6)	(42)
Net realised gains on derivatives	771	–	Nm	–
Other trust expenses	(1,947)	(2,331)	(16.5)	(3,648)
Total return for the period/year before tax	**68,701**	**64,379**	6.7	**30,292**
Net fair value changes in investment properties	41,095	–	Nm	19,682
Share of results of an associate	–	–	–	119
Tax expenses	(5,577)	(4,221)	32.1	(5,058)
Total return for the period/year after tax	**104,219**	**60,158**	73.2	**45,035**
Attributable to:				
Unitholders	104,178	60,117	73.3	32,542
Non-controlling interests	41	41	–	12,493
	104,219	**60,158**	73.2	**45,035**
Total return for the period/year attributable to Unitholders	**104,178**	**60,117**	73.3	32,542
Net tax and other adjustments to total return after tax attributable to Unitholders	(43,784)	(834)	Nm	(5,181)
Distributable income[2]	**60,394**	**59,283**	1.9	**27,361**

(1) For the financial period of 385 days from Listing Date to 31 December 2015. The forecast figures were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.
(2) The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.
(3) The actual 2014 figures constitute both the results of Keppel DC REIT when it was a private trust from 1 January 2014 to 11 December 2014 and after it was listed on SGX-ST from Listing Date to 31 December 2014.

Nm = Not meaningful

01 *Higher variable rental income from the Singapore properties and contribution from IC2 supported NPI growth in YTD 2015.*

Financial Review

Income available for distribution for the financial period was $60.4 million, $1.1 million or 1.9% above the Forecast arising mainly from higher net property income (NPI), lower borrowing costs from the interest rates swaps entered into and realised gains from the settlement of foreign currency exchange contracts.

Accordingly, distribution per Unit of 6.84 cents was 1.9% higher than that of the Forecast. Annualised distribution yield based on the Initial Public Offering (IPO) price of $0.930 rose from the forecasted 6.84% to 6.97%. Based on the closing price of $1.015 as at 31 December 2015, YTD 2015 annualised distribution yield was 6.39% as compared to the Forecast of 6.27%.

Gross Revenue

Gross revenue for the period of $107.7 million outperformed the Forecast of $105.9 million by $1.8 million or 1.7% due to greater contributions from both gross rental income and other income.

Gross rental income for YTD 2015 was $105.9 million, comparable to the Forecast of $105.8 million, mainly due to higher variable rental income from the Singapore Properties, contribution from IC2, as well as an initial adoption for straight-lining of rental income in Citadel 100 Data Centre (Citadel 100). This was partially offset by lower rental income from Australia, Europe and Malaysia as a result of the depreciation of the Australian Dollar (AUD), Euro (EUR) and Malaysian Ringgit (MYR), against the Singapore Dollar (SGD) during the period.

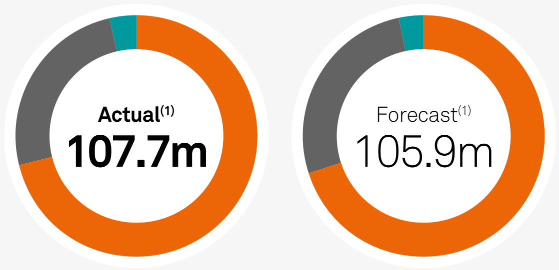
Other income was $1.7 million, arising from power-related revenue for the recovery of power costs and ad hoc service fees charged at the Gore Hill Data Centre (Gore Hill) and Citadel 100.

Net Property Income

NPI of $91.3 million for YTD 2015 surpassed the Forecast of $89.7 million by $1.6 million or 1.7%, arising from higher gross revenue partially offset by an increase in property operating expenses.

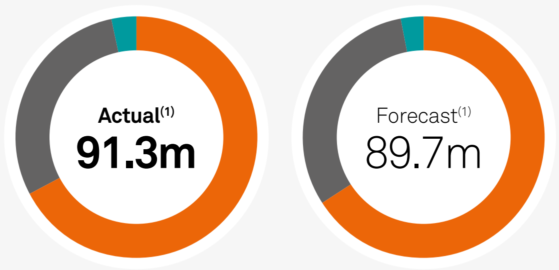
Property operating expenses for YTD 2015 of $16.4 million was $0.3 million or 1.6% higher, as compared to the Forecast of $16.1 million due to higher property tax in Singapore and the rise in contracted facility management costs for the Singapore Properties and Gore Hill. These were partially offset by lower property

Gross Revenue



	$'m Actual[1]	$'m Forecast[1]
Colocation	**76.7**	74.2
Fully fitted	**27.2**	28.3
Shell and core	**3.8**	3.4
Total	**107.7**	105.9

Net Property Income



	$'m Actual[1]	$'m Forecast[1]
Colocation	**61.4**	59.2
Fully fitted	**26.9**	27.9
Shell and core	**3.0**	2.6
Total	**91.3**	89.7

[1] Gross revenue and NPI relates to the financial period of 385 days from Listing Date to 31 December 2015. The forecast figures were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.

01

expenses in other countries from the depreciation of foreign currencies against the SGD.

Total Return Attributable to Unitholders

Total return attributable to Unitholders for YTD 2015 was $104.2 million. This was contributed by net fair value gains of $41.1 million in the investment properties from valuations performed by independent valuers as at 31 December 2015, offset by deferred tax liabilities of $1.9 million provided on the fair value gains for the properties in the Netherlands and Malaysia. Excluding these net fair value gains and deferred tax, YTD 2015 total return was $65.0 million; $4.9 million or 8.2% higher than the Forecast of $60.1 million. This was mainly due to higher NPI, foreign exchange gains recognised on revaluation of external borrowings, gains from the settlement of foreign exchange forward contracts, as well as lower borrowing costs. The increase was partially offset by non-recurring stamp duties incurred on the establishment of the REIT as well as the Manager's acquisition fees for IC2.

Distributable Income

Distributable income for the period of $60.4 million exceeded that of the Forecast by $1.1 million or 1.9%. On a quarter-by-quarter comparison for YTD 2015, Keppel DC REIT's quarterly distributable income had consistently outperformed that of the Forecast.

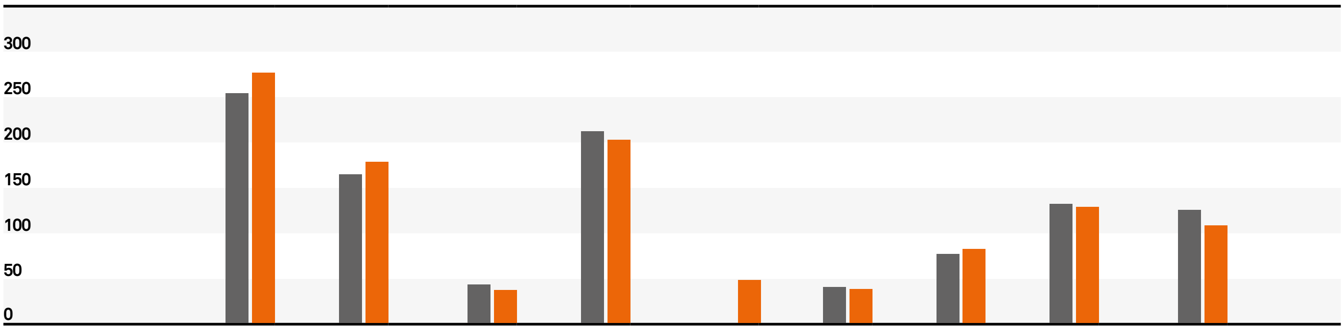
01 *Quarterly distributable income consistently outperformed the Forecast in the REIT's first year of listing.*

Distributable Income ($'m)

(1) "1Q" relates to the financial period of 110 days from Listing Date to 31 March 2015. The forecast figures were derived on a pro-rata basis from the Forecast Year 2015 as disclosed in the Prospectus.

Financial Review

Investment Properties[1] ($'m)
(as at 31 December)



	S25	T25	Basis Bay DC	Gore Hill DC	Intellicentre 2	iseek DC	GV7 DC	Almere DC	Citadel 100 DC	Total
2014	252.9	163.8	43.3	210.9	–	40.9	77.0	131.7	126.6	1,047.1
2015	**275.0**	**179.0**	**37.5**	**202.8**	**48.0**	**38.7**	**82.2**	**129.7**	**109.8**	**1,102.7**

[1] Investment properties include the carrying value of the finance lease liabilities pertaining to the land rent commitments for iseek Data Centre and Citadel 100 Data Centre.

Investment Properties
As at 31 December 2015, the carrying value of the investment properties amounted to $1,102.7 million as compared to $1,047.1 million as at 31 December 2014. This included finance lease liabilities capitalised pertaining to land rent commitments of $31.3 million (31 December 2014: $33.2 million). The increase of $55.6 million or 5.3% in carrying value was mainly attributable to the acquisition of IC2 during the financial period as well as the net fair value gains from the revaluations of the investment properties performed by independent valuers. This was partially offset by foreign exchange translational losses arising from the depreciation of the AUD, EUR and MYR, against the SGD when the foreign assets were consolidated into the Group's balance sheet.

Net Asset Value (NAV) per Unit
As at 31 December 2015, Keppel DC REIT's NAV per Unit was $0.921 (31 December 2014: $0.875). Excluding the distributable income for the second half of 2015, the adjusted NAV per Unit was $0.888 (31 December 2014: $0.872, excluding the distributable income for the period from Listing Date to 31 December 2014).

Funding and Borrowings
During the financial period, Keppel DC REIT borrowed a total of $369.6 million from various financial institutions, of which $295.0 million were drawn down on Listing Date. The rest of the borrowings proceeds were mainly used to fund the acquisition of IC2 and the 10% deposit for the acquisition of maincubes DC.

As at 31 December 2015, $341.8 million of unsecured term loan and revolving credit facilities had been utilised with $40.4 million remaining unutilised available to meet future obligations. All-in weighted average cost of debt was 2.5% with interest coverage at 9.4 times. Weighted average debt tenor stood at 3.3 years as at 31 December 2015.

In arriving at the aggregate leverage of 29.2% as at 31 December 2015 under the Property Funds Appendix in the Code on Collective Investment Schemes (CIS Code), Keppel DC REIT took into consideration a deferred payment of $3.0 million while excluding $31.3 million of finance lease liabilities pertaining to land rent commitments.

Cash Flows and Liquidity
As at 31 December 2015, Keppel DC REIT had $37.2 million (Listing Date: $7.5 million) of cash and cash equivalents.

Net cash generated from operating activities for the period from Listing Date to 31 December 2015 was $57.6 million, mainly from its rental and other income received which were partially offset by net working capital requirements.

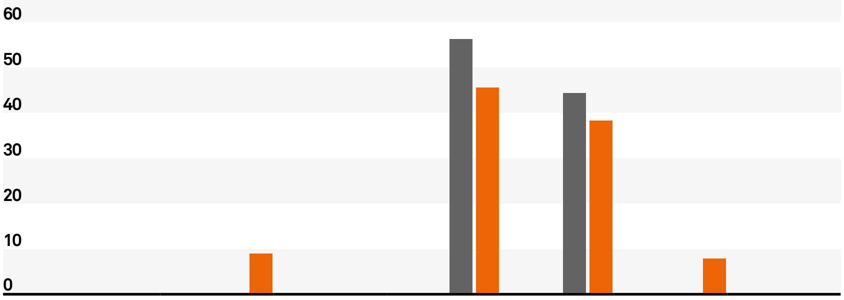
Net cash used in investing activities for the financial period amounted to $530.0 million, arising mainly from the $473.7 million acquisitions of the Singapore Properties on Listing Date and IC2, as well as a $47.6 million acquisition of an associate it did not already hold on Listing Date.

Net cash generated from financing activities for the financial period was $502.7 million. Proceeds from the issuance of new IPO units

***01** The Manager reviews the Group's debt and capital management and financial policy regularly to optimise the Group's funding structure.*

01

Debt Maturity Profile (%)
(as at 31 December)



	2016	2017	2018	2019	2020	Total
2014	–	–	55.9	44.1	–	100
2015	**8.9**	**–**	**45.3**	**38.0**	**7.8**	**100**

Key Statistics

	31 December 2015	31 December 2014
Aggregate leverage[1] (%)	**29.2**	27.1
Weighted average debt tenor (years)	**3.3**	4.4
Percentage of assets unencumbered (%)	**100.0**	100.0

[1] Aggregate leverage is computed based on gross borrowings and deferred payments over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by MAS, without considering finance lease liabilities pertaining to land rent commitments. If these finance lease liabilities pertaining to land rent commitments were included, the aggregate leverage would be 31.1% (31 December 2014: 29.3%).

Financial Review

during the listing of $821.1 million and borrowings from external banks amounting to $369.6 million were used for the redemption of units when Keppel DC REIT was a private fund prior to the listing for a consideration of $313.8 million, the $51.7 million acquisition of additional shares in subsidiaries during the listing, repayment of Islamic financing facilities and bank borrowings amounting to $224.9 million, as well as payment of distributions made during the financial period.

Use of IPO Proceeds and IPO Facilities

At its listing on 12 December 2014, Keppel DC REIT raised about $821.1 million (IPO Proceeds) from the issuance of 882.9 million new IPO units at an IPO price of $0.930 per unit. Banking facilities amounting to $295.0 million (IPO Facilities) were also drawn down on Listing Date. The IPO Proceeds and IPO Facilities have been fully utilised as follows:

1. $339.8 million for the redemption of a private fund;
2. $539.5 million for the acquisition of the Singapore Properties and IPO Portfolio Minority Interests;
3. $207.1 million for the repayment of existing debts;
4. $18.3 million for transaction costs; and
5. $11.4 million for working capital relating mainly to repayment of a $10.3 million loan due to a non-controlling interest.

The Manager is of the view that the utilisation is substantially in accordance with the stated use disclosed in page 101 of the Prospectus.

Capital and Financial Risks Management

Capital Management

The Manager reviews the Group's debt and capital management and financial policy regularly to optimise the Group's funding structure. The Group's exposure to various risk elements is also monitored closely through clearly established management policies and procedures.

The Manager seeks to maintain an optimal combination of debt and equity in order to balance the cost of capital and the returns to Unitholders. The Manager also monitors the externally imposed capital requirements closely and ensures the capital structure adopted complies with the requirements.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Group's deposited properties. The Group has complied with this requirement for the financial period ended 31 December 2015. With effect from 1 January 2016, the aggregate leverage limit has been increased to 45.0% of deposited properties with the revision of the CIS Code issued on 14 July 2015.

01 & 02 *As at 31 December 2015, carrying value of Keppel DC REIT's investment properties increased, mainly attributable to the acquisition of IC2 and net fair value gains from revaluations of the investment properties.*

01

02

Financial Risk Management

The Group operates across multiple jurisdictions and is exposed to a variety of financial risks, comprising credit, liquidity and market (mainly currency and interest rate) risks. Financial risk management is carried out by the Manager in accordance with its established policies and guidelines while achieving a balance between the cost of risks occurring and the cost of managing them. The Group's financial risk management is discussed in further detail in the notes to the financial statements.

Since the REIT's listing, the Manager has been adopting appropriate hedging strategies to manage the interest rate and foreign currency exposure for the Group. Interest rate swaps have been entered into to hedge interest rate exposure of the long-term loans.

To mitigate currency exposure, the Manager uses foreign currency forward contracts to hedge the REIT's forecasted foreign-sourced distributions. Hedging up to 1H 2017 has been completed, while hedging for 2H 2017 is substantially complete. The Manager also adopts natural hedging by borrowing in currencies that match the corresponding investments.

Critical Accounting Policies

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" (RAP 7) issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the CIS Code issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards.

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. In particular, significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is the valuation of investment properties which is discussed in more detail in the notes to the financial statements.

Risk Management

A robust risk management system equips the Manager to respond effectively to a constantly evolving business landscape.

The Manager has in place a comprehensive Enterprise Risk Management (ERM) framework, which outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools. This framework also includes Keppel DC REIT's policies and limits in addressing and managing the identified key risks. The ERM framework is dynamic and evolves with the business.

Robust ERM Framework

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation as well as monitoring and review.

During the risk assessment process, the impact and the probability of occurrence of risks are taken into consideration. This framework also encompasses the strategic investment, financial, operational and reputational aspects of Keppel DC REIT's business. Tools such as risk rating matrices, key risk indicators and risk registers assist the Manager in its risk management process.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and Keppel DC REIT's assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to the management in formulating various risk policies and guidelines. Terms of reference of the ARC are disclosed on pages 146 and 147 of this Report.

On a quarterly basis or more, when necessary, the Board and the Manager review Keppel DC REIT's financial performance; assess its current and future operating, financial and investment risks; as well as address feedback from the auditors and consultant on compliance matters.

The Board, aided by the ARC, has installed the three Risk Tolerance Guiding Principles for the Manager and Keppel DC REIT. These principles determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives. The principles include:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with Keppel DC REIT's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger Keppel DC REIT.
3. Keppel DC REIT does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within Keppel DC REIT. In 2015, the Board has assessed and deemed Keppel DC REIT's risk management system to be adequate and effective in addressing the key risks identified below:

1. Operational Risk

- All operations are aligned with Keppel DC REIT's strategies to ensure income sustainability and growth. Measures include proactive lease management and marketing to reduce rental voids, monitoring of rental arrears to minimise bad debts, and controlling property expenses to maximise net property income.
- Formalised guidelines, procedures, internal training and tools are used to provide guidance in assessing, mitigating and monitoring risks.
- The Manager fosters close relationships with clients as well as manages lease expiries to avoid a disproportionate amount of space expiring in any one year.

01

***01** The Manager proactively manages marketing initiatives and lease expiries to ensure income sustainability and growth.*

- The Manager and the facility managers will ensure that asset performance is well managed and adheres to the respective service level agreements. The Manager also assesses and approves all renewals, new leases as well as capital expenditures. The Manager actively participates in regular operational meetings to ensure that the assets are managed in accordance with Keppel DC REIT's operating plans and standards.
- Business continuity plans (BCP) enable Keppel DC REIT to respond effectively to disruptions from internal and external events, while continuing critical business functions. Regular BCP drills and external audits are conducted to ensure operational resilience. Key spokespersons undergo training to equip them with the necessary communication skills in the event of a crisis. These plans are tested and refined frequently to ensure relevance and effectiveness.

2. Financing Risk

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager also monitors its cash flow, debt maturity profile, aggregate leverage and liquidity positions on a regular basis.
- The Manager seeks to diversify its funding sources and lengthens debt tenor where appropriate to ensure a well-staggered debt maturity profile.

3. Financial Risk

- The Manager constantly monitors the exposure of Keppel DC REIT to changes in interest rates and foreign exchange rates. It utilises various financial instruments, where appropriate, to hedge against the exposure.
- The Manager has entered into floating to fixed interest rate swaps to manage its interest rate exposure, with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates.
- In its mitigation of currency fluctuations' impact, the Manager uses foreign currency forward contracts to hedge Keppel DC REIT's foreign-sourced distribution.

4. Credit Risk

- Procedures are implemented to ensure regular collection of rents and minimise potential rental arrears.
- The Manager maintains a well-diversified client base across high-value added trade sectors to minimise concentration risk.

5. Investment Risk

- Comprehensive due diligence to assess and evaluate potential investment risks are conducted prior to any transaction. All investment proposals are evaluated objectively based on the Manager's stringent investment criteria as well as the target asset's specifications, expected returns, growth potential and overall value-add to Keppel DC REIT, taking into account the current economic climate and market conditions.
- The Board reviews and approves all transactions after evaluating all aspects of the investment proposal and risks involved.
- The effect of each proposed transaction on the Singapore-overseas ratio is evaluated prior to any transaction to manage concentration risk.

6. Compliance Risk

- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations including the SGX-ST Listing Rules, Code on Collective Investment Schemes, Property Fund Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act as well as the tax rulings issued by the Inland Revenue Authority of Singapore.
- The Manager keeps abreast of changes in legislations and regulations as well as new developments in its operating environment.
- Keppel DC REIT and the Manager undergo periodic internal and external audits to ensure that they adhere to relevant policies and processes.

Keppel DC REIT's Five-Step Risk Management Process

Step 1	Step 2	Step 3	Step 4	Step 5
Identify Understand business strategy and identify risks.	**Assess** Assess risk level based on impact and likelihood of occurrence.	**Mitigate** Develop action plans to mitigate risks.	**Implement** Communicate and implement action plan.	**Monitor** Monitor and review.

Sustainability Report Highlights

Keppel DC REIT is committed to enhance value to its stakeholders by sustaining growth in its businesses, empowering the lives of its people, and nurturing communities wherever it operates.

Sustaining Growth

Our commitment to business excellence is underpinned by an unwavering focus on strong corporate governance and prudent financial management.

Resource efficiency is not only our responsibility, but also makes good business sense.

Innovation and delivering quality products and services are key in sharpening our competitive edge.

Page 61

Empowering Lives

People are the cornerstone of our business.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instil a culture of safety so that everyone who comes to work goes home safe.

Page 62

Nurturing Communities

As a global citizen, we believe that as communities thrive, we thrive.

We give back to communities wherever we operate through our multi-faceted approach towards corporate social responsibility.

We cultivate a green mindset among our employees to spur them towards adopting a sustainable lifestyle.

Page 63

Sustaining Growth

Strong corporate governance, prudent and holistic risk management as well as operational excellence are crucial to the success of Keppel DC REIT.

01

01 *T25's green features earned it various accolades, including the BCA-IDA Green Mark Gold*[PLUS] *Award for Data Centres.*

Accolades in 2015

- Keppel DC REIT was conferred the "Most Transparent Company Award (New Issues) – Runner Up" in the SIAS 16th Investors' Choice Awards.
- Keppel DC REIT was voted "3rd Strongest Adherence to Corporate Governance", "Most Improved Investor Relations", and one of the six most preferred Singaporean companies by institutional investors in the Alpha Southeast Asia Institutional Investor Awards for Corporates.
- Keppel DC REIT was added to the MSCI Singapore Small Cap Index within six months of listing.
- Keppel DC REIT was named the "Best Equity Deal in Singapore" in The Asset Triple A Country Awards 2015 (South East Asia).
- T25 was awarded the BCA-IDA Green Mark Gold[PLUS] Award for Data Centres, SS564 Part-1:2013 Energy and Environment Management System for Operation of Green Data Centre, and ISO 9001:2008 Quality Management System for Provision of Data Centre Colocation Services by TÜV SÜD PSB.
- S25 was awarded by TÜV SÜD PSB the SS564 Part-1:2013 Energy and Environment Management System for Provision of Data Centre Colocation Services, SS577:2012 Water Efficiency Management System for Provision of Green Data Centre and Water Efficiency Building, as well as ISO 9001:2008 Quality Management System for Provision of Data Centre Colocation Services.
- Citadel 100 Data Centre was awarded the ISO 27001:2013 Information Security Management System for Provision of Data Centre Services by Certification Europe.

Corporate Governance
The Manager of Keppel DC REIT believes that commitment to good corporate governance is essential to the sustainability of the REIT's business and performance.

Independent directors make up the majority of the Board of the Manager, which ensures fair treatment of Unitholders and safeguards their interests. Material information is also disclosed to the investing community in a timely manner.

In recognition of its high standards of corporate governance, Keppel DC REIT was conferred various corporate awards within its first year of listing. The REIT will strive to continually improve its corporate governance and disclosure practices.

For more details on Keppel DC REIT's corporate governance guidelines and practices, please refer to pages 124 to 162.

Risk Management
The Manager adopts a holistic and prudent risk management framework that identifies, evaluates and manages risks in its decision making process.

Potential risks that may affect the assets' operations are regularly assessed by the Manager and the respective facility managers to ensure optimum asset performance. Financial risks, interest rate and foreign currency exposure are closely monitored and mitigated where appropriate.

For more details on Keppel DC REIT's risk management strategy, please refer to pages 58 to 59.

Operational Excellence
Keppel DC REIT's portfolio comprises data centres with high technical and operational resilience. The Manager will continue to build a portfolio of quality data centres across Asia Pacific and Europe to present the best value proposition to clients.

Assets are proactively managed to optimise portfolio performance, while all inorganic growth opportunities are rigorously evaluated to ensure that acquisitions will complement the overall portfolio and drive long-term growth of the REIT.

Empowering Lives

The Manager creates a work culture where all employees take a shared responsibility in achieving business goals while keeping safety as a priority.

01

Safety and Health
As a member of the Keppel Group, safety is a core value for Keppel DC REIT and an integral part of the workplace culture. The Manager is committed to create a safe workplace for all its employees and stakeholders by working closely with the respective facility managers of the data centres in its portfolio.

Regular safety briefings and site inspections are conducted within facilities to ensure that safety standards are upheld. The Manager adopts a robust enterprise risk management framework to identify, assess and mitigate risks faced in the REIT's assets.

A systematic incident reporting structure is also in place to ensure that senior management and relevant safety personnel are kept abreast of incidents and stand ready to take immediate corrective measures.

The Manager will continue to refine its processes to further strengthen the culture of safety for the benefit of all its stakeholders.

People Matter
The Manager is committed to develop a motivated, committed and competent workforce through its human resource strategy.

The Manager emphasises the importance of developing its staff and is dedicated to uphold the principles of fair employment in its human resource policies. Employees are given opportunities to continuously learn and grow professionally. A learning road map has been put in place to develop employees' functional and soft skills as well as cultivate leadership potential. Employees are also kept abreast of the latest market trends and technology updates with opportunities to attend industry-relevant seminars and conferences during the year.

As part of its employee engagement efforts, the Manager participated in the Keppel Group's Global Employee Engagement Survey which was administered by an independent external consultant in August 2015.

The Manager also aims to protect and promote the well-being of its workforce. Advocating healthy living, the Manager makes regular health screenings available to all employees. Numerous corporate activities were also organised in 2015 to forge closer ties among employees, as well as encourage interaction across business units and with the Sponsor.

01 *Employees from the Manager forged closer ties with business units across the Keppel Group in 2015.*

02 *On top of participation in Keppel Group-wide volunteer activities, the Manager spearheaded community outreach projects during the year.*

Nurturing Communities

The Manager seeks to enrich lives and make a positive impact in the communities that it operates in.

In line with the Keppel Group's commitment to contribute meaningfully to the well-being of the communities it operates in, the Manager organised a variety of activities to make a positive difference to the lives of the underprivileged.

Touching Lives
In the REIT's first year of listing, the Manager kicked started its community outreach programme.

On 30 July 2015, staff from the Manager, joined by volunteers from the Sponsor, organised fun-filled activities for 18 children from the Care Corner Student Care Centre (Toa Payoh). The Centre provides before- and after-school care for families facing financial difficulties.

Continuing its outreach efforts through the year, the Sponsor and the Manager jointly organised a community project for children from the Fei Yue Student Care on 24 November 2015. The volunteers brought 20 children to Keppel Logistics to learn about the inner workings of food and ice cream logistics in Singapore, before rounding off the day with festive celebrations.

Employees from the Manager are also able to participate in volunteer activities through Keppel Volunteers, a Keppel Group-wide volunteer initiative that spearheads monthly community outreach events.

The Manager encourages its employees to participate in outreach projects. Employees are provided two days of paid volunteerism leave each year that they can use to support community outreach initiatives within the Keppel Group.

02

Corporate Information

Trustee

The Trust Company (Asia) Limited
Registered Address
8 Marina Boulevard #05-02
Marina Bay Financial Centre Tower 1
Singapore 018981
Phone: +65 6908 8203
Fax: +65 6438 0255

Principal Business Address
16 Collyer Quay
#26-02
Singapore 049318

Auditor

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Phone: +65 6213 3388
Fax: +65 6225 4142
(Partner-in-charge:
Mr Jeya Poh Wan Suppiah)
(With effect from financial year ended 31 December 2011)

Manager

Keppel DC REIT Management Pte. Ltd.
Registered Address
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6535 5665
Fax: +65 6535 0660

Principal Business Address
18 Cross Street
#10-10 China Square Central
Singapore 048423

Investor Relations Contact:
Ms Liang Huihui
Executive
Phone: +65 6305 0784
Fax: +65 6535 0660
Email: huihui.liang@keppeldcreit.com

Unit Registrar and Unit Transfer Office

Boardroom Corporate & Advisory Services Pte. Ltd. (a member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: www.sgx.com/wps/portal/sgxweb/home/depository

Company Secretaries

Mr Maritz Bin Mansor

Mr Kelvin Chua

Directors of the Manager

Mr Chan Hon Chew
Chairman and Non-Executive Director

Mr Lee Chiang Huat
Independent Director

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
Independent Director

Mr Thomas Pang Thieng Hwi
Non-Executive Director

Audit and Risk Committee

Mr Lee Chiang Huat
Chairman

Mr Chan Hon Chew

Mr Lim Chin Hu

Mr Dileep Nair

Statutory Reports & Financial Statements

Contents

Report of the Trustee

For the financial year ended 31 December 2015

The Trust Company (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel DC REIT (the "Trust") and its subsidiaries (collectively, the "Group") in trust for the holders of units ("Unitholders") in the Trust. In accordance with, inter alia, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Keppel DC REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 17 March 2011 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel DC REIT and its subsidiaries during the period covered by these financial statements, set out on pages 69 to 122 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
The Trust Company (Asia) Limited

Sin Li Choo
Director

Singapore
12 February 2016

Statement by the Manager

For the financial year ended 31 December 2015

In the opinion of the directors of Keppel DC REIT Management Pte. Ltd., the accompanying financial statements of Keppel DC REIT (the "Trust") and its subsidiaries (collectively, the "Group") set out on pages 69 to 122, comprising the Statements of Financial Position for the Group and the Trust and the Consolidated Portfolio Statement of the Group as at 31 December 2015, the Consolidated Statement of Total Return of the Group, Statements of Movements in Unitholders' Funds of the Group and the Trust and Distribution Statement and Consolidated Statement of Cash Flows of the Group, and Notes to the Financial Statements for the year have been drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2015, the consolidated total return of the Group, movements in Unitholders' funds of the Group and the Trust and distribution statement and consolidated cash flows of the Group for the year ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 17 March 2011 (as amended). At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Keppel DC REIT Management Pte. Ltd.

Pang Thieng Hwi
Director

Singapore
12 February 2016

Independent Auditors' Report to the Unitholders of Keppel DC REIT

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of Keppel DC REIT ("the Trust") and its subsidiaries (collectively "the Group"), which comprise the Statements of Financial Position of the Group and the Trust and the Consolidated Portfolio Statement of the Group as at 31 December 2015, the Consolidated Statement of Total Return of the Group, Statements of Movements in Unitholders' Funds of the Group and the Trust and Distribution Statement and Consolidated Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 122.

Manager's responsibilities for the financial statements

The Manager of the Trust ("the Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2015 and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 February 2016

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Trust 2015 $'000	Trust 2014 $'000
Non-current assets					
Investment properties	4	**1,102,685**	1,047,143	**454,000**	416,733
Investment in subsidiaries	5	**–**	–	**390,454**	316,155
Deposit	6	**12,744**	–	**–**	–
Loans to subsidiaries	7	**–**	–	**156,440**	202,521
Derivative financial instruments	15	**4,200**	1,099	**564**	–
Deferred tax assets	16	**312**	741	**–**	–
		1,119,941	1,048,983	**1,001,458**	935,409
Current assets					
Trade and other receivables	8	**53,060**	46,985	**33,023**	23,362
Derivative financial instruments	15	**1,009**	–	**1,009**	–
Cash and cash equivalents	9	**37,161**	25,537	**26,707**	15,864
		91,230	72,522	**60,739**	39,226
Total assets		**1,211,171**	1,121,505	**1,062,197**	974,635
Current liabilities					
Loans from a subsidiary	12	**–**	–	**30,208**	–
Loans and borrowings	13	**33,643**	3,857	**–**	–
Trade and other payables	14	**17,785**	17,570	**7,898**	10,669
Derivative financial instruments	15	**139**	–	**139**	–
		51,567	21,427	**38,245**	10,669
Non-current liabilities					
Loans from a subsidiary	12	**–**	–	**311,640**	294,826
Loans and borrowings	13	**338,337**	322,748	**–**	–
Derivative financial instruments	15	**1,721**	559	**361**	–
Deferred tax liabilities	16	**6,058**	3,743	**–**	–
		346,116	327,050	**312,001**	294,826
Total liabilities		**397,683**	348,477	**350,246**	305,495
Net assets		**813,488**	773,028	**711,951**	669,140
Represented by:					
Unitholders' funds	10	**813,114**	772,587	**711,951**	669,140
Non-controlling interests	21	**374**	441	**–**	–
		813,488	773,028	**711,951**	669,140
Units in issue ('000)	11	**882,977**	882,930	**882,977**	882,930
Net asset value per Unit ($)		**0.92**	0.88	**0.81**	0.76

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Total Return

For the financial year ended 31 December 2015

	Note	Group		
		Year ended 31 December 2015 $'000	Year ended 31 December 2014 [1] $'000	**Period from 12 December 2014 to 31 December 2015 $'000**
Gross revenue	17	**102,462**	54,695	**107,684**
Property operating expenses		**(15,590)**	(4,463)	**(16,387)**
Net property income		**86,872**	50,232	**91,297**
Finance income		**321**	–	**321**
Finance costs	18	**(11,710)**	(13,254)	**(12,401)**
Trustee's fees		**(180)**	(34)	**(189)**
Manager's base fee		**(5,011)**	(2,641)	**(5,271)**
Manager's performance fee		**(3,262)**	(167)	**(3,429)**
Audit fees		**(257)**	(154)	**(270)**
Valuation fees		**(181)**	(42)	**(181)**
Net realised gain on derivatives		**771**	–	**771**
Other trust income/(expenses)		**798**	(3,648)	**(1,947)**
Net income		**68,161**	30,292	**68,701**
Share of results of an associate		**–**	119	**–**
Net change in fair value of investment properties	4	**41,879**	19,682	**41,095**
Total return for the year/period before tax		**110,040**	50,093	**109,796**
Tax expense	19	**(5,577)**	(5,058)	**(5,577)**
Total return for the year/period after tax		**104,463**	45,035	**104,219**
Total return attributable to:				
Unitholders		**104,424**	32,542	**104,178**
Non-controlling interests		**39**	12,493	**41**
Total return for the year/period		**104,463**	45,035	**104,219**

1 The year ended 31 December 2014 constitutes both the results when Keppel DC REIT was a private trust from 1 January to 11 December 2014 and after it was listed on SGX-ST from 12 December to 31 December 2014.

The accompanying notes form an integral part of these financial statements.

Statement of Movements in Unitholders' Funds

For the financial year ended 31 December 2015

	Note	Unitholders' funds $'000	Non-controlling interests $'000	Total $'000
Group				
At 1 January 2015		772,587	441	773,028
Operations				
Total return for the year		104,424	39	104,463
Net increase in net assets resulting from operations		104,424	39	104,463
Unitholders' transactions				
Distributions to Unitholders		(31,432)	–	(31,432)
Payment of management fees in units	11	47	–	47
Net decrease in net assets resulting from Unitholders' transactions		(31,385)	–	(31,385)
Distributions to non-controlling interest		–	(38)	(38)
Hedging reserve				
Movement in hedging reserve		2,860	–	2,860
Net increase in hedging reserve		2,860	–	2,860
Foreign currency translation movement for the year		(35,372)	(68)	(35,440)
At 31 December 2015		813,114	374	813,488

The accompanying notes form an integral part of these financial statements.

Statement of Movements in Unitholders' Funds

	Note	Unitholders' funds $'000	Non-controlling interests $'000	Total $'000
Group				
At 1 January 2014		311,311	46,859	358,170
Operations				
Total return for the year[1]		32,542	12,493	45,035
Net increase in net assets resulting from operations		32,542	12,493	45,035
Unitholders' transactions				
Issue of new units on listing	11	821,125	–	821,125
Redemption of existing units		(313,814)	–	(313,814)
Issue expenses	11	(18,252)	–	(18,252)
Acquisition of non-controlling interests in subsidiaries	20(b)	1,268	(53,011)	(51,743)
Distributions to Unitholders		(44,055)	–	(44,055)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		446,272	(53,011)	393,261
Distributions to non-controlling interests		–	(5,882)	(5,882)
Hedging reserve				
Movement in hedging reserve		540	–	540
Net increase in hedging reserve		540	–	540
Foreign currency translation movement for the year		(18,078)	(18)	(18,096)
At 31 December 2014		772,587	441	773,028

1 The year ended 31 December 2014 constitutes both the results when Keppel DC REIT was a private trust from 1 January to 11 December 2014 and after it was listed on SGX-ST from 12 December to 31 December 2014.

The accompanying notes form an integral part of these financial statements.

	Note	Unitholders' Funds $'000	Non-controlling interests $'000	Total $'000
Group				
At 12 December 2014 (Listing Date)		**282,056**	**53,450**	**335,506**
Operations				
Total return for the period		**104,178**	**41**	**104,219**
Net increase in net assets resulting from operations		**104,178**	**41**	**104,219**
Unitholders' transactions				
Issue of new units on listing	11	**821,125**	**–**	**821,125**
Redemption of existing units		**(313,814)**	**–**	**(313,814)**
Issue expenses	11	**(18,252)**	**–**	**(18,252)**
Acquisition of non-controlling interests in subsidiaries	20(b)	**1,268**	**(53,011)**	**(51,743)**
Distributions to Unitholders		**(31,432)**	**–**	**(31,432)**
Payment of management fees in units	11	**47**	**–**	**47**
Net increase/(decrease) in net assets resulting from Unitholders' transactions		**458,942**	**(53,011)**	**405,931**
Distributions to non-controlling interest		**–**	**(38)**	**(38)**
Hedging reserve				
Movement in hedging reserve		**3,400**	**–**	**3,400**
Net increase in hedging reserve		**3,400**	**–**	**3,400**
Foreign currency translation movement for the period		**(35,462)**	**(68)**	**(35,530)**
At 31 December 2015		**813,114**	**374**	**813,488**

The accompanying notes form an integral part of these financial statements.

Statement of Movements in Unitholders' Funds

	Note	Year ended 31 December 2015 $'000	Year ended 31 December 2014 [1] $'000	Period from 12 December 2014 to 31 December 2015 $'000
Trust				
At 1 January/Listing Date		**669,140**	197,077	**178,183**
Operations				
Total return for the year/period		**73,123**	27,059	**75,021**
Net increase in net assets resulting from operations		**73,123**	27,059	**75,021**
Unitholders' transactions				
Issue of new units on listing	11	**–**	821,125	**821,125**
Redemption of existing units		**–**	(313,814)	**(313,814)**
Issue expenses	11	**–**	(18,252)	**(18,252)**
Distributions to Unitholders		**(31,432)**	(44,055)	**(31,432)**
Payment of management fees in units	11	**47**	–	**47**
Net (decrease)/increase in net assets resulting from Unitholders' transactions		**(31,385)**	445,004	**457,674**
Hedging reserve				
Movement in hedging reserve		**1,073**	–	**1,073**
Net increase in hedging reserve		**1,073**	–	**1,073**
At 31 December		**711,951**	669,140	**711,951**

1 The year ended 31 December 2014 constitutes both the results when Keppel DC REIT was a private trust from 1 January to 11 December 2014 and after it was listed on SGX-ST from 12 December to 31 December 2014.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	**Year ended 31 December 2015 $'000**	Year ended 31 December 2014 [1] $'000	**Period from 12 December 2014 to 31 December 2015 $'000**
Cash flows from operating activities				
Total return for the year/period		**104,463**	45,035	**104,219**
Adjustments for:				
Tax expense		**5,577**	5,058	**5,577**
Finance income		**(321)**	–	**(321)**
Finance costs		**11,710**	13,254	**12,401**
Fair value changes in investment properties		**(41,879)**	(19,682)	**(41,095)**
Management fees paid in units		**47**	–	**47**
Share of results of an associate prior to Listing Date		**–**	(119)	**–**
		79,597	43,546	**80,828**
Changes in working capital:				
Trade and other receivables		**(20,178)**	17,021	**(21,528)**
Trade and other payables		**(4,548)**	(26,362)	**(1,543)**
Cash generated from operations		**54,871**	34,205	**57,757**
Tax paid		**(160)**	(6)	**(160)**
Net cash from operating activities		**54,711**	34,199	**57,597**
Cash flows from investing activities				
Acquisition of investment properties		**(43,595)**	(430,088)	**(473,683)**
Acquisition of a subsidiary	20(a)	**–**	(47,552)	**(47,552)**
Additions to investment properties	4	**(7,702)**	(784)	**(8,486)**
Capital expenditure on investment properties	4	**(308)**	(65)	**(308)**
Dividends from an associate, prior to Listing Date		**–**	3,705	**–**
Net cash used in investing activities		**(51,605)**	(474,784)	**(530,029)**
Cash flows from financing activities				
Proceeds from issuance of units		**–**	821,125	**821,125**
Redemption of existing units		**–**	(313,814)	**(313,814)**
Proceeds from bank borrowings		**74,577**	295,000	**369,577**
Payment of financing transaction costs		**(106)**	(1,475)	**(1,581)**
Acquisition of remaining interests of subsidiaries	20(b)	**–**	(51,743)	**(51,743)**
Repayment of bank borrowings/Islamic financing facilities		**(17,758)**	(207,120)	**(224,877)**
Finance costs paid		**(10,803)**	(12,147)	**(11,193)**
Distribution paid, relating prior to Listing Date		**–**	(58,638)	**(26,015)**
Distributions paid to Unitholders		**(31,432)**	–	**(31,432)**
Dividends paid to non-controlling interest		**(38)**	–	**(38)**
Repayment of amount due to a related corporation		**(1,712)**	–	**(1,712)**
Payment of transaction costs relating to fund-raising		**(3,548)**	(11,661)	**(15,209)**
Repayment of loan to a non-controlling interest		**–**	(10,344)	**(10,344)**
Net cash from financing activities		**9,180**	449,183	**502,744**
Net increase in cash and cash equivalents		**12,286**	8,598	**30,312**
Cash and cash equivalents at beginning of year/period		**25,537**	17,411	**7,511**
Effects of exchange rate fluctuations on cash held		**(662)**	(472)	**(662)**
Cash and cash equivalents at end of year/period	9	**37,161**	25,537	**37,161**

1 The year ended 31 December 2014 constitutes both the results when Keppel DC REIT was a private trust from 1 January to 11 December 2014 and after it was listed on SGX-ST from 12 December to 31 December 2014.

The accompanying notes form an integral part of these financial statements.

Distribution Statement

For the financial year ended 31 December 2015

	Group		
	Year ended 31 December 2015 $'000	Year ended 31 December 2014[1] $'000	**Period from 12 December 2014 to 31 December 2015 $'000**
Amount available for distribution to Unitholders at beginning of the year/period	**2,954**	19,648	**–**
Total return for the year/period attributable to Unitholders after tax	**104,424**	32,542	**104,178**
Net tax and other adjustments (Note A)	**(46,984)**	(5,181)	**(43,784)**
Amount available for distribution to Unitholders	**60,394**	47,009	**60,394**
Distributions to Unitholders:			
Distribution of 26.70 cents per unit for the period from 1/1/2014 to Listing Date	**–**	(44,055)	**–**
Distribution of 3.56 cents per unit for the period from Listing Date to 30/6/2015	**(31,432)**	–	**(31,432)**
	(31,432)	(44,055)	**(31,432)**
Amount available for distribution to Unitholders at end of the year/period	**28,962**	2,954	**28,962**
Note A - Net tax and other adjustments comprise:			
- Trustee's fees	**180**	9	**189**
- Rental income adjustment on a straight-line basis	**(2,360)**	(2,817)	**(2,429)**
- Amortisation of capitalised debt costs	**368**	1,511	**386**
- Establishment fees on acquisition	**–**	1,660	**1,660**
- Net fair value gains in investment properties	**(41,879)**	(10,127)+	**(41,095)**
- Fair value loss in investment property of an associate	**–**	2,228	**–**
- Unrealised foreign exchange (gains)/losses	**(3,917)**	1,104	**(3,188)**
- Deferred tax	**2,953**	3,875	**2,953**
- Other net tax adjustments+	**(2,329)**	(2,624)	**(2,260)**
	(46,984)	(5,181)	**(43,784)**

1 The year ended 31 December 2014 constitutes both the results when Keppel DC REIT was a private trust from 1 January to 11 December 2014 and after it was listed on SGX-ST from 12 December to 31 January 2014.

+ Net of non-controlling interests

Consolidated Portfolio Statement

As at 31 December 2015

Description of investment properties	Location	Land tenure	Term of lease* (Years)	Remaining term of lease* (Years)	Carrying amount at fair value 2015 $'000	Carrying amount at fair value 2014 $'000	Percentage of total net assets 2015 %	Percentage of total net assets 2014 %
Fully fitted								
iseek Data Centre ("iseekDC")	Brisbane, Queensland, Australia	Leasehold	37	31	38,652	40,916	4.8	5.3
GV7 Data Centre ("GV7DC")	Greenwich, London, England	Leasehold	199	167	82,243	77,014	10.1	10.0
Basis Bay Data Centre ("BBDC")	Cyberjaya, Malaysia	Freehold	Not applicable	Not applicable	37,461	43,262	4.6	5.6
Almere Data Centre ("ADC")	Almere, Netherlands	Freehold	Not applicable	Not applicable	129,715	131,657	16.0	17.0
Shell and core								
Intellicentre 2 ("IC2")	Macquarie Park, New South Wales, Australia	Freehold	Not applicable	Not applicable	47,967	–	5.9	–
Colocation								
Gore Hill Data Centre ("GHDC") #	Artarmon, New South Wales, Australia	Freehold	Not applicable	Not applicable	202,820	210,909	24.9	27.3
S25	Serangoon, Singapore	Leasehold	60	39	275,000	252,933	33.8	32.7
T25	Tampines, Singapore	Leasehold	60	35	179,000	163,800	22.0	21.2
Citadel 100 Data Centre ("C100DC")	Dublin, Republic of Ireland	Leasehold	40	25	109,827	126,652	13.5	16.4
Total investment properties at fair value					1,102,685	1,047,143	135.6	135.5
Other assets and liabilities (net)					(289,197)	(274,115)	(35.6)	(35.5)
Total net assets of the Group					813,488	773,028	100.0	100.0

* Term of lease includes option to renew the land leases.

A portion of the premises at GHDC relates to shell and core lease arrangements and the remaining portion of the premises relates to colocation lease arrangements.

At 31 December 2015, the Group's interests in investment properties amounting to $1,102.7 million (2014: $1,047.1 million) are free from encumbrances for debt facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements of Keppel DC REIT (the "Trust") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2015 were authorised for issue by the Manager on 12 February 2016.

1 General Information

Keppel DC REIT is a Singapore-domiciled real estate investment trust constituted by the trust deed dated 17 March 2011 (as amended) (the "Trust Deed") between Keppel DC REIT Management Pte. Ltd. and AEP Investment Management Pte Ltd, together as Trustee-Managers.

Pursuant to the Deed of Appointment and Retirement dated 24 October 2014, the Trustee-Managers were replaced by Keppel DC REIT Management Pte. Ltd. (the "Manager"). Meanwhile, The Trust Company (Asia) Limited (the "Trustee") was appointed as the trustee of the Trust on 24 October 2014.

The Trust Deed is governed by the laws of The Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Group in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina Boulevard #05-02, Marina Bay Financial Centre Tower 1, Singapore 018981 and 16 Collyer Quay #26-02, Singapore 049318 respectively.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 December 2014 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 12 December 2014.

The principal activity of the Trust is to 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. The principal activities of the subsidiaries are disclosed in Note 5.

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

The Trustee's fees are charged on a scaled basis of up to 0.015% per annum of the value of Deposited Property (as defined in the Trust Deed) subject to a minimum amount of $15,000 per month.

(b) Manager's fees

The Manager is entitled under the Trust Deed to the following management fees:

(i) a Base Fee of 0.5% per annum of the value of Deposited Property; and

(ii) a Performance Fee of 3.5% per annum of the Group's Net Property Income (as defined in the Trust Deed) in the relevant financial year.

The Manager is also entitled to receive an acquisition fee at the rate of 1.0% of the acquisition price and a divestment fee of 0.5% of the sale price on all acquisitions or disposals of properties respectively.

Any increase in the rate or any change in the structure of the Manager's fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Deed.

The management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of last 10 Business Days (as defined in the Trust Deed) of the relevant period in which the relevant component of the management fees accrues. The Manager's management fees are payable in arrears.

(c) Facility management fees

Under the facility management agreement in respect of the properties, the facility manager will provide facility management services, lease management services and project management services. The facility manager is entitled to receive the following fees:

(i) S25 and T25: facility management fee of 4% of EBITDA derived from the underlying end-users (after deducting the fixed rent payable to the Trust and operating expenses incurred for each property);

(ii) GHDC: facility management fee of AUD 2.1 million ($2.3 million) subject to an increase of 4% per annum on each anniversary of 10 March 2012, being the commencement date;

(iii) C100DC: facility management fee for the three years commencing from 1 September 2013 of EUR 0.2 million ($0.3 million) in 2013, EUR 0.8 million ($1.3 million) in 2014, and EUR 0.9 million ($1.5 million) in 2015 respectively; and

(iv) iseekDC, BBDC, GV7DC and ADC: No separate facility management fees are payable.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 (Revised 2012) “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants (“ISCA”), the applicable requirements of the Code on Collective Investment Schemes (“CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards (“FRS”).

On 10 November 2014, SGX-ST has granted a waiver to Keppel DC REIT from Rules 707(1) and 707(2) under the SGX-ST Listing Manual which requires Keppel DC REIT to hold an annual general meeting and issue an annual report for the financial period from Listing Date to 31 December 2014. The Manager had announced on SGX-ST the Group’s unaudited results for the financial period from Listing Date to 31 December 2015. As such, the Manager has also included in these financial statements and relevant accompanying notes the Group’s results for the financial period from Listing Date to 31 December 2015.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out in Note 3.

2.3 Functional and Presentation Currency

The Manager has determined the functional currency of the primary economic environment in which the Trust operates, i.e. functional currency, to be Singapore dollars ($). The financial statements are expressed in Singapore dollars and rounded to the nearest thousand ($’000) unless otherwise stated.

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 4 –Investment Properties and Note 23 – Fair Value of Assets and Liabilities.

Notes to the Financial Statements

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the entities in the Group.

3.1 Basis of Consolidation

Business combination
Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control
Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of total return.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Trust
Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses, if any.

3.2 Foreign Currency

Foreign currency transactions
Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of the Group at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of total return, except for the following differences which are recognised in the foreign currency translation reserve in Unitholders' funds, arising on the retranslation of:
- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in the foreign currency translation reserve in Unitholders' funds are reclassified to the statement of total return);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations
The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the reporting period.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at exchange rates at the reporting date.

Foreign currency differences are recognised in the foreign currency translation reserve (translation reserve) in Unitholders' funds. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests ("NCI"). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in the translation reserve in Unitholders' funds.

Notes to the Financial Statements

3 Significant Accounting policies (cont'd)

3.3 Financial Instruments

Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into loans and receivables category.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

Non-derivative financial liabilities
The Group initially recognises all financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and bank borrowings and trade and other payables.

3.4 Hedge Accounting

The Group applies hedge accounting for certain hedging which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting, including the risk management objectives and strategy in undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the changes in the hedged item's fair value or cash flows attributable to the hedged risks. Such hedges are expected to be 'highly effective' in offsetting the changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in the statement of total return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to the statement of total return when the hedge transaction affects the statement of total return, such as when the hedged financial income or financial expense is recognised.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to the statement of total return. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects the statement of total return.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 15.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its foreign investment properties in Australia, Europe and Malaysia. Details of the forward currency contracts are disclosed in Note 22.

3.5 Unitholders' Funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination. Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds. Incremental costs directly attributable to the issue of units are recognised as deduction from Unitholders' funds.

3.6 Investment Properties

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return. Rental income from investment properties is accounted for in a manner described in Note 3.10.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Notes to the Financial Statements

3 Significant Accounting Policies (cont'd)

3.7 Impairment

Non-derivative financial assets
A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables
The Group considers evidence of impairment for loans and receivables at a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee Benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of total return in the periods during which services are rendered by employees.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.9 Leases

When entities within the Group are lessees of a finance lease
Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, investment properties acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest over the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessors of an operating lease
Assets subject to operating leases are included in investment properties. Payments received under the leases are recognised in the statement of total return on a straight-line basis over the term of the lease.

3.10 Revenue

Rental income
Rental income from investment property is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

3.11 Finance costs

Borrowing costs are recognised in the statement of total return using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Notes to the Financial Statements

3 Significant Accounting Policies (cont'd)

3.12 Income Tax

Current income tax
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events.

New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Tax transparency
Pursuant to the Tax Transparency Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate at the Trust's level.

In the event that there are subsequent adjustments to the Specified Taxable Income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

Subject to the terms and conditions of the Tax Transparency Ruling, the Trustee will not be taxed on Specified Taxable Income distributed to the Unitholders in the year in which the income was derived. Instead, the Trustee and the Manager will undertake to deduct income tax at the prevailing corporate tax rate on the distributions made to the Unitholders out of such Specified Taxable Income except:

a) where the beneficial owner is a Qualifying Unitholder (as defined herein), the Trustee and the Manager will make the distributions to such Unitholder without deducting any income tax; and

b) where the beneficial owner is Qualifying Foreign Non-Individual Unitholder (as defined herein), the Trustee and the Manager will undertake to deduct income tax at a reduced rate of 10% from the distributions made up to 31 March 2020, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

a) an individual; or
b) a company incorporated and tax resident in Singapore;
c) a Singapore branch of a company incorporated outside Singapore that has obtained IRAS' approval for distributions to be made by the Trust to it without deduction of tax for distributions received before 1 January 2015 or a Singapore branch of a company incorporated outside Singapore for distributions received on or after 1 January 2015; or
d) body of persons (excluding partnerships) incorporated or registered in Singapore, including:
   - a charity registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament;
   - a town council;
   - a statutory board;
   - a co-operative society registered under the Co-operative Societies Act, Chapter 62 of Singapore; and
   - a trade union registered under the Trade Unions Act, Chapter 333 of Singapore.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

a) who does not have a permanent establishment in Singapore; or
b) who carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap.134) and be collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and Manager may distribute the capital gains to Unitholders without having to deduct tax at source.

Notes to the Financial Statements

3 Significant Accounting Policies (cont'd)

3.12 Income Tax (cont'd)

Tax exemption
Pursuant to the Foreign-Source Income Tax Exemption Ruling issued by the Ministry of Finance and subject to meeting the terms and conditions of the tax ruling, the Trust and/or its Singapore subsidiaries (i.e. KDCR GVP Pte. Ltd., KDCR Netherlands 1 Pte. Ltd., KDCR Netherlands 2 Pte. Ltd., KDCR C100 Pte. Ltd., and KDCR Australia Pte. Ltd. (collectively, the "Singapore Subsidiaries")) will be exempted from Singapore tax on foreign-sourced dividends and interest income received from overseas entities in Australia, Malaysia, England, The Netherlands, Republic of Ireland, the British Virgin Islands and the Bailiwick of Guernsey.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and income taxed at Trust's level would be exempted from Singapore income tax in the hands of all Unitholders.

3.13 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Trust's head office), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire and fit-out investment properties.

3.14 Key Management Personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The board of directors and senior management of the Manager are considered as key management personnel of the Group.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.16 Significant Accounting Judgements and Estimates

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is the valuation of investment properties, Notes 4(a) and 23.

3.17 New Standards and Interpretations Not Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Trust. Those new standards, amendments to standards and interpretations are set out below.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments*: *Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Trust in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and Trust. The Group has set up project teams to assess the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.

Notes to the Financial Statements

4 Investment Properties

	Group		Trust	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Balance as at 1 January	**1,047,143**	519,764	**416,733**	–
Acquisitions				
- during the year/at Listing Date	**46,637**	430,088	**–**	430,088
- recoverable from a related corporation	**–**	(13,355)	**–**	(13,355)
	46,637	416,733	**–**	416,733
Additions	**8,653**	784	**951**	–
Acquisition through business combination (Note 20)	**–**	125,436	**–**	–
Capital expenditure	**308**	65	**106**	784
Change in fair value	**41,879**	19,682	**36,210**	(784)
Translation differences on consolidation	**(41,935)**	(35,321)	**–**	–
Balance as at 31 December	**1,102,685**	1,047,143	**454,000**	416,733

(a) Investment properties are stated at fair value based on valuations performed by independent valuers, Cushman & Wakefield VHS Pte. Ltd., CB Richard Ellis Limited, Colliers International Consultancy & Valuation Pty Ltd, Colliers International New Zealand Limited and IVPS Property Consultant Sdn Bhd (an associate of Cushman & Wakefield) (2014: Cushman & Wakefield VHS Pte. Ltd., CB Richard Ellis Limited, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Colliers International New Zealand Limited and Jones Lang LaSalle Advisory Services Pty Limited). The external, independent valuers have the appropriate recognised professional qualifications and recent experience in the locations and categories of properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In determining fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation approaches and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the discounted cash flow approach and the capitalisation approach in arriving at the open market value as at the reporting date.

The discounted cash flow approach involves estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of the market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation approach capitalises in perpetuity an income stream with appropriate adjustments for rental shortfalls and overages and discounts the stream using an appropriate capitalisation rate to arrive at the market value.

(b) On 10 August 2015, the Group completed the acquisition of a 100% interest in the land and the shell and core building known as Intellicentre 2 in Macquarie Park, New South Wales, Australia. Acquisition costs, including directly attributable costs, amounted to $46.6 million.

(c) During the financial year, additions include stamp duty paid for a data centre incurred in relation to listing amounting to $7,702,000.

(d) Investment properties comprise data centres that are held mainly for use by clients under operating leases. As at 31 December 2015, most leases contain an initial non-cancellable period of 5 to 20 years (2014: 5 to 20 years). Subsequent renewals are negotiated with the lessees.

(e) On Listing Date, the Group completed the acquisition of S25 and T25 from a related corporation amounting to $430.1 million. Pursuant to an option agreement dated 25 November 2014 entered with the related corporation in relation to purchase of S25, a downward adjustment was made on the purchase price, amounting to $13.4 million (Note 8) which is recognised as a receivable from the related corporation.

(f) The Group had entered into leases in iseekDC and C100DC as lessees under finance lease arrangements. The total carrying values of the investment properties were $148.5 million for iseekDC and C100DC (2014: $167.6 million for iseekDC and C100DC). Under these arrangements, the Group rented the iseekDC and C100DC for 20 years to 2030 with two five-year renewal options and 14 years to 2026 with a fifteen-year renewal option respectively.

5 Investment in Subsidiaries

	Trust	
	2015 $'000	2014 $'000
Investment in subsidiaries, at cost		
Balance as at 1 January	**316,155**	135,349
Incorporation/acquisition of subsidiaries	**30,856**	29,068
Capitalisation of shareholder loan[g]	**61,643**	–
Capital injection[f]	**–**	151,738
Capital reduction[h]	**(18,200)**	–
Balance as at 31 December	**390,454**	316,155

Notes to the Financial Statements

5 Investment in Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of entities	Principal activities	Place of incorporation	Effective equity held by the Trust 2015 %	Effective equity held by the Trust 2014 %
Subsidiaries held by the Trust				
KDCR 1 Limited [b][f] *(f.k.a Securus Guernsey 1 Limited)*	Investment holding	Guernsey	100	100
Boxtel Investments Limited [b][d]	Investment holding	British Virgin Islands	100	100
KDCR GVP Pte. Ltd. [f] *(f.k.a Securus GVP Pte. Ltd.)*	Investment holding	Singapore	100	100
Basis Bay Capital Management Sdn. Bhd. [e][f]	Investment in real estate properties	Malaysia	99	99
KDCR Netherlands 1 Pte. Ltd. *(f.k.a Securus Netherlands 1 Pte Ltd)*	Investment holding	Singapore	100	100
KDCR Netherlands 2 Pte. Ltd. [g] *(f.k.a Securus Netherlands 2 Pte Ltd)*	Provision of financial and asset management services	Singapore	100	100
KDCR C100 Pte. Ltd. [f] *(f.k.a Securus C100 Pte. Ltd.)*	Investment holding	Singapore	100	100
Keppel DC REIT Fin. Company Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
KDCR Australia Pte. Ltd. [c]	Investment holding	Singapore	100	–
KDCR Netherlands 3 Pte. Ltd. [c]	Investment holding	Singapore	100	–
Subsidiaries held through Boxtel Investment Limited				
KDCR 2 Limited [b][f] *(f.k.a Securus Guernsey 2 Limited)*	Investment holding	Guernsey	100	100
Subsidiaries held through KDCR 1 Limited				
KDCR Australia Trust No.1 [b] *(f.k.a Securus Australia Trust No.1)*	Investment in real estate properties	Australia	100	100
KDCR Australia 1 Pty Limited [b] *(f.k.a Securus Australia 1 Pty Limited)*	Trustee	Australia	100	100

Name of entities	Principal activities	Place of incorporation	Effective equity held by the Trust 2015 %	Effective equity held by the Trust 2014 %
Subsidiaries held through KDCR Australia Pte. Ltd.				
KDCR Australia Trust [b] [c]	Investment holding	Australia	100	–
Subsidiary held through KDCR Australia Trust No.1				
iseek Facilities Pty Ltd [b]	Data centre services	Australia	100	100
Subsidiaries held through KDCR 2 Limited				
KDCR Australia Trust No. 2 [b] *(f.k.a Securus Australia Trust No. 2)*	Investment in real estate properties	Australia	100	100
KDCR Australia 2 Pty Limited [b] *(f.k.a Securus Australia 2 Pty Limited)*	Trustee	Australia	100	100
Subsidiaries held through KDCR GVP Pte. Ltd.				
Greenwich View Place Limited [b]	Investment in real estate properties	Guernsey	100	100
Subsidiaries held through KDCR Netherlands 1 Pte. Ltd.				
KDCR Netherlands B.V. [b] *(f.k.a Securus Netherlands B.V.)*	Investment holding	Netherlands	100	100
Subsidiaries held through KDCR Netherlands B.V.				
KDCR Almere B.V. [b] *(f.k.a Securus Almere B.V.)*	Investment in real estate properties	Netherlands	100	100
Subsidiaries held through KDCR C100 Pte. Ltd.				
Citadel 100 Datacentres Limited [a]	Investment in real estate properties and provision of data services and colocation services	Republic of Ireland	100	100
Subsidiaries held through KDCR Australia Trust				
KDCR Sub-Trust 1 [b] [c]	Investment in real estate properties	Australia	100	–
Subsidiaries held through KDCR Netherlands 3 Pte. Ltd.				
KDCR Netherlands 3 B.V. [b] [c]	Investment in real estate properties	Netherlands	100	–

Notes to the Financial Statements

5 Investment in Subsidiaries (cont'd)

(a) KPMG LLP is the auditor of the Singapore-incorporated subsidiaries and the Australia-constituted trusts. Other members of the firms of KPMG International are auditors of significant foreign-incorporated subsidiaries, except for Citadel 100 Datacentres Limited, which is audited by Grant Thornton, Ireland.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Manager confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Trust.

(b) Not required to be audited by law in the country of incorporation.

Incorporation/acquisition of subsidiaries:

(c) During the year, the Group incorporated KDCR Australia Pte. Ltd., KDCR Netherlands 3 Pte. Ltd., KDCR Australia Trust, KDCR Sub-Trust 1 and KDCR Netherlands 3 B.V.

(d) On 25 November 2014, the Trust acquired Boxtel Investments Limited (which indirectly holds 30% of the interest in KDCR Australia No.2) from Keppel Data Centre Pte. Ltd., for $45.5 million in cash, including an intergroup assumed loan of $20.9 million (Note 20(b)(i)).

(e) On Listing Date, the Trust acquired Basis Bay Capital Management Sdn. Bhd. from E-Basis Bay Sdn. Bhd. by issue of units (Note 20(b)(iii)) for $4.5 million.

Capital injections in 2014:

(f) On Listing Date, the Trust injected $7.1 million, $30.6 million, $23.2 million, $39.3 million, $51.5 million into KDCR 1 Limited, KDCR 2 Limited, Basis Bay Capital Management Sdn. Bhd., KDCR GVP Pte. Ltd. and KDCR C100 Pte. Ltd. respectively.

Capitalisation of shareholder loan in 2015:

(g) On 1 April 2015, the Trust converted $61.6 million of shareholder loan to equity in KDCR Netherlands 2 Pte. Ltd..

Capital reduction

(h) On 1 January 2015, the Trust converted $18.2 million of equity in KDCR 2 Limited into shareholder loans.

6 Deposit

During the financial year, the Group entered into a forward sale and purchase agreement to acquire maincubes Data Centre, in Offenbach am Main, Germany to be constructed by the vendor. Upon signing of the agreement, the Group paid a deposit of EUR 8.4 million (approximately $12.7 million), being 10% of the purchase consideration of EUR 84.0 million.

Completion of the acquisition is subject to the completion of the construction of the data centre, expected to be in 2018, as well as satisfaction of other conditions. The deposit will be fully refundable upon any default by the vendor.

The deposit is interest-bearing at an interest rate of 7.15% per annum.

7 Loans to Subsidiaries

	Trust	
	2015 $'000	2014 $'000
Non-current assets		
Loans to subsidiaries	**92,305**	64,902
Quasi equity loans to subsidiaries	**64,135**	137,619
	156,440	202,521

Loans to subsidiaries are unsecured, interest-bearing and not expected to be repaid within the next 12 months. The interest ranges from 1.50% to 8.00% (2014: 1.06% to 10.00%) per annum.

Quasi equity loans to subsidiaries are non-trade in nature. These loans are unsecured, interest free and settlement was neither planned nor likely to occur in the foreseeable future.

8 Trade and Other Receivables

	Group		Trust	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade receivables	**13,190**	5,095	**7,438**	–
Deferred lease receivables	**24,587**	23,911	**1,219**	–
Accrued income	**718**	3,162	**–**	2,042
Other receivables	**13,277**	13,510	**12,610**	14,050
Dividend receivables from subsidiaries	**–**	–	**2,765**	5,470
Amounts due from subsidiaries	**–**	–	**8,804**	1,799
Loans and receivables	**51,772**	45,678	**32,836**	23,361
Prepayments	**1,288**	1,307	**187**	1
	53,060	46,985	**33,023**	23,362

Trade receivables are repayable within 3 months.

Other receivables include $12.4 million (2014: $13.4 million) receivable from a related corporation that is non-trade in nature, unsecured, interest free and has no fixed repayment terms. The Manager has determined that there is no impairment required based on experience with the related corporation.

Deferred lease receivables relate to lease income which has been recognised but not yet receivable from the lessees.

Accrued income relates to lease income which has been recognised but not yet billed to the clients.

Amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

9 Cash and Cash Equivalents

	Group		Trust	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Bank balances	**31,152**	25,537	**20,698**	15,864
Short-term deposits	**6,009**	–	**6,009**	–
Cash and cash equivalents in the statements of financial position	**37,161**	25,537	**26,707**	15,864

Notes to the Financial Statements

10 Unitholders' Funds

(a) Foreign currency translation reserve

The foreign currency translation reserve attributable to Unitholders comprises:

- foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group; and
- foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

(b) Other reserves

The other reserves attributable to Unitholders comprise:

- An excess amounting to $95.8 million of the consideration paid by the Trust over the nominal value of the Unitholders' funds for the redemption of the existing units from Unitholders on the Listing Date.
- $1.0 million attributable to the excess of the carrying values of non-controlling interests since the Group purchased the non-controlling interests of certain subsidiaries on the Listing Date over the consideration paid.

(c) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Capital management
The Manager reviews the Group's debt and capital management cum financial policy regularly so as to optimise the Group's funding structure. The Group's exposures to various risk elements are also monitored closely through clearly established management policies and procedures.

The Manager seeks to maintain an optimal combination of debt and equity in order to balance the cost of capital and the returns to Unitholders. The Manager also monitors the externally imposed capital requirements closely and ensures the capital structure adopted complies with the requirements.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Group's deposited properties. The Group has complied with this requirement for the financial years ended 31 December 2015 and 2014.

The Manager also monitors the Group's capital using a net debt to total funding ratio, which is defined as the (1) net borrowings divided by (2) total Unitholders' funds and liabilities:

	Group	
	2015 $'000	2014 $'000
Gross bank borrowings (Note 13)	**341,848**	294,826
Less: cash and cash equivalents (Note 9)	**(37,161)**	(25,537)
(1) Net borrowings	**304,687**	269,289
(2) Total Unitholders' funds and liabilities	**1,210,797**	1,121,064
Net debt to total funding ratio at end of year	**0.25**	0.24

There were no changes in the Manager's approach to capital management for the Group during the year.

11 Units in Issue

	Group and Trust			
	2015		2014	
	No. of Units	$'000	No. of Units	$'000
Units in issue:				
At beginning of the year	**882,930,000**	**802,873**	165,000,000	218,063
Issue of units:				
Payment of management fees in units	**46,595**	**47**	–	–
Sub-division of existing units	**–**	**–**	201,682,367	–
Redemption of existing units	**–**	**–**	(366,682,367)	(218,063)
Net placement at listing	**–**	**–**	882,930,000	821,125
Issue expenses	**–**	**–**	–	(18,252)
At end of the year	**882,976,595**	**802,920**	882,930,000	802,873

On 12 December 2014, the Trust issued 882,930,000 new units at the issue price of $0.93 per unit.

On 29 October 2015, the Trust issued 46,595 new units to the Manager at a price of $1.0111 per unit as payment of 100% of the management fees in respect of Intellicentre 2, Australia for the period from 10 August 2015 to 30 September 2015.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed which includes the rights to:

- receive income and other distributions attributable to the units;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- have the right to receive notice of, attend and one vote per unit at any meeting of the Unitholders.

The holders of units are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the holders of units are entitled to a return of capital based on the net asset value per unit of the Trust.

The restrictions on Unitholders include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem its units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

12 Loans from a Subsidiary

The loans from a subsidiary are unsecured, interest-bearing, and have loan maturities of one to five years (2014: four to five years) with interest ranging from 0.85% to 3.44% (2014: 1.06% to 3.44%) per annum.

Notes to the Financial Statements

13 Loans and Borrowings

	Group	
	2015 $'000	2014 $'000
Non-current liabilities		
Bank borrowings	**311,640**	294,826
Capitalised transaction costs of debt financing	**(1,195)**	(1,456)
	310,445	293,370
Finance lease liabilities	**27,892**	29,378
	338,337	322,748
Current liabilities		
Bank borrowings	**30,208**	–
Finance lease liabilities	**3,435**	3,857
	33,643	3,857
Total loans and borrowings	**371,980**	326,605

Borrowings for the Group denominated in currencies other than the respective entities' functional currencies amounted to $181.6 million (2014: $164.8 million). These balances are denominated in Australian Dollar, Euro and British Pound.

As at 31 December 2015 and 2014, the Trust does not have any external loans and borrowings.

Finance lease liabilities

At the reporting date, the Group has obligations under finance leases that are payable as follows:

	Future minimum lease payments $'000	Financing costs $'000	Present value of minimum lease payments $'000
Group			
2015			
Within one year	**3,754**	**319**	**3,435**
Between one and five years	**15,457**	**5,225**	**10,232**
More than five years	**115,113**	**97,453**	**17,660**
	134,324	**102,997**	**31,327**
2014			
Within one year	4,319	462	3,857
Between one and five years	16,549	5,874	10,675
More than five years	128,608	109,905	18,703
	149,476	116,241	33,235

Terms and debt repayment schedule

Terms and conditions of outstanding financial liabilities are as follows:

	Interest rate % per annum	Year of maturity	2015 Face value $'000	2015 Carrying amount $'000	2014 Face value $'000	2014 Carrying amount $'000
Group						
Bank borrowings	0.85 – 3.44					
	(2014: 1.06 – 3.44)	2016-2020	**341,848**	**341,848**	294,826	294,826
Finance lease liabilities	13.00 - 15.09					
	(2014: 13.00 – 15.09)	2040-2041	**134,324**	**31,327**	149,476	33,235
			476,172	**373,175**	444,302	328,061
Trust						
Loans from a subsidiary	0.85 – 3.44					
	(2014: 1.06 – 3.44)	2016-2020	**341,848**	**341,848**	294,826	294,826

Notes to the Financial Statements

14 Trade and Other Payables

	Group		Trust	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade payables	**1,915**	1,727	**395**	299
Non-trade payables to subsidiaries	**–**	–	**3,568**	1,449
Deferred consideration	**3,042**	–	**–**	–
Current tax payables	**3,736**	1,494	**250**	-
Other payables and accruals	**9,092**	14,349	**3,685**	8,921
	17,785	17,570	**7,898**	10,669

Non-trade payables to subsidiaries are unsecured, interest-free and repayable on demand.

Deferred consideration relates to remaining amount due to the vendor for the acquisition of an asset that is due in 2016.

As at 31 December 2015, other payables and accruals mainly relate to interest accruals, accruals for management fees, valuation fee, audit fee and other trust expenses.

As at 31 December 2014, other payables and accruals mainly relate to interest accruals, accruals for data centre fit-outs and accruals for listing-related costs.

15 Derivative Financial Instruments

	Maturity	Contract/ Notional amount $'000	Assets $'000	Liabilities $'000
Group				
2015				
Current				
Forward exchange contracts	2016	35,229	**1,009**	**(139)**
Non-current				
Forward exchange contracts	2017	34,301	**564**	**(361)**
Interest rate swaps	2018 - 2020	298,319	**3,636**	**(1,360)**
			4,200	**(1,721)**
2014				
Non-current				
Interest rate swaps	2018 - 2019	294,826	1,099	(559)
Trust				
2015				
Current				
Forward exchange contracts	2016	35,229	**1,009**	**(139)**
Non-current				
Forward exchange contracts	2017	34,301	**564**	**(361)**

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of respective bank borrowings (Note 13). Under these interest rate swaps, the Group receives the following floating interest equal to S$ swap offer rate ("SGD SOR"); A$ bank bill swap bid rate ("AUD BBSY"), Euro interbank offer rate ("EUR EURIBOR") and £ London interbank offer rate ("GBP LIBOR") at specific contracted intervals and pays fixed rates of interest ranging from 1.06% to 3.44% (2014: 1.06% to 3.44%) per annum.

The Group designates these forward currency contracts and interest rate swaps as cash flow hedges. A net unrealised fair value gain of $3,349,000 (2014: $540,000) and $1,073,000 (2014: nil) were included in hedging reserve in respect of these contracts for the Group and the Trust respectively.

Notes to the Financial Statements

16 Deferred Taxation

Deferred tax assets and liabilities are attributable to the following:

	Group		Group	
	Assets 2015 $'000	**Liabilities 2015 $'000**	Assets 2014 $'000	Liabilities 2014 $'000
Investment properties	**–**	**(15,551)**	–	(10,424)
Tax losses carried forward	**9,805**	**–**	7,422	–
	9,805	**(15,551)**	7,422	(10,424)
Setting off	**(9,493)**	**9,493**	(6,681)	6,681
Deferred tax assets/ (liabilities)	**312**	**(6,058)**	741	(3,743)

Movement in temporary differences during the year:

	Balance as at 1 January $'000	Recognised in profit or loss $'000	Acquired in business combinations (Note 20) $'000	Exchange difference $'000	Balance as at 31 December $'000
Group					
2015					
Investment property	**(10,424)**	**(5,830)**	**–**	**703**	**(15,551)**
Tax losses carry forward	**7,422**	**2,877**	**–**	**(494)**	**9,805**
Net deferred tax (liabilities)/assets	**(3,002)**	**(2,953)**	**–**	**209**	**(5,746)**
2014					
Investment property	–	(6,093)	(4,538)	207	(10,424)
Tax losses carry forward	–	2,218	5,279	(75)	7,422
Net deferred tax (liabilities)/assets	–	(3,875)	741	132	(3,002)

Net deferred tax assets and liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

As at 31 December 2015 and 2014, the Group does not have unrecognised deductible temporary differences in respect of tax losses which can be carried forward and used to offset against future taxable income.

As at 31 December 2015 and 2014, no deferred tax is recognised for the Trust.

17 Gross Revenue

	Group		
	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000	**Period from 12 December 2014 to 31 December 2015 $'000**
Rental income	**100,719**	49,728	**105,940**
Power related revenue	**692**	580	**692**
Other revenue	**1,051**	4,387	**1,052**
	102,462	54,695	**107,684**

Power related revenue refers to the recovery of power costs from lessees. Other revenue mainly refers to non-recurring service fee charged to clients as stipulated in the lease agreement.

Contingent rent recognised as rental income amounted to $32.6 million (2014: $1.7 million).

18 Finance Costs

	Group		
	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000	**Period from 12 December 2014 to 31 December 2015 $'000**
Interest expense for bank borrowings	**7,210**	10,062	**7,618**
Amortisation of:			
-finance lease charges	**4,132**	1,681	**4,396**
-capitalised transaction costs of debt financing	**368**	1,511	**387**
	11,710	13,254	**12,401**

Notes to the Financial Statements

19 Income Tax Expense

	Group		
	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000	Period from 12 December 2014 to 31 December 2015 $'000
Current tax expense	**2,624**	1,183	**2,624**
Deferred tax – origination and reversal of temporary difference	**2,953**	3,875	**2,953**
	5,577	5,058	**5,577**
Reconciliation of effective tax rate			
Total return before tax	**110,040**	50,093	**109,796**
Tax calculated using Singapore tax rate of 17% (2014: 17%)	**18,707**	8,516	**18,665**
Effects of differences in tax rates	**3,685**	5,839	**3,501**
Income not subject to tax	**(19,300)**	(9,216)	**(19,391)**
Non-deductible expenses	**5,211**	1,470	**5,202**
Recognition of prior year tax losses	**–**	(942)	**–**
Effects of results of associate presented net of tax	**–**	(226)	**–**
Utilisation of previously unrecognised tax benefits	**(236)**	(3,618)	**(236)**
Effect of unrecognised temporary differences	**2,108**	3,235	**2,108**
Tax transparency	**(4,598)**	–	**(4,272)**
	5,577	5,058	**5,577**

The Trust has been awarded the Enhanced-Tier Fund Tax incentive Scheme under Section 13X of the Income Tax Act ("SITA") with effect 13 April 2011 pursuant to the letter of award issued by the Monetary Authority of Singapore ("MAS") dated 3 May 2011. The tax exemption will be for the life of the Trust, provided that all the conditions and terms as set out in the MAS Circulars – FDD Circular 03/2009 and FDD Circular 05/2010 and the relevant income tax legislations are met.

Under the terms of the tax incentives granted, qualifying income derived from approved investment is exempted from income tax in the Republic of Singapore.

20 Acquisition of Remaining Interest in an Associate and Non-controlling Interests in Prior Year

(a) Acquisition of remaining equity interest in Citadel 100 Datacentres Limited ("C100")

On 25 November 2014, the Group entered into a share purchase agreement with Keppel Data Centres Pte. Ltd. ("KDC") to acquire the remaining 50% equity interest in C100, which is engaged in provision of bespoke, wholesale colocation and specialised data centre management services. The transaction was completed on the Listing Date.

Details of the consideration for the acquisition of C100 and the amounts of the net identifiable assets recognised on the Listing Date are as follows:

	25 November 2014 $'000
Cash consideration	51,528
Less: KDC's shareholder loan assumed	(17,227)
Net consideration transferred	34,301
Add: fair value of 50% equity interest of C100 previously held	34,301
Less: fair values of net assets acquired (as shown below)	(68,602)
Goodwill	–

Details of assets and liabilities of C100 at the acquisition date are as follows:

	Fair value 25 November 2014 $'000
Investment property	125,436
Trade and other receivables	3,756
Cash and cash equivalents	3,976
Net deferred tax assets	741
Trade and other payables	(7,069)
Finance lease liability	(23,782)
Shareholder loans	(34,456)
	68,602

At the acquisition date, the carrying values of assets and liabilities approximate their fair values. The Manager had appointed external, independent valuers to estimate the fair value of the investment property in C100 prior to the acquisition.

No goodwill is attributable to C100 from combining the operation of the Group and the acquired business as the entity is acquired at fair value.

Notes to the Financial Statements

20 Acquisition of Remaining Interest in an Associate and Non-controlling Interests in Prior Year (cont'd)

(a) Acquisition of remaining equity interest in Citadel 100 Datacentres Limited ("C100") (cont'd)

Analysis of inflow of cash and cash equivalents in respect of C100 acquisition:

	25 November 2014 $'000
Cash consideration paid	51,528
Less: cash and cash equivalent acquired	(3,976)
Net cash outflow in respect of C100 acquisition	47,552

The acquired subsidiary as described above contributed revenue of $0.6 million and net profit of $0.1 million to the Group since its acquisition for the year ended 31 December 2014. If the acquisition had occurred on 1 January 2014, the Group's revenue would have been $14.6 million and profit attributable to Unitholders of the Trust would have been $4.8 million for the year ended 31 December 2014. These amounts had been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect its operating results, together with consequential tax effects.

(b) Acquisition of non-controlling interests of GHDC, iseekDC and BBDC

On 25 November 2014, the Manager entered into share purchase agreements to acquire the non-controlling interests in the following subsidiaries:

	25 November 2014 $'000
(i) GHDC - 100% of the issued share capital of Boxtel Investments Limited (which indirectly holds 30% of the interest in KDCR Australia No.2) from Keppel Data Centres Pte. Ltd., for $45.5 million in cash.	45,533
(ii) iseekDC - 30% of the issued share capital of KDCR Guernsey 1 Ltd and KDCR Australia No.1 Pty Limited and 30% of the issued units of KDCR Australia Trust No.1 from JPOB Investments Pty Ltd., for $6.2 million in cash.	6,210
	51,743
(iii) BBDC - 19% of the issued share capital of Basis Bay Capital Management Sdn. Bhd. from E-Basis Bay Sdn Bhd.	4,455

The following summarises the effect of changes in the Group's ownership interests in the acquired non-controlling interests and additional interests on 25 November 2014:

	KDCR Guernsey 2 Limited $'000	KDCR Australia Trust No.1 $'000	Basis Bay Capital Management Sdn. Bhd. $'000
Group's ownership interest			
Prior to acquisition	98,545	17,536	16,597
Effects of increase in interest	42,233	7,515	3,942
Share of comprehensive income	683	238	196
	141,461	25,289	20,735

21 Non-controlling Interests

On 12 December 2014, the Group's equity interest in Basis Bay Capital Management Sdn. Bhd. increased from 80% to 99%. During the previous year, the Group acquired the remaining interest in KDCR 2 Limited and KDCR Australia Trust No.1 (Note 20).

The following summarises the financial information of each of the Group's subsidiaries with material non-controlling interests held during the financial year, based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

As at 31 December 2015 and 2014, non-controlling interest in relation to Basis Bay Capital Management Sdn. Bhd. is not significant to both the consolidated statement of financial position and consolidated statement of total return of the Group.

	Material NCI	
	KDCR 2 Limited and subsidiary $'000	**KDCR Australia Trust No.1 $'000**
2014		
Revenue	25,502	6,758
Profit and total comprehensive income	32,910	5,402
Attributable to NCI:		
-Profit and total comprehensive income	9,873	1,621

Notes to the Financial Statements

22 Financial Risk Management

Overview
The Manager has a system of controls for the Group in place to create an acceptable balance between the cost of risks occurring and the cost of managing risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk
Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

Prior to signing any major lease agreements, credit assessments on prospective clients are carried out. This is usually done by way of evaluating information from corporate searches. The Group's client trade sector mix in its property portfolio is actively managed to avoid excessive exposure to any one potentially volatile trade sector.

Cash and cash equivalents are placed and derivative financial instruments are entered into with bank and financial institution counterparties which are of good credit ratings. The Manager assesses all counterparties for credit risk for the Group before contracting with them.

At the reporting date, the carrying amount of each class of financial assets recognised in the balance sheets represents the Group's maximum credit exposure.

Trade and other receivables that are neither past due nor impaired are substantially with companies with good collection track record with the Group.

There were no significant trade and other receivables that are past due but not impaired.

Credit risk concentration profile
At the reporting date, approximately 39.9% (2014: 33.2%) of the Group's trade and other receivables were due from related corporations. Concentration of credit risk relating to trade receivables is limited due to Group's varied clients. The underlying clients are engaged in diversified businesses and the credit quality of its trade and other receivables that were not past due or impaired at reporting date is assessed to be of acceptable risks. The Group's most significant client accounts for 31.8% (2014: 33.4%) of the trade receivables' carrying amount as at the reporting date.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager manages the liquidity structure of the Group's assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

The Manager monitors and maintains a level of cash and cash equivalents of the Group deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Steps will be taken to plan early for funding and expense requirements so as to manage the cash position at any point in time.

The following are the contractual undiscounted cash flows of financial liabilities, including estimated finance costs and excluding the impact of netting agreements:

	Total $'000	Contractual cash flows (including finance costs) Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group				
2015				
Non-derivative financial liabilities				
Bank borrowings	**(369,976)**	**(38,383)**	**(331,593)**	**–**
Finance lease liabilities	**(134,324)**	**(3,754)**	**(15,457)**	**(115,113)**
Trade and other payables	**(17,785)**	**(17,785)**	**–**	**–**
	(522,085)	**(59,922)**	**(347,050)**	**(115,113)**
Derivative financial instruments				
Forward foreign exchange contracts				
-Outflow	**(62,907)**	**(31,744)**	**(31,163)**	**–**
-Inflow	**63,983**	**32,617**	**31,366**	**–**
	1,076	**873**	**203**	**–**
2014				
Non-derivative financial liabilities				
Bank borrowings	(317,476)	(5,381)	(312,095)	–
Finance lease liabilities	(149,476)	(3,857)	(16,549)	(129,070)
Trade and other payables	(17,570)	(17,570)	–	–
	(484,522)	(26,808)	(328,644)	(129,070)
Trust				
2015				
Non-derivative financial liabilities				
Trade and other payables	**(7,898)**	**(7,898)**	**–**	**–**
Derivative financial instruments				
Forward foreign exchange contracts				
-Outflow	**(62,907)**	**(31,744)**	**(31,163)**	**-**
-Inflow	**63,983**	**32,617**	**31,366**	**-**
	1,076	**873**	**203**	**–**
2014				
Non-derivative financial liabilities				
Trade and other payables	(10,669)	(10,669)	–	–

Notes to the Financial Statements

22 Financial Risk Management (cont'd)

Market risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's total return. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return

Interest rate risk
The Group's exposure to market risk for changes in interest rate environment relates mainly to its credit facilities.

	Group	
	Notional amount 2015 $'000	Notional amount 2014 $'000
Fixed rate instruments		
Interest rate swaps	**(298,319)**	(294,826)
Finance lease liabilities	**(31,327)**	(33,235)
Variable rate instruments		
Bank borrowings	**(341,848)**	(294,826)
Interest rate swaps	**298,319**	294,826

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of interest rate swaps.

Fair value sensitivity analysis for fixed rate instruments:
The Group does not account for any fixed rate financial asset and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the statement of total return.

Cash flow sensitivity analysis for variable rate instruments:
The Group manages interest risks by using interest rate swaps (Note 15). The details of the interest rates relating to interest-bearing financial liabilities are disclosed in Note 13.

On 31 December 2015, the Group is not exposed to significant floating interest rate risk since its floating rate bank borrowings are substantially hedged with interest rate swaps. The Group has applied hedge accounting in order to manage volatility in profit or loss.

Derivatives assets and liabilities designated as cash flow hedges:
The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair value of the related hedging instruments.

	Carrying amount $'000	Expected cash flow $'000	Within 1 year $'000	1 – 2 years $'000	2 – 5 years $'000
Group					
2015					
Interest rate swaps					
Assets	**3,636**	**3,972**	**(2)**	**790**	**3,184**
Liabilities	**(1,360)**	**(1,169)**	**(683)**	**(475)**	**(11)**
	2,276	**2,803**	**(685)**	**315**	**3,173**
Forward exchange contracts					
Assets	**1,573**	**1,573**	**1,009**	**564**	**–**
Liabilities	**(500)**	**(500)**	**(139)**	**(361)**	**–**
	1,073	**1,073**	**870**	**203**	**–**
2014					
Interest rate swaps					
Assets	1,099	1,323	(1,396)	(352)	3,071
Liabilities	(559)	(521)	(240)	(355)	74
	540	802	(1,636)	(707)	3,145

Foreign currency risk
The Group operates across multiple jurisdictions and is exposed to various currencies, particularly the Australian Dollar, Euro and British Pound.

The Group manages its foreign currency risk, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

In relation to its overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Notes to the Financial Statements

22 Financial Risk Management (cont'd)

Foreign currency risk (cont'd)

The Group has material receivables and payables denominated in foreign currencies in Australian Dollar ("AUD"), Euro ("EUR") and British Pound ("GBP"). The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts to hedge the Group's exposure to specific currency risks relating to receivables and payables.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $69.5 million (2014: nil). The net positive fair value of forward foreign exchange contracts is $1.1 million (2014: nil) comprising assets of $1.6 million (2014: nil) and liabilities of $0.5 million (2014: nil). These amounts are recognised as derivative financial instruments in Note 15.

Exposure to currency risk:

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follow:

	2015			2014		
	AUD $'000	**EUR $'000**	**GBP $'000**	AUD $'000	EUR $'000	GBP $'000
Group						
Trade receivables and other receivables	**20,344**	**19,010**	**3,414**	21,859	5,116	2,663
Unsecured bank loan	**(86,551)**	**(69,732)**	**(25,356)**	(80,255)	(60,511)	(24,060)
Trade payables and other payables	**(8,378)**	**(3,990)**	**(764)**	(2,576)	(5,721)	(514)
Net statement of financial position exposure	**(74,585)**	**(54,712)**	**(22,706)**	(60,972)	(61,116)	(21,911)
Trust						
Trade receivables and other receivables	**8,033**	**–**	**–**	2,313	3,115	–
Trade payables and other payables	**(216)**	**(332)**	**(1,963)**	–	(396)	(1,182)
Loan from subsidiary	**(86,551)**	**(69,732)**	**(25,356)**	(80,255)	(60,511)	(24,060)
Loan to subsidiaries	**127,614**	**28,826**	**–**	64,903	–	–
Net statement of financial position exposure	**48,880**	**(41,238)**	**(27,319)**	(13,039)	(57,792)	(25,242)

Sensitivity analysis:

A 10% strengthening of the functional currency against the following foreign currencies at the reporting date would increase/(decrease) the Group's total return as at the reporting date by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2015 $'000	2014 $'000
Australian Dollar	**7,459**	6,097
Euro	**5,471**	6,124
British Pound	**2,271**	2,191
	15,201	14,412

A 10% weakening of the functional currency against the above currencies would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

23 Fair Value of Assets and Liabilities

Determination of fair values

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

Investment properties
External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the locations and categories of properties being valued, values the Group's investment properties portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental revenue of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of clients actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purpose, is calculated based on the present value of expected future principal and interest cash flows, where the discount rate is computed from the market rate of interest at the reporting date.

Other financial assets and liabilities
The carrying amounts of financial assets and financial liabilities with a maturity of less than one period (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Notes to the Financial Statements

23 Fair Value of Assets and Liabilities (cont'd)

Fair value hierarchy

The table below analyses fair value measurements for financial assets, financial liabilities and non-financial assets carried at fair value. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

Assets and liabilities carried at fair value

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Derivative financial assets	**–**	**5,209**	**–**	**5,209**
Investment properties	**–**	**–**	**1,102,685**	**1,102,685**
	–	**5,209**	**1,102,685**	**1,107,894**
Derivative financial liabilities	**–**	**(1,860)**	**–**	**(1,860)**
2014				
Derivative financial assets	–	1,099	–	1,099
Investment properties	–	–	1,047,143	1,047,143
	–	1,099	1,047,143	1,048,242
Derivative financial liabilities	–	(559)	–	(559)
Trust				
2015				
Derivative financial assets	**–**	**1,573**	**–**	**1,573**
Investment properties	**–**	**–**	**454,000**	**454,000**
	–	**1,573**	**454,000**	**455,573**
Derivative financial liabilities	**–**	**(500)**	**–**	**(500)**
2014				
Investment properties	–	–	416,733	416,733

There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2015 (2014: Nil).

Movement in Level 3 fair values of investment properties for the financial year is as shown in Note 4.

Level 3 fair values

The following table shows the valuation technique and the significant unobservable inputs used in the determination of fair value.

Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties – data centres		
Capitalisation approach	Capitalisation rate: 6.85% to 11.88% (2014: 7.25% to 12.25%)	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 7.00% to 12.75% (2014: 8.50% to 13.50%) Terminal yield rate: 5.75% to 20.00% (2014: 7.50% to 20.00%)	The estimated fair value varies inversely against the discount rate and terminal yield rate.

Fair value

The basis for fair value measurement of financial assets and liabilities is set out above. The carrying amounts of other financial assets and liabilities approximate their fair values.

Notes to the Financial Statements

24 Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Manager has the ability, whether directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice-versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Other than disclosed elsewhere in the financial statements, the following are significant transactions with related parties on terms agreed between the parties.

Related party transactions

On 24 October 2014, the Trustee-Managers, AEP Investment Management Pte Ltd and Keppel DC REIT Investment Management Pte. Ltd., were replaced by the Trustee and the Manager pursuant to the Deed of Appointment and Retirement dated 24 October 2014.

Related party transactions are as follows:

	Group	
	2015 $'000	2014 $'000
Rental income from related corporations	**34,288**	2,111
Management base fees to the Manager	**(5,011)**	(261)
Management performance fees to the Manager	**(2,824)**	(167)
Acquisition fees to the Manager	**(437)**	–
Facility management fees to related corporations	**(4,031)**	(2,611)
Management base fees to the Trustee-Manager	**–**	2,380

25 Commitments

Operating lease commitments (as lessor)

The Group has future minimum payments receivable under non-cancellable operating leases as follows:

	Group	
	2015 $'000	2014 $'000
Within one year	**61,067**	66,187
Between one and five years	**183,678**	193,431
More than five years	**313,649**	311,407
	558,394	571,025

Operating lease income represents data centre rental receivable from clients.

Finance lease commitments (as lessee)

The Group has future minimum payments payable under non-cancellable finance leases as follows:

	Group	
	2015 $'000	2014 $'000
Within one year	**3,754**	3,857
Between one and five years	**15,457**	16,549
More than five years	**115,113**	129,070
	134,324	149,476

As at 31 December 2015 and 2014, the Trust does not have finance lease liabilities nor finance lease commitments.

Notes to the Financial Statements

26 Financial Ratios

	Group	
	2015 %	2014 %
Expenses to average net assets[1]		
- including asset management fees	**1.49**	1.26
- excluding asset management fees	**0.41**	0.20
Operating expenses[2] ($'000)	**26,962**	1,233
Operating expenses[2] to net asset value as at 31 December (%)	**3.31**	2.91

1 The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 2015 was based on total expenses of the Group divided by the average net asset value for the year. The expenses used in the computation exclude property expenses, finance costs, foreign exchange gains/losses, gains/losses from derivatives and tax expenses. The average net asset value is based on the month-end (or daily) balances. The calculation of the expense ratio at 2014 was based on annualised total operating expenses of the Group divided by the net asset value as at 31 December 2014 given the change in Group structure on the Listing Date.

2 The operating expenses include property expenses, the Manager's management fees, trustee's fees and all other fees and charges paid to interested persons as well as current taxation incurred. The operating expenses to net asset value as at 31 December 2014 was based on annualised operating expenses of the Group divided by the net asset value as at 31 December 2014 given the change in the Group on the Listing Date.

27 Operating Segments

The Group has 9 (2014: 8) investment properties, as described in Note 4 and in the consolidated portfolio statement in three reportable segments. The various investment properties are managed separately given the different geographic locations. For each of the investment properties, the Manager reviews internal management reports at least on a quarterly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment total return before tax, as included in the internal management reports that are reviewed by the Manager. Segment return is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

By type of asset

	2015			
	Colocation $'000	**Fully fitted $'000**	**Shell and core $'000**	**Total $'000**
Gross revenue	**72,991**	**25,804**	**3,667**	**102,462**
Net property income	**58,409**	**25,536**	**2,927**	**86,872**
Finance income	**75**	**209**	**37**	**321**
Finance costs	**(6,426)**	**(3,442)**	**(1,810)**	**(11,678)**
Reportable segment total return before tax	**79,925**	**32,094**	**4,221**	**116,240**
Unallocated amounts:				
-Finance costs				**(32)**
-Other corporate expenses				**(6,168)**
Total return before tax				**110,040**

Segment assets	**671,454**	**320,360**	**214,148**	**1,205,962**
Other unallocated amounts				**5,209**
Consolidated assets				**1,211,171**
Segment liabilities	**165,052**	**139,535**	**91,236**	**395,823**
Other unallocated amounts				**1,860**
Consolidated liabilities				**397,683**
Other segment items:				
Net change in fair value of investment properties	**28,490**	**10,196**	**3,193**	**41,879**
Capital expenditure/additions	**2,099**	**–**	**5,911**	**8,010**

Notes to the Financial Statements

27 Operating Segments (cont'd)

Information about reportable segments (cont'd)

By type of asset (cont'd)

	2014			
	Colocation $'000	Fully fitted $'000	Shell and core $'000	Total $'000
Gross revenue	24,644	26,641	3,410	54,695
Net property income	21,043	26,388	2,801	50,232
Finance costs	(4,005)	(8,237)	(769)	(13,011)
Reportable segment total return before tax	29,411	20,577	6,264	56,252
Share of results of associate:				
- excluding change in fair value of investment property	2,347	–	–	2,347
- change in fair value of investment property	(2,228)	–	–	(2,228)
				119
Unallocated amounts:				
-Finance costs				(243)
-Other corporate expenses				(6,035)
Total return before tax				50,093

	Colocation $'000	Fully fitted $'000	Shell and core $'000	Total $'000
Segment assets	725,097	309,070	54,911	1,089,078
Other unallocated amounts				32,427
Consolidated assets				1,121,505
Segment liabilities	56,243	97,223	5,494	158,960
Other unallocated amounts				189,517
Consolidated liabilities				348,477
Other segment items:				
Net change in fair value of investment properties	12,626	2,824	4,232	19,682
Capital expenditure/additions	37	812	–	849

	Period from 12 December 2014 to 31 December 2015			
	Colocation $'000	Fully fitted $'000	Shell and core $'000	Total $'000
Gross revenue	76,690	27,161	3,833	107,684
Net property income	61,365	26,889	3,043	91,297
Finance income	75	209	37	321
Finance costs	(6,714)	(3,589)	(1,822)	(12,125)
Reportable segment total return before tax	80,446	33,348	4,189	117,983
Unallocated amounts:				
-Finance costs				(276)
-Other corporate expenses				(7,911)
Total return before tax				109,796

Segment assets	671,454	320,360	214,148	1,205,962
Other unallocated amounts				5,209
Consolidated assets				1,211,171
Segment liabilities	165,052	139,535	91,236	395,823
Other unallocated amounts				1,860
Consolidated liabilities				397,683
Other segment items:				
Net change in fair value of investment properties	27,706	10,196	3,193	41,095
Capital expenditure/additions	2,099	–	5,911	8,010

Notes to the Financial Statements

27 Operating Segments (cont'd)

Information about reportable segments – 31 December (cont'd)

By geographical area

	Group		
	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000	**Period from 12 December 2014 to 31 December 2015 $'000**
Revenue			
- Singapore	**41,757**	2,170	**43,909**
- Australia	**26,562**	31,961	**27,917**
- Ireland	**14,455**	681	**15,149**
- Other countries	**19,688**	19,883	**20,709**
Total revenue	**102,462**	54,695	**107,684**
Investment properties			
- Singapore	**454,000**	416,733	**454,000**
- Australia	**289,439**	251,825	**289,439**
- The Netherlands	**129,715**	131,657	**129,715**
- Other countries	**229,531**	246,928	**229,531**
Total value of investment properties	**1,102,685**	1,047,143	**1,102,685**

Major customer

Revenue of $60.4 million (2014: $34.4 million) is derived from 2 separate external clients from Singapore and Australia (2014: Australia and the Netherlands).

Additional Information

Interested Person Transactions

The transactions entered into with interested persons during the financial period which falls under the Listing Manual of the SGX-ST and the CIS Code are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000) Period from 12 December 2014 to 31 December 2015 $'000
Keppel Corporation Limited and its subsidiaries	
- Media-related costs for the listing of Keppel DC REIT	295
Keppel Telecommunications & Transportation Ltd and its subsidiaries	
- Fixed rental income[1]	91,711
- Variable rental income	34,288
- Manager's management fees	8,700
- Facility management fees	4,031
- Support services fees	634
The Trust Company (Asia) Limited	
- Trustee's fees	189

1 The aggregate value of interested person transactions refers to the total contract sum entered into during the financial period.

Certain other interested person transactions outlined in the Prospectus dated 5 December 2014 are deemed to have been approved by the Unitholders and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Keppel DC REIT.

Keppel DC REIT has not obtained a general mandate from Unitholders for interested person transactions for the financial period under review.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than $100,000 each) entered into during FY 2015 nor any material contracts entered into by Keppel DC REIT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of Keppel DC REIT.

Please also see significant related party transactions on Note 24 in the financial statements.

Subscription of Keppel DC REIT Units

During the financial period ended 31 December 2015, Keppel DC REIT issued 46,595 new units as payment of management fees to the Manager.

Corporate Governance

The board and management of Keppel DC REIT Management Pte. Ltd., the manager of Keppel DC REIT (the "Manager"), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2012 (the "2012 Code") as its benchmark for corporate governance policies and practices. The following describes the Manager's main corporate governance policies and practices, with specific reference to the 2012 Code.

THE MANAGER OF KEPPEL DC REIT

The Manager has general powers of management over the assets of Keppel DC REIT. The Manager's main responsibility is to manage the assets and liabilities of Keppel DC REIT for the benefit of Unitholders. The Manager manages the assets of Keppel DC REIT with a focus on generating rental income and enhancing asset value over time so as to maximise the returns from the investments, and ultimately the distributions and total returns to Unitholders.

The primary role of the Manager is to set the strategic direction of Keppel DC REIT and make recommendations to The Trust Company (Asia) Limited as trustee of Keppel DC REIT (the "Trustee") on the acquisitions to, and divestments from, Keppel DC REIT's portfolio of assets, as well as enhancement of the assets of Keppel DC REIT, in accordance with its stated investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Manager. The Manager is also responsible for the risk management of Keppel DC REIT.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for Keppel DC REIT, at arm's length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for Keppel DC REIT with a view to maximising the distributable income of Keppel DC REIT;

2. acquiring, selling, leasing, licensing, entering into colocation arrangements for the use of colocation space or otherwise dealing with any real estate in furtherance of the investment policy and prevailing investment strategy that the Manager has for Keppel DC REIT;

3. supervising and overseeing the management of Keppel DC REIT's properties (including lease and facility management, systems control, data management and business plan implementation);

4. undertaking regular individual asset performance analysis and market research analysis;

5. managing the finances of Keppel DC REIT, including accounts preparation, capital management, co-ordination of the budget process, forecast modeling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;

6. ensuring compliance with the applicable provisions of the Companies Act, the Securities and Futures Act and all other relevant legislation of Singapore, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the Code on Collective Investment Schemes (including the Property Funds Appendix) issued by the Monetary Authority of Singapore ("MAS"), the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of Keppel DC REIT and its Unitholders;

7. managing regular communications with Unitholders; and

8. supervising the facility managers who perform day-to-day facility management functions (including leasing, accounting, budgeting, marketing, promotion, facility management, maintenance and administration) for Keppel DC REIT's properties, pursuant to the facility management agreements signed for the respective properties.

Keppel DC REIT, constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of Keppel DC REIT. All Directors and employees of the Manager are remunerated by the Manager, and not by Keppel DC REIT.

The Manager is appointed in accordance with the terms of the Deed of Trust dated 17 March 2011 as amended and supplemented by a First Supplemental Deed dated 24 October 2014, a Supplemental Deed of Appointment and Retirement dated 24 October 2014, the First Amending and Restating Deed dated 24 October 2014, the Second Supplemental Deed dated 18 November 2014, the Third Supplemental Deed dated 21 January 2015 and the Fourth Supplemental Deed dated 11 March 2016 (collectively, the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager and its related parties) being disenfranchised, vote to remove the Manager.

THE BOARD'S CONDUCT OF AFFAIRS
Principle 1: Effective Board to lead and control the company

The Board of Directors of the Manager (the "Board") is responsible for the overall management and the corporate governance of the Manager and Keppel DC REIT, including establishing goals for management and monitoring the achievement of these goals.

The principal functions of the Board are to:

- decide on matters in relation to Keppel DC REIT's and the Manager's activities which are significant in nature, including decisions on strategic direction, guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of Keppel DC REIT and the Manager, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- assume responsibility for corporate governance.

All directors of the Manager (the "Directors") are expected to exercise independent judgment in the best interests of Keppel DC REIT, and all Directors have discharged this duty consistently well.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee has been constituted with clear written terms of reference, and plays an important role in ensuring good corporate governance. The responsibilities of the Audit and Risk Committee is disclosed in the Appendix hereto.

The Board meets four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for Keppel DC REIT, proposed acquisitions and disposals, the annual budget, the performance of the business and the financial performance of Keppel DC REIT and the Manager. The Board also reviews and approves the release of the quarterly, half- and full-year results. In addition, the Board reviews the risks to the assets of Keppel DC REIT, and acts upon any comments from the auditors of Keppel DC REIT.

The Manager's constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

Corporate Governance

The number of Board and Audit and Risk Committee meetings held in FY 2015, as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended
Mr Chan Hon Chew	6	4
Mr Lee Chiang Huat	6	4
Mr Leong Weng Chee	6	-
Mr Lim Chin Hu	6	4
Mr Dileep Nair	6	4
Mr Teo Cheng Hiang Richard	6	-
Dr Tan Tin Wee	6	-
Mr Thomas Pang Thieng Hwi	6	-
No. of Meetings held in FY 2015	6	4

If a Director is unable to attend a Board or Board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman or Board committee Chairman of his or her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

The Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of Keppel DC REIT, and site visits. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on Keppel DC REIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. A training programme is in place for Directors in areas such as accounting, finance and the roles and responsibilities of a director of a listed company.

BOARD COMPOSITION AND GUIDANCE
Principle 2: Strong and independent element on the Board

The Board consists of eight members, six of whom are non-executive independent Directors.

The Board determines on an annual basis whether or not a Director is independent, bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent. A Director who has no relationship with the Manager, its related companies, its 10% shareholders or its officers or 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of Keppel DC REIT, is considered to be independent.

The Board is of the view that, taking into account the nature and scope of Keppel DC REIT's operations, the present Board size is appropriate and facilitates effective decision making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out in the Appendix hereto.

The Board is satisfied that the Board and the Audit and Risk Committee comprise Directors who as a group provide an appropriate balance and diversity of skills, experience and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Audit and Risk Committee to be effective.

The composition of the Board is also determined using the following principles:

(i) The Chairman of the Board should be a non-executive Director of the Manager;
(ii) The Board comprises Directors with a broad range of commercial experience including expertise in funds management, audit and accounting and the property industry; and
(iii) At least one-third of the Board comprises independent Directors.

Further, in accordance with Guideline 2.2 of the 2012 Code, at least half of the Board should comprise independent Directors where the Chairman is not an independent director.

The composition is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the Board is kept well informed of Keppel DC REIT's and the Manager's businesses and affairs and are knowledgeable about the industry in which the businesses operate. For the current financial year, the Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. The Directors are supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman leads the Board in working together with management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. With the assistance of the company secretaries, the Chairman also sets and approves the agenda of all Board meetings.

Corporate Governance

The Chairman monitors the flow of information from management to the Board to ensure that material information is provided timeously to the Board. He also encourages constructive relations between the Board and management.

The Chairman ensures effective communication with Unitholders and leads discussions and development of relations with them. He also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and the management.

The CEO is responsible for working with the Board to determine the strategy for Keppel DC REIT. The CEO also works with the other members of the Manager's management team to ensure that Keppel DC REIT is operated in accordance with the stated investment strategy of the Manager. He is also responsible for the strategic planning and development of Keppel DC REIT.

The clear separation of roles of the Chairman and CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberations on the business activities of Keppel DC REIT.

The Chairman and CEO are separate persons, the independent Directors currently comprise a majority of the Board, and the Audit and Risk Committee is chaired by and comprise a majority of independent Directors. In light of the foregoing, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent Director.

BOARD MEMBERSHIP
Principle 4: Formal and transparent process for the appointment of new Directors to the Board

The Manager does not have a nominating committee. In view that there is no immediate need to refresh the Board as the current Board was only constituted recently, and taking into account the activities and scale of business of Keppel DC REIT and the fact that independent Directors constitute more than half of the Board, the Board considers that the objectives of a nominating committee may be achieved by the full Board (of which independent Directors comprise more than half of the Board) undertaking the responsibilities of a nominating committee. Therefore, the Board undertakes the functions that such a committee would otherwise perform.

Process for appointment of new Directors and succession planning for the Board
The Board is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors, as follows:

(a) The Board reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;
(b) In light of such review and in consultation with management, the Board assesses if there are any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
(c) External help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions; and
(d) Meetings with the shortlisted candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Criteria for appointment of new Directors
All new appointments are based on the following objective criteria:

(1) Integrity;
(2) Independent mindedness;
(3) Diversity – possess core competencies that meet the current needs of Keppel DC REIT and the Manager and complement the skills and competencies of the existing Directors on the Board;
(4) Able to commit time and effort to carry out duties and responsibilities effectively – proposed Director should not have more than six listed company board representations and other principal commitments;
(5) Track record of making good decisions;
(6) Experience in high-performing corporations or property funds; and
(7) Financially literate.

Endorsement by Unitholders of appointment of Directors
Keppel Telecommunications & Transportation Ltd ("Keppel T&T") has on 25 November 2014 provided an undertaking to the Trustee (the "Undertaking") to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at the Annual General Meetings ("AGM") of Unitholders. Pursuant to the Undertaking, Keppel T&T undertakes to the Trustee:

(i) in relation to the Directors who are named in the final prospectus of Keppel DC REIT, to procure the Manager to seek Unitholders' re-endorsement for the appointment of each such Director no later than the third AGM after the date of listing of Keppel DC REIT on the SGX;
(ii) to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
(iii) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director at the next AGM immediately following his appointment; and
(iv) to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel T&T from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of SGX) and the constitution of the Manager.

The Undertaking shall remain in force for so long as:
(a) Keppel T&T remains as the holding company (as defined in the Companies Act) of the Manager; and
(b) Keppel DC REIT Management Pte Ltd remains as the manager of Keppel DC REIT.

Notwithstanding the Undertaking requires the Manager to seek Unitholders' re-endorsement for the appointment of each Director named in the final prospectus of Keppel DC REIT no later than the third AGM of Keppel DC REIT after the date of listing of Keppel DC REIT on the SGX, the Manager is seeking the re-endorsement of the appointments of Mr Chan Hon Chew, Mr Leong Weng Chee and Mr Dileep Nair at the AGM to be held in 2016 so that eventually at any one AGM, only one-third of the Directors will seek re-endorsement.

The Board decides on the seeking of endorsement and re-endorsement from Unitholders of the appointments of the Directors, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.

Review of Directors' independence
The Board is also charged with determining the "independence" status of the Directors annually. Please refer to page 127 on the basis of the Board's determination as to whether a Director should or should not be deemed independent.

The Board noted that Dr Tan Tin Wee was an independent director of Keppel T&T until April 2014. Taking into consideration, amongst other things, the instances of constructive challenge and probing of management by Dr Tan at the board meetings of the Manager, the exercise of independent judgment in the best interests of Keppel DC REIT, and that more than one and a half years has passed since Dr Tan retired from the board of directors of Keppel T&T, the Board was of the view that Dr Tan is independent in character and judgment and able to exercise his independent business judgement with a view to the best interests of Keppel DC REIT and its Unitholders. Accordingly, the Board has approved the re-designation of Dr Tan as an independent Director.

Corporate Governance

Annual review of Directors' time commitments
The Board also determines annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Manager. The Board took into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their other listed company board representations and other principal commitments.

The Board has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. As a guide, Directors should not have more than six listed company board representations and other principal commitments.

Key information regarding Directors
The following key information regarding Directors are set out in the following pages of this Annual Report:

Pages 12 to 15: Academic and professional qualifications, Board committee served on (as a member or Chairman), date of first appointment as a Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, whether considered by the Board to be independent; and

Page 163 to 164: Unitholdings in Keppel DC REIT as at 21 January 2016.

BOARD PERFORMANCE
Principle 5: Formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committee, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Mr Nelson Tan does not have any other connection with Keppel DC REIT, the Manager or any of the Directors.

The evaluation processes and performance criteria are set out in the Appendix hereto.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committee. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

ACCESS TO INFORMATION
Principle 6: Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to the Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Management who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.

The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel DC REIT's business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

The Manager has implemented quarterly financial reporting from the date of listing of Keppel DC REIT on the SGX.

The Directors have separate and independent access to both company secretaries of the Manager. The company secretaries assist the Chairman in ensuring that Board procedures (including but not limited to assisting the Chairman to ensure the timely and good information flow to the Board and its committee, and between senior management and the Directors) are followed and that the Manager's constitution and relevant rules and regulations are complied with. At least one of the two company secretaries attends all Board meetings and prepares minutes of the Board proceedings. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties.

REMUNERATION MATTERS
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors
Principle 8: Remuneration of Directors and key management personnel should be adequate but not excessive
Principle 9: Disclosure on remuneration policies, level and mix of remuneration, and procedure for setting remuneration

The Manager does not have a remuneration committee. Taking into account the activities and scale of business of Keppel DC REIT and the fact that independent Directors constitute more than half of the Board, the Board considers that the objectives of a remuneration committee may be achieved by the full Board (of which independent Directors comprise more than half of the Board) undertaking the responsibilities of a remuneration committee. Therefore, the Board undertakes the functions that such a committee would otherwise perform.

The Board is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The Board ensures that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholders' value. The Board reviews and approves a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits in kind) and the specific remuneration packages for each Director (including the CEO). The Board also reviews the remuneration of the key management personnel of the Manager and administers the Manager's Unit-based incentive plans. In addition, the Board reviews the Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Board has access to expert advice from external consultants where required. In FY 2015, the Board sought views on market practice and trends from external remuneration consultants, such as Aon Hewitt. The Board undertook a review of the independence and objectivity of the external remuneration consultants and has confirmed that the external remuneration consultants had no relationships with the Manager which would affect their independence.

Corporate Governance

ANNUAL REMUNERATION REPORT

Although the remuneration of the Directors and employees of the Manager is paid by the Manager out of the fees it receives and not by Keppel DC REIT itself, the Manager is disclosing the following information on the remuneration of its Directors and key executives.

Policy in respect of Directors' remuneration
Director's fees are established annually and the amount is dependent on their level of responsibilities on the Board and its Board committee. Each Director is paid a basic fee in cash. In addition, Directors who perform additional services through the Board committee are paid an additional fee for such services. The Chairman of the Board and of the Board committee is paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office.

The framework for determining the Directors' fees is shown in the table below:

Main Board	Chairman	$65,000 per annum
	Director	$40,000 per annum
Audit and Risk Committee	Chairman	$20,000 per annum
	Member	$12,000 per annum

Remuneration policy in respect of key management personnel and other key executives
The Manager advocates a performance-based remuneration system that is flexible and responsive to the market and the individual employee's performance.

In designing the compensation structure, the Board seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation. The total remuneration mix comprises three key components - annual fixed pay, annual performance incentive and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks against the relevant industry market median. The annual performance incentive is mainly tied to the performance of Keppel DC REIT and the individual employee. The long-term incentive is in the form of two Unit plans, the Restricted Unit Plan ("RUP") to retain and reward, and the Performance Unit Plan ("PUP") to motivate employees to achieve superior performance. Executives who have greater ability to influence strategic outcomes have a greater proportion of overall reward at risk. Eligible employees of the Manager are granted existing Units in Keppel DC REIT, already owned by the Manager. Therefore, no new Units are or will be issued by Keppel DC REIT to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

The Board exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of Keppel DC REIT. The mix of fixed and variable reward is considered appropriate for the Manager and for each individual role. The Board is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote risk taking activities and behaviour which is contrary to the Manager's risk profile.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of Unitholders' wealth. This is achieved in the following ways:

(1) By placing a significant portion of executive's remuneration at risk ("at risk component") and in some cases, subject to a vesting schedule;
(2) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
  a. There are four scorecard areas that the Manager has identified as key to measuring its performance –
    i. Financial;
    ii. Process;
    iii. Stakeholders; and
    iv. People;
  b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals;
  c. By selecting performance conditions such as Distributable Income to Unitholders of Keppel DC REIT and Total Unitholder Returns for equity awards that are aligned with Unitholders' interests;
  d. By requiring those KPIs or conditions to be met in order for the at risk components of remuneration to be awarded or to vest; and
  e. Forfeiture of the at risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

In determining the actual quantum of the variable component of remuneration, the Board had taken into account the extent to which the performance conditions, as set out above, have been met. The Board is of the view that remuneration is aligned to performance during FY 2015.

In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

Long term incentive plans - KDCRM Unit Plans
The RUP and the PUP (the "KDCRM Unit Plans") are long-term incentive schemes implemented by the Manager in 2015. No employee share option schemes or share schemes have been implemented by Keppel DC REIT.

The KDCRM Unit Plans are put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholders' value. The KDCRM Unit Plans also aim to strengthen the Manager's competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. Generally, the performance targets set under the RUP and the PUP will be different, with the latter emphasizing stretched or strategic targets aimed at sustaining longer-term growth.

The Board has the discretion to not award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in financial losses to Keppel DC REIT or the Manager. Outstanding incentives under the RUP and the PUP are also subject to the Board's discretion before further payment or vesting can occur.

Corporate Governance

Level and mix of remuneration of Directors and Key Executives for the year ended 31 December 2015

The level and mix of each of the Directors' remuneration are set out below:

Name of Director	Base/ Fixed Salary	Variable or performance-related income/bonuses	Directors' Fees ($)	Benefits-in-Kind
Mr Chan Hon Chew	-	-	77,000	-
Mr Lee Chiang Huat	-	-	60,000	-
Mr Thomas Pang Thieng Hwi	-	-	40,000	-
Mr Lim Chin Hu	-	-	52,000	-
Mr Dileep Nair	-	-	52,000	-
Mr Leong Weng Chee	-	-	40,000	-
Mr Teo Cheng Hiang Richard	-	-	40,000	-
Dr Tan Tin Wee	-	-	40,000	-

The level and mix of the remuneration of the CEO and each of the other key executives, in bands of $250,000, are set out below:

Remuneration Band and Names of CEO and other Key Executives[1]	Base/ Fixed salary	Variable or performance-related income/bonuses[2]		Benefits-in-kind	Contingent Award of Units[3]	
		Paid	Deferred		PUP	RUP
Above $750,000 to $1,000,000						
Mr Chua Hsien Yang	40%	26%	6%	-	15%	13%
Above $250,000 to $500,000						
Nil	-	-	-	-	-	-
Below $250,000						
Ms Anthea Lee Meng Hoon[4]	54%	46%	-	-	-	-
Mr Maritz Bin Mansor	73%	19%	-	-	-	8%
Mr Andy Gwee Wei Yong[5]	47%	38%	15%	-	-	-

1. The Manager has less than 5 key executives other than the CEO.
2. The Board is satisfied that the quantum of performance-related bonuses earned by the CEO and key executives of the Manager was fair and appropriate taking into account the extent to which their KPIs were met.
3. Units awarded under the Manager's Performance Unit Plan (PUP) and the Restricted Unit Plan (RUP) are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. For the PUP, the figures are based on the fair value of the PUP units at 100% of the award and the figure may not be indicative of the actual value at vesting which can range from 0% to 150% of the award. As at 31 July 2015 (being the grant date), the estimated fair value of each unit granted in respect of the contingent awards under the PUP and RUP were $0.78 and $0.99 respectively.
4. Joined the Manager on 15 April 2015. Accordingly, the remuneration disclosed is not for the full year.
5. Joined the Manager on 1 June 2015. Accordingly, the remuneration disclosed is not for the full year.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of $250,000, and is not disclosing the aggregate total remuneration paid to the top five key executives (who are not directors or the CEO). The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between remuneration paid to the CEO and the key executives, and performance, as set out on pages 131 to 135.

Remuneration of Employees who are Immediate Family Members of a Director or the Chief Executive Officer
No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded $50,000 during the financial year ended 31 December 2015. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT
Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects
Principle 12: Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of Keppel DC REIT's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of Keppel DC REIT. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET to the SGX, media releases, Keppel DC REIT's website as well as press and analyst briefings.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of Keppel DC REIT's performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments, and business and operational information. The financial results are compared against the respective budgets, together with explanations for significant variances for the reporting period.

Corporate Governance

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") has been appointed by the Board from among the Directors of the Manager and comprises four non-executive Directors, a majority of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Lee Chiang Huat and the members are Mr Chan Hon Chew, Mr Lim Chin Hu and Mr Dileep Nair.

Mr Lee Chiang Huat and Mr Chan Hon Chew have accounting or related financial management expertise or experience.

The ARC's role includes assisting the Board to ensure integrity of financial reporting and that sound internal control systems are in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department ("Group Internal Audit"). Group Internal Audit, together with the external auditors, report independently their findings and recommendations to the ARC.

A total of four ARC meetings were held in 2015. In addition, the ARC met with the external auditor and with the internal auditor at least once during the year, without the presence of the management.

During the year, the ARC performed independent reviews of the financial statements of Keppel DC REIT before the announcement of Keppel DC REIT's quarterly and full-year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financials.

The ARC also reviewed and approved both the internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of Keppel DC REIT and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

For FY 2015, an aggregate amount of $308,450, comprising non-audit service fees of $116,250 and audit service fees of $192,200, was paid/payable to Keppel DC REIT's external auditor.

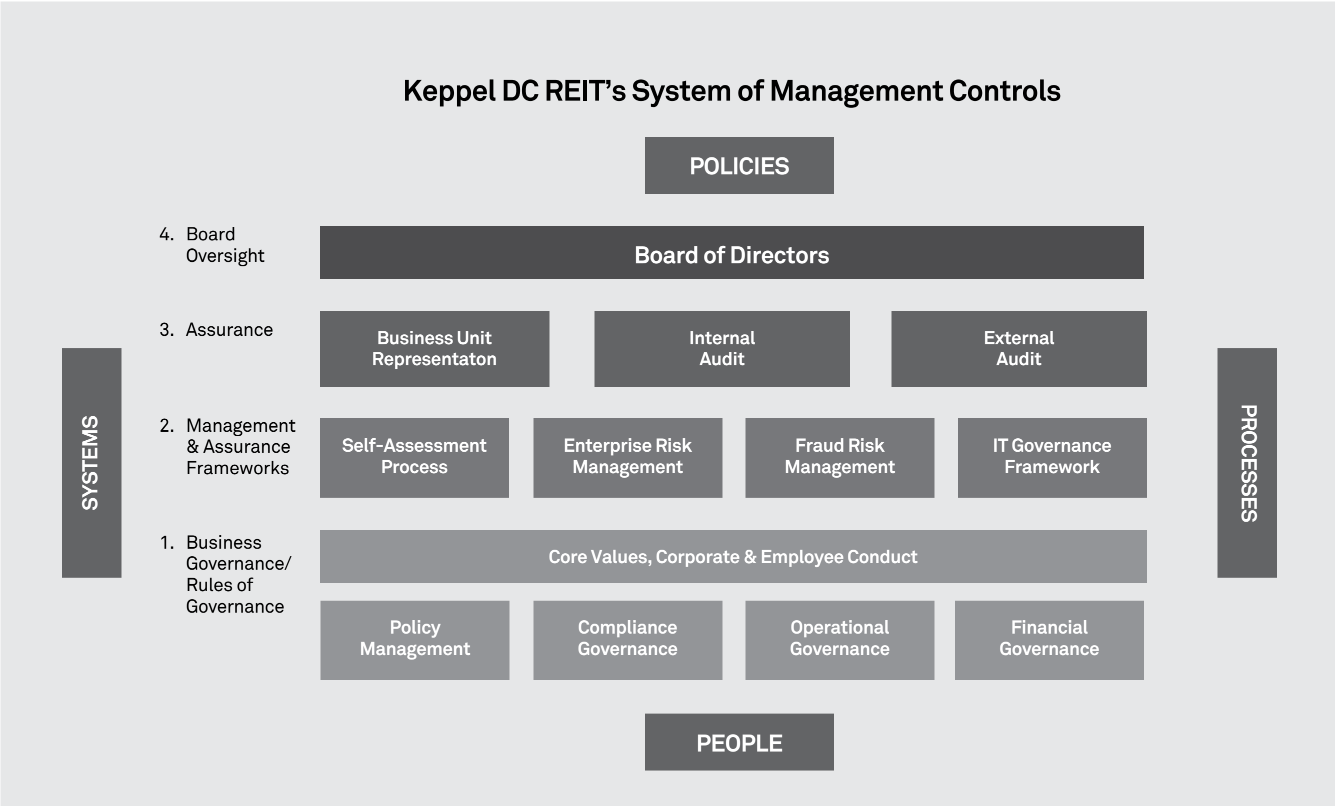
Keppel DC REIT has complied with Rule 712 and Rule 715, read with Rule 716 of the SGX Listing Manual in relation to its appointment of audit firms.

The ARC also reviewed the adequacy of the internal audit function and was satisfied that the team was adequately resourced to perform its functions, and had appropriate standing within Keppel DC REIT and the Manager.

The ARC reviewed the "Whistle-Blower Protection Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of any control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Policy annually to ensure that it remains current. The details of the Policy are set out on pages 149 and 150 herein.

The ARC members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements of Keppel DC REIT.



RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11: Sound system of risk management and internal controls

The ARC also assists the Board in examining the adequacy and effectiveness of the Manager's and Keppel DC REIT's risk management system to ensure that a robust risk management system is maintained. The ARC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard Unitholders' interests and Keppel DC REIT's assets. The ARC reports to the Board on material findings and recommendations in respect of significant risk matters. The responsibilities of the ARC are disclosed in the Appendix hereto.

Risk Assessment and Management of Business Risk
Identifying and managing risks is central to the business of Keppel DC REIT and to protecting Unitholders' interests and value. Keppel DC REIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Board met six times in 2015. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

Keppel DC REIT's Enterprise Risk Management framework ("ERM Framework") provides the Manager and Keppel DC REIT with a holistic and systematic approach in risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the data centre industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Manager's approach to risk management and internal controls and the management of key business risks is set out in the "Risk Management" section on page 58 to 59 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 58.

Corporate Governance

The Manager has in place a risk management assessment framework which was established to facilitate the Board's assessment on the adequacy and effectiveness of the Manager's and Keppel DC REIT's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Manager and Keppel DC REIT and assessments are made on the adequacy and effectiveness of the Manager's and Keppel DC REIT's risk management system in managing each of these key risk areas. The risk tolerance guiding principles and risk management assessment framework are reviewed and updated annually.

In addition, the Manager has adopted the Whistle-Blower Protection Policy, Insider Trading Policy and Code of Practice for Safeguarding Information which reflect the management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

Independent Review of Internal Controls
The Manager's internal auditors conduct an annual review of the effectiveness of Keppel DC REIT's and the Manager's material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal auditors in this respect.

The Manager and Keppel DC REIT also have in place the Keppel DC REIT's System of Management Controls Framework (the "Framework") outlining the Manager's and Keppel DC REIT's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Manager's and Keppel DC REIT's system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to the Manager's and Keppel DC REIT's business scope and environment. Such policies and procedures govern financial, operational, regulatory compliance and information technology matters and are reviewed and updated periodically. Employees are also guided by the Manager's core values and expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, the Manager and Keppel DC REIT are required to conduct self-assessment exercise on an annual basis. This exercise requires the Manager and Keppel DC REIT to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under Keppel DC REIT's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third Line of Defence, the CEO and the Head of Finance are required to provide the Manager and Keppel DC REIT with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the internal and external auditors based on their independent assessments.

The Board, supported by the ARC, oversees the Manager's and Keppel DC REIT's system of internal controls and risk management. The Board has received assurance from the CEO, Mr Chua Hsien Yang, and the Head of Finance, Mr Andy Gwee, that, amongst others:

(1) the financial records of the Manager and Keppel DC REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Manager and Keppel DC REIT;

(2) the internal controls of the Manager and Keppel DC REIT are adequate and effective to address the financial, operational, compliance and information technology risks which the Manager and Keppel DC REIT consider relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and

(3) they are satisfied with the adequacy and effectiveness of the Manager's and Keppel DC REIT's risk management system.

Based on the Manager's and Keppel DC REIT's framework of management control, the internal control and risk management policies and procedures established and maintained by the Manager and Keppel DC REIT, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the ARC, is of the opinion that, taking into account the nature, scale and complexity of the Manager's and Keppel DC REIT's operations, as at 31 December 2015, the Manager's and Keppel DC REIT's internal controls and risk management system, are adequate and effective to address the financial, operational, compliance and information technology risks which the Manager and Keppel DC REIT consider relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Manager and Keppel DC REIT provides reasonable, but not absolute, assurance that the Manager and Keppel DC REIT will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

INTERNAL AUDIT
Principle 13: Adequately resourced and independent internal audit function

The internal audit function of the Manager is performed by Keppel Corporation Limited's ("KCL") Group Internal Audit. The role of the internal auditor is to assist the ARC to ensure that Keppel DC REIT and the Manager maintain a sound system of internal controls by reviewing the key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the ARC and access to all the Manager's and Keppel DC REIT's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA ("IIA"), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2011, and the results re-affirmed that the internal audit activity conforms to the International Standards. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, auditing and accounting pronouncements.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. Group Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the ARC.

Corporate Governance

UNITHOLDER RIGHTS AND RESPONSIBILITIES, COMMUNICATION WITH UNITHOLDERS AND CONDUCT OF UNITHOLDER MEETINGS
Principle 14: Recognition, protection and facilitation of the exercise of Unitholders' rights
Principle 15: Regular, effective and fair communication with Unitholders
Principle 16: Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Manager regularly communicates with Unitholders and responds promptly to their queries and concerns.

The Manager employs various platforms to enhance its outreach to Unitholders, with an emphasis on timely, accurate, fair and transparent disclosure of information.

Since Keppel DC REIT's listing on 12 December 2014 to 31 December 2015, senior management and investor relations personnel held 145 meetings and conference calls with the international investment community, including site visits to the data centre facilities in Singapore. Management also participated widely in conferences and overseas roadshows to engage with the global investors and understand their views. More details on the Manager's investor relations activities are found on pages 18 to 20 of this Annual Report.

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies in order to provide Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on Keppel DC REIT's website at www.keppeldcreit.com.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and/or media releases. The Manager ensures that unpublished price sensitive information are not disclosed selectively, and if on the rare occasion when such information are inadvertently disclosed, this would be immediately released to the public via SGXNET and/or media releases.

Unitholders are also kept abreast of latest announcements and updates on Keppel DC REIT via the corporate website and email alert system. Unitholders and members of the public can post their queries and feedback to a dedicated investor relations contact via email or the phone.

The Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meeting. Unitholders are informed of Unitholders' meetings through circulars sent to all Unitholders and/or notices published in the newspapers. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint proxies to vote on his/her behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. Each resolution at the AGM will be voted on by way of an electronic poll and the results of the poll will be displayed "live" to Unitholders/proxies immediately after each poll conducted. The total number of votes cast for or against each resolution and the respective percentages will also be announced in a timely manner after the meeting via SGXNET.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board and the Chairman of the ARC are required to be present to address questions at general meetings. External auditors are also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The company secretaries of the Manager prepare minutes of Unitholders' meetings, which incorporates comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon request.

SECURITIES TRANSACTIONS

Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of Keppel DC REIT, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Manager's directors and officers. It has also adopted the best practices on securities dealings issued by the SGX. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Manager issues notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of Keppel DC REIT one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information. The Manager's officers are also informed that they should not deal in Keppel DC REIT's securities on short-term considerations.

CONFLICTS OF INTERESTS

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

(1) The Manager will not manage any other real estate investment trust which invests in the same type of properties as Keppel DC REIT.
(2) All executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities.
(3) All resolutions in writing of the directors of the Manager in relation to matters concerning Keppel DC REIT must be approved by at least a majority of the directors of the Manager, including at least one Independent Director.
(4) At least one-third of the Board shall comprise independent directors.
(5) In respect of matters in which Keppel T&T and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel T&T and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of Keppel T&T and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Keppel DC REIT with a Related Party (meaning any "interested person" as defined in the Listing Manual and/or, as the case may be, an "interested party" as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Keppel DC REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors of the Manager (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Keppel DC REIT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Corporate Governance

EMPLOYEE CODE OF CONDUCT

The Manager has in place an employee code of conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all staff to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The rules require business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption rules are also spelled out to protect the business, resources and reputation of Keppel DC REIT and the Manager. Employees must not offer or authorise the giving, directly or through third parties, of any bribe, kickback, illicit payment, or any benefit-in-kind or any other advantage to any person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept illicit payment, directly or indirectly, from any person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

New employees are briefed on the policy when they join the Manager. Subsequently, all employees are required to acknowledge the policy annually to ensure awareness.

RELATED PARTY TRANSACTIONS

The Manager's Internal Control System
The Manager has established an internal control system to ensure that all Related Party transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of Keppel DC REIT and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party transactions which are entered into by Keppel DC REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager also incorporates into its internal audit plan a review of all Related Party transactions entered into by Keppel DC REIT. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Keppel DC REIT's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Keppel DC REIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Keppel DC REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of Keppel DC REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning Keppel DC REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Keppel DC REIT with a Related Party of the Manager or Keppel DC REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of Keppel DC REIT and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or Keppel DC REIT. If the Trustee is to sign any contract with a Related Party of the Manager or Keppel DC REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to REITs.

Keppel DC REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of Keppel DC REIT's latest audited net tangible assets.

The aggregate value of all Related Party transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Keppel DC REIT's annual report for that financial year.

Role of the Audit and Risk Committee for Related Party Transactions
The Manager's internal control procedures are intended to ensure that Related Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

On a quarterly basis, the management reports to the ARC the Related Party transactions entered into by Keppel DC REIT. The Related Party transactions were also reviewed by the internal auditors and all findings were reported during the ARC meetings.

The ARC reviews all Related Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC. In addition, the Trustee will review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Corporate Governance

OTHER REQUIRED DISCLOSURES UNDER THE PROPERTY FUNDS APPENDIX
Justification of Fees payable to the Manager

Manager's management fees
Pursuant to Clause 15.1.1 and 15.1.2 of the Trust Deed, the Manager is entitled to the following management fees:

(i) a base fee ("Base Fee") of 0.5 % per annum of the value of all the assets for the time being of Keppel DC REIT, including the properties which are held directly or indirectly, and all the authorised investments of Keppel DC REIT held or deemed to be held in accordance with the Trust Deed ("Deposited Property"); and
(ii) a performance fee (the "Performance Fee") of 3.5% per annum of the Net Property Income (as defined in the Trust Deed) of Keppel DC REIT in that relevant financial year (calculated before accounting for the Performance Fee in that financial year).

Pursuant to Clause 15.1.4 of the Trust Deed, the management fees are payable in the form of cash and/or Units (as the Manager may elect). When paid in the form of Units, the fee Units will be issued at the volume weighted average price for a Unit for all trades on the SGX in the ordinary course of trading on the SGX for the period of the last 10 Business Days (as defined in the Trust Deed) of the relevant period in which the relevant component of the management fees accrue.

Pursuant to Clause 15.1.4 of the Trust Deed, for FY2015, the Manager's management fees were payable quarterly in arrears. With effect from 1 January 2016, the Property Funds Appendix has been revised to stipulate that "crystallisation of the performance fee should be no more frequent than once a year". Accordingly, with effect from 1 January 2016, the Performance Fee will be paid on an annual basis in arrears, after the end of the applicable financial year.

Pursuant to Clause 15.2 of the Trust Deed, when an acquisition or divestment is successfully carried out, the Manager is also entitled to receive:

(i) (in respect of all acquisitions of properties) an acquisition fee at the rate of 1.0% of the acquisition price or, if applicable, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased; and
(ii) (in respect of all disposals of properties) a divestment fee of 0.5% of the sale price or, if applicable, the underlying value of any real estate which is taken into account when computing the sale price payable for the equity interests of any vehicle holding directly or indirectly the real estate sold or divested.

Role of the Manager
The functions and responsibilities of the Manager is set out on page 124 of this Annual Report.

Rationale and purpose for management fees
1) Base fee

The primary role of the Manager includes managing Keppel DC REIT's portfolio, optimising its performance and implementing proactive measures to enhance the returns from these properties.

Since Keppel DC REIT was listed on the SGX on 12 December 2014, its assets under management ("AUM") has grown from $1.02 to $1.07 billion as at 31 December 2015. Keppel DC REIT's current portfolio comprises nine quality data centres which are strategically located in key data centre hubs in Singapore, Australia, Malaysia, Ireland, the Netherlands and United Kingdom. During its first financial year post-listing, Keppel DC REIT completed its maiden acquisition of Intellicentre 2 in Australia and also entered into a forward purchase agreement in respect of the acquisition of maincubes Data Centre in Germany. The Manager's pursuit of strategic growth opportunities as well as active management of Keppel DC REIT's portfolio serve to drive long term sustainability for Keppel DC REIT and its Unitholders. The Manager also seeks to employ an optimal mix of debt and equity in financing acquisitions, and utilise appropriate hedging strategies to achieve the best risk-adjusted returns for Keppel DC REIT.

Pursuant to Clause 15.1.1 of the Trust Deed, the Manager is paid a Base Fee of 0.5% per annum of the Deposited Property, representing the remuneration to the Manager which is necessary to compensate the Manager for putting together the relevant team and expertise to execute and discharge its core responsibilities.

2) Performance fee

Net Property Income ("NPI") is an indicator of the Manager's continuing efforts to diligently manage contract renewals and procure new contracts so as to optimise occupancy and rental levels, while managing property expenses prudently to maximise NPI. The Manager also places emphasis on the weighted average lease expiry ("WALE") of Keppel DC REIT's portfolio and the diversity of Keppel DC REIT's client profile. This is evident from the WALE of Keppel DC REIT's portfolio of approximately 8.7 years (by leased lettable area as at 31 December 2015) and well-diversified client base across various high-value added trade sectors.

Pursuant to Clause 15.1.2 of the Trust Deed, the Manager is entitled to receive a Performance Fee of 3.5% per annum of the NPI in the relevant financial year (calculated before accounting for the Performance Fee in that financial year). The Performance Fee serves to incentivise the Manager to ensure long term and sustainable growth in Keppel DC REIT's rental income, thereby aligning the Manager's interest with that of Unitholders. The use of NPI as a basis to compute the Performance Fee incentivises the Manager to prudently manage property expenses and discourages the Manager from focusing purely on the top line and taking excessive short term risks.

3) Acquisition and divestment fee

To deliver long-term sustainable income to Unitholders, the Manager reviews Keppel DC REIT's portfolio regularly to identify opportunities to enhance the existing assets and create further value from Keppel DC REIT's portfolio of properties or, where appropriate, unlock value from Keppel DC REIT's portfolio through divestments. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of the acquisition or divestment to Keppel DC REIT's existing portfolio and future growth expectations.

Pursuant to Clause 15.2 of the Trust Deed, when an acquisition or divestment is successfully carried out, the Manager is entitled to receive:

(i) (in respect of acquisitions of properties) an acquisition fee of 1.0% on the acquisition price or, if applicable, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased; and
(ii) (in respect of all disposals of properties) a divestment fee of 0.5% on the sale price or, if applicable, the underlying value of any real estate which is taken into account when computing the sale price payable for the equity interests of any vehicle holding directly or indirectly the real estate sold or divested.

The payment of the acquisition fee and/or divestment fee (as the case may be) incentivises the Manager to seek and evaluate acquisition and divestment opportunities that would enhance Keppel DC REIT's portfolio and total return to Unitholders with potential for long term income and capital growth. The acquisition fee and/or divestment fee also serves to compensate the Manager for the additional work undertaken in negotiating the terms of the transactions with the relevant vendor and/or purchaser, as well as working with other third parties to ensure that the transaction meets applicable requirements in the relevant jurisdictions.

Corporate Governance

APPENDIX

BOARD COMMITTEE – RESPONSIBILITIES

Audit and Risk Committee

(1) Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.

(2) Review and report to the Board at least annually the adequacy and effectiveness of the Manager's and Keppel DC REIT's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

(3) Review the audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.

(4) Review the independence and objectivity of external auditors annually.

(5) Review the nature and extent of non-audit services performed by external auditors.

(6) Meet with external and internal auditors, without the presence of management, at least annually.

(7) Make recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

(8) Review the adequacy and effectiveness of the Manager's and Keppel DC REIT's internal audit function, at least annually.

(9) Ensure at least annually that the internal audit function is adequately resourced and has appropriate standing with the Manager and Keppel DC REIT.

(10) Approve the accounting/auditing firm or corporation to which the internal audit function is outsourced.

(11) Review the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

(12) Monitor the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).

(13) Review Related Party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein).

(14) Investigate any matters within the ARC's purview, whenever it deems necessary.

(15) Receive, as and when appropriate, reports and recommendations from management on risk tolerance and strategy, and recommend to the Board for its determination:

(i) The nature and extent of significant risks which the Manager and Keppel DC REIT may take in achieving its strategic objectives; and

(ii) Overall levels of risk tolerance and risk policies.

(16) Review and discuss, as and when appropriate, with management the Manager and Keppel DC REIT's risk governance structure and their risk policies, risk mitigation and monitoring processes and procedures.

(17) Receive and review at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.

(18) Review the Manager's capability to identify and manage new risk types.

(19) Review and monitor management's responsiveness to the recommendations of the ARC.

(20) Provide timely input to the Board on critical risk issues.

(21) Report to the Board on material matters, findings and recommendations.

(22) Review the ARC's terms of reference annually and recommend any proposed changes to the Board.

(23) Perform such other functions as the Board may determine.

(24) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the ARC may deem fit.

Corporate Governance

BOARD ASSESSMENT

Evaluation processes

Board

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman on the report. Thereafter, the Independent Co-ordinator will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting. Following the meeting, the Chairman will meet with non-executive Directors individually to provide the necessary feedback on their respective performance with a view to improving their board performance and shareholder value.

Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting.

Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties, responsibilities and performance objectives in accordance with the established Board processes of the Company.

The individual Director's performance criteria are categorized into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's board committee work contribution, whether the Director takes his role of Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

KEPPEL DC REIT MANAGEMENT WHISTLE-BLOWER PROTECTION POLICY

The Keppel Whistle-Blower Protection Policy (the "Policy") was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Manager or contract worker appointed by the Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

a. Dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
b. Fraudulent;
c. Corrupt;
d. Illegal;
e. Other serious improper conduct;
f. An unsafe work practice; or
g. Any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager (Group Internal Audit) is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the ARC Chairman on all matters arising under the Policy.

Reporting Mechanism
The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the ARC Chairman.

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken. Whistle-Blowers must provide their names, phone numbers and addresses so that the Receiving Officer or ARC Chairman may, if need be, contact them for more information.

Corporate Governance

Investigation
The ARC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other members of ARC, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to take. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or an investigatory leave when it is determined by the ARC Chairman that it would be in the best interests of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal
No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

a. Dismissal;
b. Demotion;
c. Suspension;
d. Termination of employment/ contract;
e. Any form of harassment or threatened harassment;
f. Discrimination; or
g. Current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he/she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him/her.

NATURE OF CURRENT DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEE		
Director	**Board Membership**	**Audit and Risk Committee Membership**
Mr Chan Hon Chew	Chairman and Non-Executive Director	Member
Mr Lee Chiang Huat	Non-Executive Independent Director	Chairman
Mr Leong Weng Chee	Non-Executive Independent Director	-
Mr Lim Chin Hu	Non-Executive Independent Director	Member
Mr Dileep Nair	Non-Executive Independent Director	Member
Mr Teo Cheng Hiang Richard	Non-Executive Independent Director	-
Dr Tan Tin Wee	Non-Executive Independent Director	-
Mr Thomas Pang Thieng Hwi	Non-Executive Director	-

Code of Corporate Governance 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Yes, save in respect of the guidelines on disclosure of remuneration where, in order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of $250,000, and is not disclosing the aggregate total remuneration paid to the top five key executives (who are not directors or the CEO). The information under the Annual Remuneration Report in pages 132 to 135 of this Annual Report enables investors to understand the link between remuneration paid to the CEO and the key executives, and performance.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines.

Corporate Governance

Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. In light of such review and in consultation with management, the Board assesses if there is any inadequate representation in respect of any of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board is satisfied that the Board and the Audit and Risk Committee comprise directors who as a group provide an appropriate balance and diversity of skills, experience and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning and customer-based experience or knowledge, required for the Board and the Audit and Risk Committee to be effective.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.

Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	**For new directors** (a) The Board reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. (b) In light of such review and in consultation with management, the Board assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment. (c) The Board meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. **For incumbent directors** The appointment of each of the Directors is subject to endorsement and re-endorsement by Unitholders by way of an ordinary resolution at the Annual General Meetings of Unitholders. The details of the endorsement process is set out on page 129 of this Annual Report. The Board decides on the seeking of endorsement and re-endorsement from Unitholders of the appointments of the Directors, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Yes, all new Directors undergo a comprehensive orientation programme. All Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. A training programme is in place for Directors in areas such as accounting, finance and the roles and responsibilities of a director of a listed company.

Corporate Governance

Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	Directors should not have more than 6 listed company board representations and/or other principal commitments. This serves as a guide and the Board takes into account other factors in deciding on the capacity of director. Not applicable. The Board takes into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board, in determining whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Manager.
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Based on the returns from each of the Directors, the Independent Co-ordinator prepared a consolidated report and briefed the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively. The detailed process for the conduct of the assessment is set out on page 148 of this Annual Report. Yes.

Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable as there is no such Director. Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Not applicable. None of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of $250,000.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Yes. In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is not disclosing the aggregate total remuneration paid to the top five key executives (who are not directors or the CEO).
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No. There are no such employees.

Corporate Governance

Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The compensation structure is directly linked to Keppel DC REIT and individual performance, both in terms of financial, non-financial performance and the creation of Unitholders' wealth. This is achieved in the following ways: (1) By placing a significant portion of executive's remuneration at risk ("at risk component") and in some cases, subject to a vesting schedule; (2) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives: a. There are four scorecard areas that the Manager has identified as key to measuring its performance – i. Financial; ii. Process; iii. Stakeholders; and iv. People; b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals; c. By selecting performance conditions such as Distributable Income to Unitholders of Keppel DC REIT and Total Unitholder Returns for equity awards that are aligned with Unitholders' interests; d. By requiring those KPIs or conditions to be met in order for the at risk components of remuneration to be awarded or to vest; and e. Forfeiture of the at risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

		In determining the actual quantum of the variable component of remuneration, the Board had taken into account the extent to which the performance conditions, as set out above, have been met. The Board is of the view that remuneration is aligned to performance during FY 2015. In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager. Please refer to pages 131 to 135 of this Annual Report for details.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel DC REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department.

Corporate Governance

Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, supported by the ARC, oversees the Manager's and Keppel DC REIT's system of internal controls and risk management. The Board's view on the adequacy and effectiveness of the Manager's and Keppel DC REIT's internal controls and risk management system is based on the framework of management control, the internal control and risk management policies and procedures established and maintained by the Manager and Keppel DC REIT, and the regular audits, monitoring and reviews performed by the internal and external auditors. The ARC has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. The Board has received assurance from the CEO and the Head of Finance on points (i) and (ii). The Board has received assurance from the internal auditor on the adequacy and effectiveness of the Manager's and Keppel DC REIT's internal control systems.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	For FY 2015, an aggregate amount of $308,450, comprising non-audit service fees of $116,250 and audit service fees of $192,200, was paid/ payable to Keppel DC REIT's external auditor.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The ARC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Yes. Meetings with both existing and prospective investors take place throughout the year. Please refer to pages 18 to 20 of this Annual Report for details. Yes. Engagement with Unitholders and other key stakeholders take several forms including meetings, conference calls, email communications, publications and content on Keppel DC REIT's website. In addition to Unitholders' meetings, senior management also participate widely in roadshows and conferences organised by major brokerage firms to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

Corporate Governance

CODE OF CORPORATE GOVERNANCE 2012

Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Annual Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 125
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 126
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 126
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 126
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 127 and 150
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Not applicable.
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable.
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	See explanation on page 128.
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 130
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 128 to 129
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 12 to 15 and 150

Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 130 and 148
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	See explanation on page 131.
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 131
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 131 to 135
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 131 to 135
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 131 to 135
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Pages 131 to 135
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	Page 135

Corporate Governance

Guideline 9.5 Details and important terms of employee share schemes	Page 133
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 131 to 135
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Pages 138 to 139
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Page 136
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 136
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 149 to 150
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Page 136
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Page 140
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not applicable.

Statistics of Unitholdings

As at 24 February 2016

Issued and Fully Paid Units

883,060,013 Units (Voting rights : 1 vote per Unit)

There is only one class of Units in Keppel DC REIT.

Market capitalisation of S$918,382,413.52 based on market closing price of S$1.040 on 24 February 2016.

Distribution Of Unitholdings

Size Of Unitholdings	No. Of Unitholders	%	No. Of Units	%
1 - 99	3	0.04	110	0.00
100 - 1,000	1,950	23.15	1,888,677	0.21
1,001 - 10,000	4,425	52.53	22,690,100	2.57
10,001 - 1,000,000	2,020	23.98	77,273,885	8.75
1,000,001 and above	25	0.30	781,207,241	88.47
Total	**8,423**	**100.00**	**883,060,013**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1	Keppel DC Investment Holdings Pte Ltd	265,762,148	30.10
2	DBS Nominees (Private) Limited	142,738,894	16.16
3	HSBC (Singapore) Nominees Pte Ltd	87,483,862	9.91
4	Raffles Nominees (Pte) Limited	67,393,446	7.63
5	Citibank Noms Spore Pte Ltd	66,712,050	7.55
6	DC REIT Holdings Pte. Ltd.	43,264,000	4.90
7	BNP Paribas Securities Services Singapore Branch	26,198,588	2.97
8	DB Nominees (Singapore) Pte Ltd	16,950,900	1.92
9	United Overseas Bank Nominees (Private) Limited	14,726,500	1.67
10	Bank Of Spore Noms Pte Ltd	9,352,900	1.06
11	DBSN Services Pte. Ltd.	8,807,369	1.00
12	UOB Kay Hian Private Limited	5,017,800	0.57
13	Phillip Securities Pte Ltd	3,116,300	0.35
14	Hwang Nian Huei	3,070,000	0.35
15	NTUC Fairprice Co-Operative Ltd	3,000,000	0.34
16	DBS Vickers Securities (Singapore) Pte Ltd	2,832,700	0.32
17	Basis Bay (S) Pte Ltd	2,612,952	0.30
18	KGI Fraser Securities Pte. Ltd.	1,862,600	0.21
19	HL Bank Nominees (Singapore) Pte Ltd	1,805,000	0.20
20	OCBC Nominees Singapore Private Limited	1,736,200	0.20
	Total	**774,444,209**	**87.71**

Statistics of Unitholdings

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2016, the direct and deemed interests of each Director of Keppel DC REIT Management Pte. Ltd. in the Units[1] in Keppel DC REIT are as follows :

Name of Director	No. of Units
Chan Hon Chew	Nil
Lee Chiang Huat	75,000 (Direct)
Leong Weng Chee	Nil
Lim Chin Hu	75,000 (Direct)
Dileep Nair	20,000 (Direct)
Teo Cheng Hiang Richard	75,000 (Direct)
Dr Tan Tin Wee	75,000 (Direct)
Thomas Pang Thieng Hwi	50,000 (Direct)

[1] As at 21 January 2016, there are no convertible securities in Keppel DC REIT.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, as at 24 February 2016, the Substantial Unitholders of Keppel DC REIT and their interests in the Units in Keppel DC REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	340,991,161 (Deemed)[1]	38.61
Keppel Corporation Limited	309,156,161(Deemed)[2]	35.01
Keppel Telecommunications & Transportation Ltd	265,892,161(Deemed)[3]	30.11
Keppel DC Investment Holdings Pte. Ltd	265,762,148 (Direct)	30.10

Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and other subsidiaries and associated companies of Temasek Holdings (Private) Limited.

(2) Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel DC Investment Holdings Pte. Ltd. and Keppel DC REIT Management Pte. Ltd., both of which are wholly-owned subsidiaries of Keppel Telecommunications & Transportation Ltd, which is in turn a subsidiary of Keppel Corporation Limited and (ii) DC REIT Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Land Limited, which is in turn a subsidiary of Keppel Corporation Limited.

(3) Keppel Telecommunications & Transportation Ltd's deemed interest arises from its shareholdings in Keppel DC Investment Holdings Pte. Ltd. and Keppel DC REIT Management Pte. Ltd., both of which are wholly-owned subsidiaries of Keppel Telecommunications & Transportation Ltd.

Public Unitholders

Based on the information available to the Manager as at 24 February 2016, approximately 61.34% of the issued Units in Keppel DC REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel DC REIT is at all times held by the public.

Treasury Units

As at 24 February 2016, there are no treasury units held by Keppel DC REIT or the Manager.

Financial Calendar

Financial Period Ended 31 December 2015

First Quarter 2015 Results Announcement	9 April 2015
Second Quarter 2015 Results Announcement	15 July 2015
Half Year Distribution to Unitholders	28 August 2015
Third Quarter 2015 Results Announcement	15 October 2015
Full Year 2015 Results Announcement	14 January 2016
Final Distribution to Unitholders	29 February 2016
Despatch of Annual Report to Unitholders	23 March 2016
Annual General Meeting	14 April 2016

Financial Period Ended 31 December 2016

First Quarter 2016 Results Announcement	April 2016
Second Quarter 2016 Results Announcement	July 2016
Third Quarter 2016 Results Announcement	October 2016
Full Year 2016 Results Announcement	January 2017

Notice of Annual General Meeting

Keppel DC REIT

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Keppel DC REIT (the "**Unitholders**"), will be held at Raffles City Convention Centre, Canning Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on 14 April 2016 at 3.00 p.m. to transact the following business:

(A) As Ordinary Business

1. To receive and adopt the Report of The Trust Company (Asia) Limited, as trustee of Keppel DC REIT (the "**Trustee**"), the Statement by Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the "**Manager**"), and the Audited Financial Statements of Keppel DC REIT for the financial period from 12 December 2014 to 31 December 2015 and the Auditors' Report thereon. (**Ordinary Resolution 1**)

2. To re-appoint Messrs KPMG LLP as the Auditors of Keppel DC REIT to hold office until the conclusion of the next AGM of Keppel DC REIT, and to authorise the Manager to fix their remuneration. (**Ordinary Resolution 2**)

3. To re-endorse the appointments of the following directors of the Manager (the "**Directors**"), pursuant to the undertaking dated 25 November 2014 provided by Keppel Telecommunications & Transportation Ltd to the Trustee:

   (a) Mr Chan Hon Chew (**Ordinary Resolution 3**);

   (b) Mr Leong Weng Chee (**Ordinary Resolution 4**); and

   (c) Mr Dileep Nair (**Ordinary Resolution 5**).

   (Please see Explanatory Notes)

(B) As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolution as an Ordinary Resolution:

4. That authority be and is hereby given to the Manager, to

   (a) (i) issue units in Keppel DC REIT ("**Units**") whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of Keppel DC REIT's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

   (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, options, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent. (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent. (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be calculated based on the total number of issued Units at the time this Resolution is passed, after adjusting for:

    (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and

    (b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Keppel DC REIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel DC REIT or (ii) the date by which the next AGM of Keppel DC REIT is required by applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel DC REIT to give effect to the authority contemplated and/or authorised by this Resolution. (**Ordinary Resolution 6**)

(Please see Explanatory Notes)

Notice of Annual General Meeting

(C) As Other Business

5. To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD
Keppel DC REIT Management Pte. Ltd.
(Company Registration Number:199508930C)
As manager of Keppel DC REIT

Maritz bin Mansor **Kelvin Chua**
Joint Company Secretaries
Singapore
23 March 2016

Explanatory notes:

1. Ordinary Resolutions 3 to 5

Keppel Telecommunications & Transportation Ltd has on 25 November 2014 provided an undertaking (the "**Undertaking**") to the Trustee:

- in relation to the Directors who are named in the final prospectus of Keppel DC REIT dated 5 December 2014, to procure the Manager to seek Unitholders' re-endorsement for the appointment of each such Director no later than the third AGM after the date of listing of Keppel DC REIT on the SGX-ST;
- to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of Keppel DC REIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director at the next AGM of Keppel DC REIT immediately following his appointment; and
- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Keppel DC REIT where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board of Directors of the Manager either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel Telecommunications & Transportation Ltd from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of SGX-ST) and the Articles of Association of the Manager.

The Undertaking shall remain in force for so long as:

- Keppel Telecommunications & Transportation Ltd remains as the holding company (as defined in the Companies Act of Singapore, Cap. 50 of Singapore) of the Manager; and
- Keppel DC REIT Management Pte Ltd remains as the manager of Keppel DC REIT.

Detailed information on Mr Chan Hon Chew, Mr Leong Weng Chee and Mr Dileep Nair can be found in the "Board of Directors" section of Keppel DC REIT's Annual Report 2015.

Mr Chan Hon Chew will, upon re-endorsement, continue to serve as Chairman of the Board and a member of the Audit and Risk Committee.

Mr Leong Weng Chee will, upon re-endorsement, continue to serve as an independent Director.

Mr Dileep Nair will, upon re-endorsement, continue to serve as an independent Director and a member of the Audit and Risk Committee.

Notwithstanding that the Undertaking requires the Manager to seek Unitholders' re-endorsement for the appointment of each Director named in the final prospectus of Keppel DC REIT no later than the third AGM of Keppel DC REIT after the date of listing of Keppel DC REIT on the SGX-ST, the Manager is seeking the re-endorsement of the appointments of Mr Chan Hon Chew, Mr Leong Weng Chee and Mr Dileep Nair at the AGM to be held in 2016 so that eventually at any one AGM, only one-third of the Directors will seek re-endorsement.

The list of all current directorships in other listed companies and details of other principal commitments of the abovementioned Directors are set out in pages 12 to 15 of Keppel DC REIT's Annual Report 2015.

2. Ordinary Resolution 6

The Ordinary Resolution 6 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel DC REIT; (ii) the date by which the next AGM of Keppel DC REIT is required by the applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the "**Mandated Period**"), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units of which up to 20% may be issued other than on a pro rata basis to Unitholders.

The Ordinary Resolution 6 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time the Ordinary Resolution 6 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time the Ordinary Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Notice of Annual General Meeting

Important Notice:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 11 April 2016 at 3.00 p.m., being 72 hours before the time fixed for the AGM.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Proxy Form

Keppel DC REIT

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

IMPORTANT:
1. Relevant intermediaries (as defined in the Notes Overleaf), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy units in Keppel DC REIT ("**Units**"), this Annual Report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe. (CPF Agent Bank: Please refer to Notes 3 and 5 on the reverse side of this form on the required details.)

Personal Data Privacy
By submitting an instrument appointing proxy or proxies and/or representative(s), a unitholder of Keppel DC REIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 March 2016.

Annual General Meeting

I/We ____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (Address)
being a unitholder/unitholders of Keppel DC REIT, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting of Keppel DC REIT to be held at Raffles City Convention Centre, Canning Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on 14 April 2016 at 3.00 p.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolution	Number of Votes For*	Number of Votes Against*
Ordinary Business			
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel DC REIT for the financial period from 12 December 2014 to 31 December 2015 and the Auditors' Report thereon		
2.	To re-appoint KPMG LLP as Auditors of Keppel DC REIT and authorise the Manager to fix the Auditors' remuneration		
3.	To re-endorse the appointment of Mr Chan Hon Chew as Director		
4.	To re-endorse the appointment of Mr Leong Weng Chee as Director		
5.	To re-endorse the appointment of Mr Dileep Nair as Director		
Special Business			
6.	To authorise the Manager to issue Units and to make or grant convertible instruments		

* *If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate*

Dated this ________ day of ________________ 2016

____

Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

Total Number of Units Held

IMPORTANT : Please read the notes overleaf before completing this Proxy Form

Fold and glue all sides firmly

Fold and glue all sides firmly

Fold and glue all sides firmly

Notes to the Proxy Form

1. A unitholder of Keppel DC REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a Unitholder.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the instrument appointing proxies (the "**Proxy Form**") the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of unitholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Keppel DC REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.

Fold along this line (1)

Keppel DC REIT

Affix
Postage
Stamp

The Company Secretaries
Keppel DC REIT Management Pte. Ltd.
(As manager of Keppel DC REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

5. The Proxy Form must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 72 hours before the time set for the AGM.

6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the AGM.

7. The Proxy Form shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointer is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Manager and the Trustee shall be entitled and be bound, in determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, to have regard to any instructions and/or notes set out in the Proxy Form. The Manager and the Trustee shall have the right to reject any Proxy Form which has not been duly completed.

8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

9. The Manager and the Trustee shall have the right to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, each of the Trustee and the Manager: (a) may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

Keppel DC REIT Management Pte. Ltd.
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Tel: (65) 6535 5665
Fax: (65) 6535 0660
Email: info@keppeldcreit.com
www.keppeldcreit.com

Co Reg No: 199508930C