CIRCULAR DATED 18 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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If you have sold or transferred all your units in Keppel DC REIT ("**Units**"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Keppel DC REIT

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

MANAGED BY

KEPPEL DC REIT MANAGEMENT PTE. LTD.

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

THE PROPOSED ACQUISITION OF 90.0% INTEREST IN KEPPEL DC SINGAPORE 3 ("KDC SGP 3" OR THE "PROPERTY") (FORMERLY KNOWN AS T27 OR KEPPEL DATAHUB 2), THE ENTRY INTO THE KEPPEL LEASE AGREEMENT, THE FACILITY MANAGEMENT AGREEMENT AND THE LLP AGREEMENT AND THE EQUITY INJECTION

Independent Financial Adviser to the Independent Directors and Audit and Risk Committee of Keppel DC REIT Management Pte. Ltd. and the Trustee

PRIME Partners

PrimePartners Corporate Finance Pte. Ltd.
(Company Registration Number 200207389D)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	Friday, 4 November 2016 at 3.00 p.m.
Date and time of Extraordinary General Meeting ("**EGM**")	:	Monday, 7 November 2016 at 3.00 p.m.
Place of EGM	:	Four Seasons Hotel Four Seasons Ballroom (Level 2) 190 Orchard Boulevard Singapore 248646

DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited are the Joint Financial Advisers and Issue Managers to the initial public offering of Keppel DC REIT (the "**Offering**"). DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Credit Suisse (Singapore) Limited are the Joint Global Coordinators to the Offering. DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch and Goldman Sachs (Singapore) Pte. are the Joint Bookrunners and Underwriters to the Offering (collectively, the "**Joint Bookrunners**").

The Joint Bookrunners for the Offering assume no responsibility for the contents of this Circular.

TABLE OF CONTENTS

CORPORATE INFORMATION

Directors of Keppel DC REIT Management Pte. Ltd. (as manager of Keppel DC REIT) (the "Manager")	:	Mr Chan Hon Chew (Chairman of the Board, Non-Executive Director and Chairman of the Executive Committee) Mr Lee Chiang Huat (Independent Director and Chairman of the Audit and Risk Committee) Mr Leong Weng Chee (Independent Director) Mr Lim Chin Hu (Independent Director) Mr Dileep Nair (Independent Director) Mr Teo Cheng Hiang Richard (Independent Director) Dr Tan Tin Wee (Independent Director) Mr Thomas Pang Thieng Hwi (Non-Executive Director) Ms Christina Tan (Non-Executive Director)
Registered Office of the Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Trustee of Keppel DC REIT (the "Trustee")	:	Perpetual (Asia) Limited 8 Marina Boulevard #05-02 Marina Bay Financial Centre Tower 1 Singapore 018981
Legal Adviser for the Proposed Transaction and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the Trustee	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
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
Independent Financial Adviser to the Independent Directors and Audit and Risk Committee of the Manager and the Trustee (the "IFA")	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00 Income at Raffles Singapore 049318

Independent Valuers	:	Cushman & Wakefield VHS Pte. Ltd. 3 Church Street #09-03 Samsung Hub Singapore 049483 (appointed by the Manager) Savills Valuation and Professional Services (S) Pte Ltd 30 Cecil Street #20-03 Prudential Tower Singapore 049712 (appointed by the Trustee)

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OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 35 to 42 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW

Overview of Keppel DC REIT

Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre real estate investment trust ("**REIT**") in Asia listed on the SGX-ST. 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 30 September 2016, Keppel DC REIT has a market capitalisation of approximately S$1.08 billion. The Existing Portfolio (as defined herein) is valued at approximately S$1.14 billion[1]. Keppel DC REIT's Existing Portfolio comprises 10 high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 677,695 square feet ("**sq ft**"), the Existing Portfolio spans eight cities in six countries across Asia Pacific and Europe.

Keppel DC REIT's data centre properties in Asia Pacific include (i) Keppel DC Singapore 1 ("**KDC SGP 1**"), formerly known as S25, in Singapore; (ii) Keppel DC Singapore 2 ("**KDC SGP 2**"), formerly known as T25, in Singapore; (iii) a 99% interest in Basis Bay Data Centre (the "**Basis Bay DC Interest**") in Cyberjaya, Malaysia; (iv) Intellicentre 2 ("**IC2**") and (v) Gore Hill Data Centre ("**Gore Hill DC**") in Sydney, Australia; and (vi) iseek Data Centre ("**iseek DC**") in Brisbane, Australia.

In Europe, Keppel DC REIT owns (i) GV7 Data Centre ("**GV7 DC**") in London, United Kingdom; (ii) Keppel DC Dublin 1 ("**KDC DUB 1**"), formerly known as Citadel 100 Data Centre, in Dublin, Ireland; (iii) Almere Data Centre ("**Almere DC**") in Almere, the Netherlands; and (iv) Cardiff Data Centre ("**Cardiff DC**") in Cardiff, United Kingdom.

In October 2015, Keppel DC REIT announced the forward purchase of maincubes Data Centre ("**maincubes DC**") which is being developed in Offenbach am Main, Germany, and is expected to be completed in 2018. On 12 August 2016, Keppel DC REIT announced that it had entered into a share purchase agreement to acquire Milan Data Centre ("**Milan DC**"). The acquisition is expected to be completed later this year. On 6 October 2016, Keppel DC REIT announced and concurrently completed the acquisition of Cardiff DC.

Overview of Proposed Transaction

On 17 October 2016, the Trustee entered into a conditional share purchase agreement (the "**Share Purchase Agreement**") with Keppel Data Centres Holding Pte Ltd (the "**Vendor**") to acquire 90 ordinary shares being 90.0% of the issued share capital in Keppel DC Singapore 3 Pte. Ltd. (formerly known as Keppel Datahub 2 Pte. Ltd.) ("**KDCS3PL**"[2] and the proposed acquisition of

1 This refers to the assets under management ("**AUM**") of Keppel DC REIT and includes acquisition of Cardiff DC which was announced and completed on 6 October 2016.

2 KDCS3PL and, following the conversion into a limited liability partnership ("**LLP**"), Keppel DC Singapore 3 LLP ("**KDCS3LLP**") shall be referred to as the "**Target Entity**", where "**Target Entity**" may refer to either KDCS3PL, or as the case may be, KDCS3LLP.

90.0% of the issued share capital in the Target Entity, the "**Proposed Acquisition**"), which holds Keppel DC Singapore 3 ("**KDC SGP 3**" or the "**Property**"), formerly known as T27 or Keppel Datahub 2. The remaining 10.0% of the issued share capital in the Target Entity will continue to be held by the Vendor.

Following the completion of the Proposed Acquisition, the Target Entity will enter into a business transfer agreement with Keppel DCS3 Services Pte. Ltd. (the "**Facility Manager**" or the "**Keppel Lessee**") to transfer the employees, contracts and certain assets (assets for the purpose of providing facility management services) of the Target Entity to Facility Manager. The Facility Manager is a subsidiary of the Vendor, and the reason for the entry into the business transfer agreement is because as a REIT, Keppel DC REIT should be a passive vehicle and should not be actively running a business with employees.

In connection with the Proposed Acquisition, the Target Entity will also enter into (i) the Keppel Lease Agreement (as defined herein) with the Keppel Lessee in relation to the Keppel Lease (as defined herein) and (ii) the Facility Management Agreement (as defined herein) with the Facility Manager in relation to the Facility Services (as defined herein).

Following Completion, KDCS3PL will be converted to a limited liability partnership, KDCS3LLP, pursuant to Section 21 of the Limited Liability Partnerships Act (Chapter 163A of Singapore).

For the purposes of this Circular:

"**Existing Portfolio**" comprises (i) KDC SGP 1; (ii) KDC SGP 2; (iii) the Basis Bay DC Interest; (iv) IC2; (v) Gore Hill DC; (vi) iseek DC; (vii) GV7 DC; (viii) KDC DUB 1; (ix) Almere DC; and (x) Cardiff DC. It excludes maincubes DC and Milan DC[1].

"**Enlarged Portfolio**" comprises (i) the Existing Portfolio and (ii) 90.0% interest in the Property (the "**Target Interest**").

The property information contained in this Circular on the Existing Portfolio and Enlarged Portfolio is as at 30 September 2016 but, for the avoidance of doubt, includes Cardiff DC which was completed on 6 October 2016.

SUMMARY OF APPROVAL SOUGHT

The Manager seeks approval from Unitholders by way of an Ordinary Resolution[2] in respect of the Proposed Acquisition and the entry into a lease agreement (the "**Keppel Lease Agreement**") in relation to the lease of the Property to the Keppel Lessee for a term of 10 years ("**Term**") with an option to renew for a further term of five years (the "**Keppel Lease**"), a facility management agreement (the "**Facility Management Agreement**") with the Facility Manager where Facility Manager will be appointed to provide certain facilities management and maintenance services (the "**Facility Services**"), the entry into a limited liability partnership agreement (the "**LLP Agreement**") in relation to the conversion of KDCS3PL into a limited liability partnership following Completion and the Equity Injection (as defined herein) (collectively the "**Proposed Transaction**").

1 maincubes DC is under construction and is slated for completion in 2018, while the acquisition of the Milan DC was announced on 12 August 2016, and is expected to be completed later this year.

2 "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

Description of the Property

The Property is located at 27 Tampines Street 92, Singapore 528878, has a lettable area of 50,245 sq ft and is the first data centre in Singapore to achieve the BCA-IDA Green Mark Platinum Award for New Data Centres, the highest green accolade from the Building and Construction Authority of Singapore and the Info-communications Media Development Authority of Singapore.

The Property is a five-storey carrier-neutral data centre providing data centre solutions, dedicated colocation suites, as well as 24×7 technical support. Built to energy-efficient specifications, the Property is also equipped with redundant power and cooling infrastructure to meet high powered rack requirements.

The facility manager of the Property will be Keppel DCS3 Services Pte. Ltd., which is part of Keppel Data Centres, a data centre solutions provider in Singapore. Keppel Data Centres offers a comprehensive range of colocation services to end-users. It enters into colocation service arrangements with end-users and manages data centre facilities for the end-users. Through its parent company, Keppel Telecommunications & Transportation Ltd ("**Keppel T&T**" or the "**Sponsor**"), Keppel Data Centres has more than 12 years of experience in designing, building and managing data centres.

The Vendor is a joint venture company held by Keppel T&T and Keppel Land Limited ("**KLL**") in the proportion of 70.0% and 30.0% respectively.

(See **Appendix A** of this Circular for further details.)

Purchase Consideration, Completion Amount and Valuation

The purchase consideration payable to the Vendor in connection with the Proposed Acquisition (the "**Purchase Consideration**") is based on 90.0% of the adjusted net asset value ("**NAV**") of the Target Entity as at the date of completion of the Proposed Acquisition ("**Completion**", and the date of Completion, the "**Completion Date**"). The estimated Purchase Consideration payable on the Completion Date is S$140.8[1] million and is derived from:

(i) S$202.5 million, being 90.0% of the agreed value of the Property (the "**Agreed Value**"); less

(ii) S$161.7 million, being the adjustments for the 90.0% share of the Target Entity's adjusted net liabilities (excluding the carrying value of the Property) as at the Completion Date; plus

(iii) the existing shareholder's loan of S$100.0 million (the "**Shareholder Loan**") owed by the Target Entity to the Vendor.

Following Completion, KDCS3PL will be converted to a limited liability partnership, and following the conversion into the limited liability partnership, the Trustee and the Vendor as partners of the limited liability partnership would inject equity in the proportion of 90.0% and 10.0% (being their proportionate interest in the limited liability partnership) (the "**Equity Injection**") to repay the Shareholder Loan which is assigned to Keppel DC REIT on Completion and to repay the external bank loan of S$80.0 million (the "**Existing Loans**"). The Trustee's share of this equity injection is S$162.0 million (the "**Equity Injection Amount**"). The S$140.8 million is the amount which Keppel DC REIT would pay on Completion (being the consideration for 90.0% of the issued share capital of the Target Entity and to take over the Shareholder Loan). The S$162.0 million is the amount of equity which Keppel DC REIT would inject into the Target Entity following conversion into an LLP, such amount would be used to repay the loans of the LLP including the Shareholder Loan which Keppel DC REIT has taken over on Completion.

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1 The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

Taking into account the Equity Injection Amount, the Purchase Consideration and less the amount of Shareholder Loan repaid with the Equity Injection, the total amount which the Trustee is required to pay for the Proposed Acquisition is approximately S$202.8 million (based on the estimated Purchase Consideration payable on the Completion Date) (the "**Completion Amount**").

The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of the Target Interest[1] on a fully committed basis. The Agreed Value is S$202.5 million.

The Manager has commissioned an independent property valuer, Cushman & Wakefield VHS Pte. Ltd. ("**Cushman & Wakefield**"), and the Trustee has commissioned another independent property valuer, Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**", and together with Cushman & Wakefield, the "**Independent Valuers**"), to value the Target Interest.

The open market value of the Target Interest is (i) S$207.0 million and S$205.56 million (without the Client II Colocation Charge Guarantee (as defined herein)) as stated by Cushman & Wakefield in its valuation report dated 1 October 2016 and (ii) S$208.0 million and S$207.0 million (without the Client II Colocation Charge Guarantee) as stated by Savills in its valuation report dated 30 September 2016.

The methods used by the Independent Valuers were the discounted cash flow analysis method and the income capitalisation method.

It should be noted that the valuations of the Property are based on the underlying data centre income and expenses and not on the terms of the Keppel Lease. Accordingly, there would not be any difference in the valuations if the Property was acquired with or without the Keppel Lease. Similarly, there would also be no difference in the purchase consideration if the Target Interest was acquired with or without the Keppel Lease.

Total Acquisition Cost

The total acquisition cost (the "**Total Acquisition Cost**") is estimated to be approximately S$210.6 million, comprising:

(i) the estimated Completion Amount of approximately S$202.8 million[2];

(ii) the acquisition fee (the "**Acquisition Fee**") payable in Units to the Manager for the Proposed Acquisition (the "**Acquisition Fee Units**") of approximately S$2.0 million[3] (being 1.0% of the Agreed Value);

(iii) the estimated stamp duty, professional and other fees and expenses of approximately S$2.0 million incurred or to be incurred by Keppel DC REIT in connection with the Proposed Acquisition; and

(iv) the estimated upfront land premium of approximately S$3.8 million payable to the Housing and Development Board ("**HDB**") in connection with the Proposed Acquisition.

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1 The Target Interest refers to 90.0% interest in the Property.

2 The actual amount of the Completion Amount payable to the Vendor will only be determined after the Completion Date.

3 As the Proposed Transaction will constitute an "**interested party transaction**" under Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore ("**MAS**"), the Acquisition Fee will be in the form of Acquisition Fee Units which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Method of Financing

The Manager intends to finance the Total Acquisition Cost with (i) part of the net proceeds from the fully underwritten preferential offering of 242.0 million new Units (the "**New Units**") which was announced on 17 October 2016 (the "**Preferential Offering**") of approximately S$275.3 million (the "**Preferential Offering Proceeds**")[1] and (ii) the issue of the Acquisition Fee Units amounting to approximately S$2.0 million to the Manager.

Interested Person Transaction and Interested Party Transaction

As at 12 October 2016, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), Keppel Corporation Limited ("**KCL**"), through Keppel T&T, KLL and Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**"), holds an aggregate interest in 309,213,134 Units, which is equivalent to approximately 35.01% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Keppel DC REIT under both the Listing Manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix. In addition, as the Manager is owned by Keppel T&T and Keppel Capital in equal proportions, which are in turn subsidiaries of KCL, KCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Vendor is a joint venture company held by Keppel T&T and KLL in the proportion of 70.0% and 30.0% respectively, which are in turn subsidiaries of KCL, the Vendor is an indirect subsidiary of KCL. Additionally, as the Keppel Lessee/Facility Manager is a subsidiary of the Vendor, the Keppel Lessee/Facility Manager is an indirect subsidiary of KCL. Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor and the Keppel Lessee/Facility Manager (being subsidiaries of a "controlling Unitholder" and a "controlling shareholder" of the Manager) are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of Keppel DC REIT.

Therefore, the Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. The entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and the Equity Injection will also constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

Given that the estimated Completion Amount is approximately S$202.8 million, the value of the Keppel Lease Agreement is S$200.6 million (being 90.0% of the estimated total amount payable over the term of the Keppel Lease), the value of the Facility Management Agreement is S$6.0 million (being 90.0% of the estimated total amount payable over the term of the Facility Management Agreement) and the Vendor's share of the Equity Injection is S$18.0 million (with the balance 90.0% of the Equity Injection from Keppel DC REIT being S$162.0 million) (which in aggregate is 52.6% of both the latest audited net tangible asset value ("**NTA**") and the NAV of Keppel DC REIT as at 31 December 2015), the value of the Proposed Transaction exceeds 5.0% of the NTA and the NAV of Keppel DC REIT. Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Transaction.

(See paragraph 4.2 of the Letter to Unitholders for further details.)

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1 Should the Proposed Acquisition not proceed, the Preferential Offering Proceeds will be deployed to fund future investments and/or to pare down debt.

Unitholders should note that by approving the Proposed Acquisition, they would also be approving the entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and also approve the Equity Injection.

RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

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

- Distribution per Unit ("**DPU**") accretive acquisition consistent with Keppel DC REIT's investment strategy;
- Strengthening of foothold in Singapore;
- Greater income resilience through exposure to a larger portfolio;
- Improvement in portfolio occupancy and lease profile;
- Expanded portfolio creates a stronger platform for growth; and
- Alignment of interests with the fully underwritten preferential offering.

RATIONALE FOR THE PREFERENTIAL OFFERING

Keppel DC REIT is funding the Total Acquisition Cost via the Preferential Offering and the issue of Acquisition Fee Units amounting to approximately S$2.0 million to the Manager. After taking into consideration, *inter alia*, Keppel DC REIT's current aggregate leverage and its objective of maintaining a prudent capital structure, the Manager believes the Preferential Offering is an efficient and optimal method of raising funds to finance the Proposed Acquisition.

The Manager believes that the recent acquisitions of Milan DC and Cardiff DC as well as the Proposed Acquisition will result in long-term increase in the yield of Keppel DC REIT. The Preferential Offering provides Unitholders the opportunity to increase their investments in Keppel DC REIT at an attractive issue price and participate in its future growth.

To demonstrate its support for Keppel DC REIT's long-term growth and the Preferential Offering, the Keppel Group (as defined herein) has through Keppel DC Investment Holdings Pte. Ltd. ("**KDCIH**") (which owns 30.1% of the existing Units) and DC REIT Holdings Pte. Ltd. ("**DCRH**") (which owns 4.9% of the existing Units), provided irrevocable undertakings to subscribe for the pro-rata entitlements of KDCIH and DCRH under the Preferential Offering. This will also enable the Keppel Group to maintain its unitholding interest in Keppel DC REIT through KDCIH and DCRH, and serve to align the interests of the Keppel Group with that of Keppel DC REIT and its Unitholders.

The New Units to be issued pursuant to the Preferential Offering will increase the number of Units in issue by 242.0 million Units which represents an increase of 27.4% of the total number of Units currently in issue. This increase in the total number of Units in issue, which results in an increase in market capitalisation and free float, potentially improves the trading liquidity of the Units.

INDICATIVE TIMETABLE

The timetable for the EGM and the events which is scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event		Date and Time
Last date and time for lodgement of Proxy Forms	:	Friday, 4 November 2016 at 3.00 p.m.
Date and time of the EGM	:	Monday, 7 November 2016 at 3.00 p.m.
If approval for the Proposed Transaction is obtained at the EGM:		
Target date for Completion	:	Expected to be on 1 December 2016 (or such other date as may be agreed between the Trustee and the Vendor but in any event no later than six months after the date of the EGM)

Keppel DC REIT

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

Directors of the Manager	**Registered Office**
Mr Chan Hon Chew (Chairman of the Board, Non-Executive Director and Chairman of the Executive Committee) Mr Lee Chiang Huat (Independent Director and Chairman of the Audit and Risk Committee) Mr Leong Weng Chee (Independent Director) Mr Lim Chin Hu (Independent Director) Mr Dileep Nair (Independent Director) Mr Teo Cheng Hiang Richard (Independent Director) Dr Tan Tin Wee (Independent Director) Mr Thomas Pang Thieng Hwi (Non-Executive Director) Ms Christina Tan (Non-Executive Director)	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632

18 October 2016

To: Unitholders of Keppel DC REIT

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders by way of Ordinary Resolution[1] for the Proposed Transaction which involves the Proposed Acquisition, the entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and the Equity Injection.

2. THE PROPOSED TRANSACTION

2.1 Description of the Property

The Property is located at 27 Tampines Street 92, Singapore 528878 has a lettable area of 50,245 sq ft and is the first data centre in Singapore to achieve the BCA-IDA Green Mark Platinum Award for New Data Centres, the highest green accolade from the Building and Construction Authority of Singapore and the Info-communications Media Development Authority of Singapore.

The Property is a five-storey carrier-neutral data centre providing data centre solutions, dedicated colocation suites, as well as 24×7 technical support. Built to energy-efficient specifications, the Property is also equipped with redundant power and cooling infrastructure to meet high powered rack requirements.

1 "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

The facility manager of the Property will be Keppel DCS3 Services Pte. Ltd., which is part of Keppel Data Centres, a data centre solutions provider in Singapore. Keppel Data Centres offers a comprehensive range of colocation services to end-users. It enters into colocation service arrangements with end-users and manages data centre facilities for the end-users. Through its parent company, Keppel T&T, Keppel Data Centres has more than 12 years of experience in designing, building and managing data centres.

The Vendor is a joint venture company held by Keppel T&T and KLL in the proportion of 70.0% and 30.0% respectively.

(See **Appendix A** of this Circular for further details.)

2.2 Structure of the Proposed Acquisition and the Independent Valuations

On 17 October 2016, the Trustee entered into the Share Purchase Agreement with the Vendor to acquire 90 ordinary shares being 90.0% of the issued share capital of the Target Entity.

The Purchase Consideration payable to the Vendor in connection with the Proposed Acquisition is based on the adjusted NAV of the Target Entity as at the Completion Date.

The estimated Purchase Consideration payable on the Completion Date is S$140.8 million[1] and is derived from:

(i) S$202.5 million, being the Agreed Value; less

(ii) S$161.7 million, being the adjustments for the 90.0% share of the Target Entity's adjusted net liabilities (excluding the carrying value of the Property) as at the Completion Date; plus

(iii) the existing Shareholder Loan of S$100.0 million owed by the Target Entity to the Vendor.

Following Completion, KDCS3PL will be converted to a limited liability partnership, and following the conversion into the limited liability partnership, the Trustee and the Vendor as partners of the limited liability partnership would inject equity in the proportion of 90.0% and 10.0% (being their proportionate interest in the limited liability partnership) to repay the Shareholder Loan which is assigned to Keppel DC REIT on Completion and to repay the external bank loan of S$80.0 million. The Trustee's share of this equity injection is S$162.0 million.

As the commercial intention is for Keppel DC REIT to acquire the Property through the Target Entity, the business of the Target Entity (comprising the employees, contracts with the clients and certain assets) would be transferred to the Facility Manager for a nominal consideration of S$1.00 immediately following Completion through a business transfer agreement.

Taking into account the Equity Injection Amount (of S$162.0 million) and the Purchase Consideration (of S$140.8 million) and less the amount of Shareholder Loan repaid with the Equity Injection (of S$100.0 million which Keppel DC REIT would receive), the estimated Completion Amount which the Trustee is required to pay for the Proposed Acquisition is approximately S$202.8 million (based on the estimated Purchase Consideration payable on the Completion Date) (being S$162.0 million plus S$140.8 million less S$100.0 million).

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1 The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of the Target Interest.

The Manager has commissioned an independent property valuer, Cushman & Wakefield, and the Trustee has commissioned another independent property valuer, Savills, to value Target Interest. The open market value of the Target Interest is (i) S$207.0 million and S$205.56 million (without the Client II Colocation Charge Guarantee) as stated by Cushman & Wakefield in its valuation report dated 1 October 2016 and (ii) S$208.0 million and S$207.0 million (without the Client II Colocation Charge Guarantee) as stated by Savills in its valuation report dated 30 September 2016.

The methods used by the Independent Valuers were the discounted cash flow analysis method and the income capitalisation method.

It should be noted that the valuations of the Property are based on the underlying data centre income and expenses and not on the terms of the Keppel Lease. Accordingly, there would not be any difference in the valuations if the Property was acquired with or without the Keppel Lease. Similarly, there would also be no difference in the purchase consideration if the Target Interest was acquired with or without the Keppel Lease.

2.3 Total Acquisition Cost

The Total Acquisition Cost is estimated to be approximately S$210.6 million, comprising:

(i) the estimated Completion Amount (which comprises the estimated Purchase Consideration and the Equity Injection Amount, less the amount of Shareholder Loan repaid with the Equity Injection) of approximately S$202.8 million[1];

(ii) the Acquisition Fee payable in Acquisition Fee Units to the Manager of approximately S$2.0 million[2] (being 1.0% of the Agreed Value);

(iii) the estimated stamp duty, professional and other fees and expenses of approximately S$2.0 million incurred or to be incurred by Keppel DC REIT in connection with the Proposed Acquisition; and

(iv) the estimated upfront land premium of approximately S$3.8 million payable to HDB in connection with the Proposed Acquisition.

2.4 Method of Financing

The Manager intends to finance the Total Acquisition Cost with (i) part of the Preferential Offering Proceeds and (ii) the issue of the Acquisition Fee Units amounting to approximately S$2.0 million to the Manager.

With the acquisitions of Cardiff DC and Milan DC being fully funded by debt, the funding of the Total Acquisition Cost fully via equity raised from the Preferential Offering and the issuance via the Acquisition Fee Units will reduce Keppel DC REIT's aggregate leverage, thereby increasing Keppel DC REIT's debt headroom available to pursue growth opportunities that arise.

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1 The actual amount of the Completion Amount payable to the Vendor will only be determined after the Completion Date.

2 As the Proposed Transaction will constitute an "**interested party transaction**" under the Property Funds Appendix issued by the MAS, the Acquisition Fee will be in the form of Acquisition Fee Units, which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Keppel DC REIT's aggregate leverage ratio[1] following completion of both the Proposed Acquisition and the Preferential Offering will decrease from approximately 36.1% to 27.7%.

The Property Funds Appendix provides that the aggregate leverage of Keppel DC REIT may not exceed 45.0% of the value of the Deposited Property of Keppel DC REIT.

Post-Completion, the Enlarged Portfolio remains unencumbered and the long-term borrowings of Keppel DC REIT are expected to be substantially on fixed-rate basis.

2.5 Client II Colocation Charge Guarantee

2.5.1 Terms of the Client II Colocation Charge Guarantee

The Vendor guarantees (the "**Client II Colocation Charge Guarantee**") to Keppel DC REIT that the Client II Colocation Charge received by the Target Entity shall not be less than S$395,000 per month (pro-rated for any period which is less than one month) (the "**Guaranteed Amount**") for the period from the date of Completion until the date which the Property can satisfy all the requirements of Client II on the Property such that Client II is obliged to commence paying the Client II Colocation Charge pursuant to the colocation contract dated 17 March 2016 with the Target Entity[2] ("**Support Period**"). It is expected that the foregoing requirements of Client II will be met, and Client II will commence payment of the Client II Colocation Charge, by the second quarter of 2017. For the avoidance of doubt, there is no delay in payment by Client II as Client II is only obliged under the colocation contract to commence payment of the Client II Colocation Charge when requirements pertaining to certain works to the space which it will utilise in the Property has been completed.

In the event that the Client II Colocation Charge for each month during the Support Period is less than the Guaranteed Amount, the Vendor undertakes to pay to the Target Entity a sum (each, a "**Top-Up Payment**") based on the following formula.

$$\textbf{Top-Up Payment} = \text{S\$395,000} \times \frac{\text{Number of days in the month that Client II is not paying the Client II Colocation Charge}}{\text{Number of days in the month}}$$

The Top-Up Payment shall be made monthly in arrears.

2.5.2 Safeguards

The Vendor would provide a banker's guarantee to the Trustee of S$1.422 million (equivalent to four months of 90.0% of the Guaranteed Amount) in relation to the Top-Up Payment for a rolling period of 120 days until the end of the Support Period. The Manager believes that the banker's guarantee would be a sufficient safeguard given the expected short duration of the Support Period and quantum of the Top-Up Payment.

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1 "**Aggregate leverage**" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly-controlled entities) and deferred payments (if any) to the value of the gross assets of Keppel DC REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the "**Deposited Property**"), without considering finance lease liabilities pertaining to the land rent commitments for iseek DC and KDC DUB 1. The pre-Completion aggregate leverage of approximately 36.1% has been adjusted to take into consideration the acquisitions of Milan DC and Cardiff DC which will be and is fully funded by debt respectively.

2 A colocation charge is an amount payable by a client to use the premises under the colocation contract.

2.5.3 Directors' Opinion

The independent directors of the Manager (the "**Independent Directors**") are of the view that the Client II Colocation Charge Guarantee is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders as (i) the Guaranteed Amount is equal to the Client II Colocation Charge which Client II is contractually obliged to pay under the colocation contract dated 17 March 2016 with the Target Entity and (ii) the Client II Colocation Charge Guarantee is to cover the period where payment of the Client II Colocation Charge has yet to commence while certain works to the space which Client II will utilise in the Property is being completed.

2.5.4 Independent Valuers' Opinion

The Independent Valuers are of the opinion that the Guaranteed Amount is in line with market on the basis that it is exactly the actual contracted monthly amount of colocation charge which will be payable by Client II.

2.6 Certain Terms and Conditions of the Share Purchase Agreement

The principal terms of the Share Purchase Agreement include, among others, the following conditions precedent:

2.6.1 the Proposed Acquisition having been approved by the Unitholders of Keppel DC REIT at the EGM;

2.6.2 there being no resolution, proposal, scheme, order for the compulsory acquisition or intended acquisition by the Singapore Government of the Property for 3% or more of the land area of the Property on or before the date fixed for Completion;

2.6.3 there being no material damage to the Property and/or the Mechanical and Electrical Equipment on or before Completion;

2.6.4 the completion of the drawdown of the Refinancing Loan to repay the S$80.0 million shareholder loan extended jointly by Keppel T&T and Keppel Land Financial Services Pte. Ltd. in favour of the Target Entity;

2.6.5 obtaining the approval of HDB, and where required by HDB, the Competent Authorities, for the sale of the 90 ordinary shares being 90.0% of the issued share capital in the Target Entity, by the Vendor to the Trustee;

2.6.6 obtaining the approval of HDB, and where required by HDB, the Competent Authorities, to the lease of the Property by the Target Entity (as landlord) to Keppel DCS3 Services Pte. Ltd. (as lessee) for no less than an initial lease term commencing from Completion and ending on the month in which the HDB Lease Term expires subject to and on the terms of the Keppel Lease Agreement;

2.6.7 obtaining the approval of HDB, and where required by HDB, the Competent Authorities, to the conversion of KDCS3PL into a limited liability partnership and to the vesting of the Property to such limited liability partnership;

2.6.8 obtaining the written confirmation from HDB that there is no subsisting breach by the Target Entity of the HDB Lease and that the Target Entity has, as at the date of such written confirmation, performed and complied in all respects with the terms and conditions contained therein;

2.6.9 the Vendor procuring that a waiver from an existing client of the Target Entity be obtained from such existing client's termination rights arising out of or in connection to a change in control of the Target Entity and/or assignment of the relevant agreement entered into between such existing client and Keppel DC Singapore 2 Pte. Ltd. and/or the Target Entity; and

2.6.10 all third party consent, licences, approvals, authorisations or waivers required from third parties to complete the business transfer agreement.

2.7 Principal Terms and Conditions of the Keppel Lease Agreement

The Keppel Lease is essentially a pass-through arrangement whereby a significant portion of the rent payable to the Target Entity by the Keppel Lessee is made up of variable rent based on the earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") (after deducting the fixed rent and operating expenses) derived from the underlying end-users (being the clients) who have entered into colocation arrangements with the Keppel Lessee. However, due to the pass-through arrangement of the Keppel Lease, the Target Entity will substantially enjoy the benefits and assume the liabilities of the colocation arrangements entered into by the Keppel Lessee with the underlying end-users (being the clients). The Keppel Lease arrangement is similar to the arrangements which were entered into for KDC SGP 1 and KDC SGP 2 at the time of the initial public offering of Keppel DC REIT. Accordingly, there is no deposit or banker's guarantee provided in relation to the Keppel Lease Agreement.

The Keppel Lease Agreement will commence on the Completion Date and will be for a term of 10 years with an option to renew for a further term of five years.

The principal terms of the Keppel Lease Agreement include, among others, the following:

2.7.1 the term of the Keppel Lease is for 10 years commencing from (and including) the commencement date of the Keppel Lease Agreement (the "**Commencement Date**"), and the Keppel Lessee will be given an option to renew the Keppel Lease for a further five years subject to HDB's consent and the compliance of any regulatory requirement by the Target Entity and at such revised rent and on terms and conditions as may be mutually agreed between the parties;

2.7.2 the Keppel Lessee is required to pay rent on a quarterly basis, in arrears, on the date falling 14 days after the end of each quarterly period. Such rent shall comprise:

(i) a fixed rent of S$5.0 million for the first year, with an annual escalation of 3.0%[1]; and

(ii) a variable rent computed in respect of each Financial Year, based on an amount equivalent to 99.0% of the Cash EBITDA Amount[2] in respect of each Financial Year (or such larger amount as the parties may agree in writing) less the amount equivalent to 8.5% of the gross revenue of the Target Entity in any such Financial Year to be set aside for each monthly period towards the reserve established for the purpose of funding Capex Works (as defined herein) (the "**Capex Reserve**"),

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1 As mentioned above in paragraph 2.7 of the Letter to Unitholders, the Keppel Lease is a pass-through arrangement whereby the Target Entity will substantially enjoy the benefits and assume the liabilities of the colocation arrangements entered into by the Keppel Lessee. The amount of variable rent expected to be received is more than the fixed rent and for the 12 months ended 30 September 2016, the gross revenue received by the Target Entity is significantly more than the S$5.0 million fixed rent amount per annum.

2 "**Cash EBITDA Amount**" refers to the total cash revenue received by the Keppel Lessee in a financial year less operating expenses less the fixed rent for the Property in a financial year.

with the aggregate of the power service charges, the additional net security services charges and the maintenance costs which form part of the Cash EBITDA computation based on pre-agreed amounts;

2.7.3 the Cash EBITDA Amount for each Financial Year will be computed based on the total cash revenue received by the Keppel Lessee from the clients or licensees under the Contracts during such Financial Year, less all the operating cash expenses paid by the Keppel Lessee and the facility manager in the maintenance, management, operation and marketing of the Property as well as provision of turnkey facility management services in respect of the Property and less the fixed rent for that Financial Year;

2.7.4 the quantum of the variable rent will be adjusted at the end of each Financial Year based on the agreed computation of the variable rent or the computations of the variable rent based on an expert's determination on the Cash EBITDA Amount for that Financial Year;

2.7.5 in the event the Cash EBITDA Amount for each Financial Year (before deducting the fixed rent for that Financial Year) is a negative amount, the Target Entity will reimburse the Keppel Lessee an amount equivalent to such negative amount;

2.7.6 the Target Entity will provide to the Keppel Lessee certain services, including (a) the provision of data centre infrastructure to support the Property for the permitted use; (b) facility management, maintenance services and routine preventive maintenance in respect of the mechanical and electrical equipment located in the Property; (c) maintenance of equipment owned by the Keppel Lessee to keep it in good working order and condition and being responsible for all repair, maintenance, replacements or overhauls thereof. In the provision of these services to the Keppel Lessee and its clients and licensees, the Target Entity may appoint a facility manager to carry out and perform such services or any part thereof on the Target Entity's behalf and the facility manager may provide these services directly to the Keppel Lessee;

2.7.7 the Keppel Lessee shall obtain the Target Entity's prior written consent before the Keppel Lessee enters into any Contract with the clients. Where the term (including any option to renew) of a proposed new (or renewal) licence, colocation agreement or occupation agreement expires beyond the term of the Keppel Lease, such licence, colocation agreement or occupation agreement and all security deposit and bank guarantees (if any) must be assignable to the Target Entity;

2.7.8 the Target Entity shall pay the property tax and land rent imposed by the relevant authority on the Property in respect of any period during the term of the Keppel Lease;

2.7.9 the Target Entity shall indemnify the Keppel Lessee from and against all losses, damages, claims, demands, proceedings, actions, costs, expenses, interest, liabilities and penalties suffered or incurred by the Keppel Lessee under or in respect of all the Contracts entered into between the Keppel Lessee and the clients (including without limitation any liabilities incurred by the Keppel Lessee as a result of an early termination of the Keppel Lease Agreement due to a government acquisition, termination by HDB of the HDB Lease or due to the Target Entity deciding not to rebuild the Property in the event the Property is destroyed or damaged): except (i) to the extent that such losses, damages, claims, demands, proceedings, actions, costs, expenses, interest, liabilities and penalties result from or is caused by the wilful default or gross negligence of the Keppel Lessee, its employees or agents in complying with the provisions of the Keppel Lease Agreement; or (ii) where such losses, damages, claims, demands, proceedings, actions, costs, expenses, interest, liabilities and penalties (including any client service credit payments incurred and payable by the Keppel Lessee) result from any matter or event which occurred, related to or is referable to the period prior to the commencement date of the Keppel Lease Agreement; and

2.7.10 the Keppel Lessee shall indemnify the Target Entity against (a) all claims, demands, actions, proceedings, judgements, damages, losses, costs and expenses of any nature which the Target Entity may suffer or incur for death, injury, loss and/or damage caused by, and (b) all penalties or fines imposed by any competent authority (sub-paragraph (a) and (b) collectively, "**Losses**") resulting from any wilful default or gross negligence by the Keppel Lessee, its employees or agents, in complying with the provisions of the Keppel Lease Agreement, subject to the following limitations:

(i) the Keppel Lessee shall not be liable for any consequential, special, indirect, incidental punitive or exemplary loss, loss of profits or damage;

(ii) the Target Entity shall use all reasonable efforts to prevent or reduce to a minimum and mitigate the extent of such Losses;

(iii) if the Target Entity becomes aware of any event which has or may give rise to a Loss, the Target Entity shall (a) promptly notify the Keppel Lessee in writing thereof, giving particulars of the event and the nature of the Loss; (b) consult and cooperate in good faith with the Keppel Lessee in the defence of such claims where applicable; (c) not, without the prior consent of the Keppel Lessee, settle or compromise or consent to the entry of any judgement with respect to any such event;

(iv) the liability of the Keppel Lessee to make a payment to the Target Entity for a Loss is fixed upon any of the following events: (a) the settlement of the claim or Loss; (b) a final decision or arbitral award with respect to the claim by the appropriate court or arbitral tribunal of competent jurisdiction and expiration of applicable appeal periods, unless such decision or award is appealed; or (c) if appealed, a final non-appealable decision of the relevant court with respect to the claim; and

(v) if after receipt of payment from the Keppel Lessee in respect of an actual claim, the Target Entity receives payment from another source in respect of that claim, where such payments in aggregate exceed the Loss in respect of that claim, the Target Entity shall promptly refund to the Keppel Lessee the difference between the aggregate payments received from that other source and the Loss incurred in respect of that claim (the "**Refund**"). For avoidance of doubt, the Refund shall not exceed the amount of indemnity payment the Keppel Lessee has made to the Target Entity for a Loss; and any indemnity obligations payable by the Keppel Lessee shall be net of any insurance proceeds available to the Target Entity.

2.8 Principal Terms and Conditions of the Facility Management Agreement

On the Completion Date, the Target Entity will also enter into the Facility Management Agreement where Keppel DCS3 Services Pte. Ltd. will be appointed as facility manager to provide the Facility Services to the Target Entity at the Property.

The principal terms of the Facility Management Agreement include, among others, the following:

2.8.1 the Facility Management Agreement and the provision of the Facility Services shall commence on and from the commencement date of the Facility Management Agreement and shall be for a period of 10 years or until terminated in accordance with the terms of the Facility Management Agreement. In the event the Keppel Lease is renewed for a further term of five years, the Facility Management Agreement shall also be automatically renewed for a further period of five years on the same terms as the Facility Management Agreement;

2.8.2 the Facility Manager will be entitled to the facility management fee of an amount equivalent to 4.0% of the Cash EBITDA Amount in respect of each Financial Year;

2.8.3 the Facility Manager will be entitled to the following project management fees for the refurbishment, retrofitting and renovation works on the Property:

(i) where the construction costs are S$2.0 million or less, a fee of 3.0% of the construction costs;

(ii) where the construction costs exceed S$2.0 million but do not exceed S$20.0 million, a fee of 2.0% of the construction costs or S$60,000, whichever is the higher;

(iii) where the construction costs exceed S$20.0 million but do not exceed S$50.0 million, a fee of 1.5% of the construction costs or S$400,000, whichever is the higher; and

(iv) where the construction costs exceed S$50.0 million, a fee of not more than 1.5% of the construction costs;

2.8.4 the Facility Management Agreement shall terminate if the Keppel Lease Agreement is terminated for any reason whatsoever in accordance with its terms;

2.8.5 the Facility Manager shall, *inter alia*, (i) keep the whole of the Property clean and tidy; (ii) keep the Property (including both the interior and exterior of the building on the Property and the surrounding grounds) in good and tenantable repair and condition (fair wear and tear excepted) (including repairs of a structural nature, repairs and maintenance of mechanical and electrical installations and equipment and replacements of mechanical and electrical installations and servicing of lifts); (iii) immediately make good, to the reasonable satisfaction of the Target Entity, any damage caused to the Property by the Keppel Lessee (as tenant), its employees, agents, independent contractors or any permitted occupier; (iv) maintain all equipment owned by the Keppel Lessee (as tenant) and the Keppel Lessee's clients and licensees installed or operated at the Property in good working order and condition and to be responsible for all repair, maintenance, replacements or overhauls thereof; (v) be responsible for the maintenance and management of the

Property; (vi) ensure that the building on the Property is secured; and (vii) ensure that all debris, sewerage, waste and garbage in the Property are disposed of at the Facility Manager's cost and expenses, regularly;

2.8.6 the Facility Manager shall indemnify the Target Entity and hold the Target Entity harmless from and against all losses, damages, claims, demands, proceedings, actions, costs, expenses, interest, liabilities and penalties which the Target Entity may suffer or incur resulting from or to the extent caused by, any wilful default or gross negligence by the Facility Manager, its employees or agents, in complying with the provisions of the Facility Management Agreement; and

2.8.7 the Facility Manager's liability for a breach or non-compliance of its obligations under the Facility Management Agreement is limited to payment of client service credits and the indemnity given under the Facility Management Agreement.

It should be noted that the fee structure is in line with the facility management fees and costs for the other Singapore properties of Keppel DC REIT. In addition, in relation to the indemnity described in paragraph 2.8.6 above, it is industry practice for service providers to put a cap on liabilities, even if such liabilities arise from wilful default and gross negligence of the service providers, and this is similar to the agreements entered into in connection with KDC SGP 1 and KDC SGP 2.

2.9 Principal Terms and Conditions of the Limited Liability Partnership

Following Completion, KDCS3PL will be converted to a limited liability partnership pursuant to Section 21 of the Limited Liability Partnerships Act (Chapter 163A of Singapore). The Trustee and the Vendor will enter into the LLP Agreement upon conversion into the limited liability partnership.

Under the terms of the LLP Agreement, each partner of the Target Entity shall have the right to appoint members to the management committee.

Under the terms of the LLP Agreement, the following matters shall require unanimous approval of the partners (being Keppel DC REIT and the Vendor):

2.9.1 amendment of the LLP Agreement or (where applicable) other constitutive documents of the Target Entity;

2.9.2 cessation or change or expansion of the business of the Target Entity;

2.9.3 (i) the consolidation, merger or amalgamation of the Target Entity with or into any other person, or (ii) any internal restructuring involving the Target Entity and where applicable, its subsidiaries;

2.9.4 the winding up or dissolution (as the case may be) of the Target Entity;

2.9.5 entering into or modifying any existing agreement, transaction, obligation, commitment, understanding, arrangement or liability (whether to lease, licence, sell, transfer or in any other way dispose the whole or any part of its undertaking, assets or property or otherwise) the value of which exceeds S$10.0 million, other than (i) any leases and licenses entered into in the ordinary course of business, or (ii) any transactions which has been approved as a unanimous resolution;

2.9.6 the giving of any loan, guarantee or indemnity by the Target Entity to secure the liabilities or obligations of any person;

2.9.7 the raising of any financing or the procurement of any financial support by the Target Entity from its partners;

2.9.8 creation of any form of security over any assets held by the Target Entity;

2.9.9 the admission of an additional partner, which is not a substitute partner, to the Target Entity; and

2.9.10 the Target Entity commencing, defending or settling any litigation, arbitration or administrative proceedings other than in the ordinary course of business or where the value of any single claim or a series of related claims exceeds S$10.0 million provided that the consent of a partner shall not be required in respect of the commencement, defending or settling of any litigation, arbitration or administrative proceedings against such partner or its representatives.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

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

3.1 DPU-Accretive Acquisition Consistent with Keppel DC REIT's Investment Strategy

The Proposed Acquisition is consistent with the Manager's investment strategy of acquiring quality income-producing data centre properties that would enhance total return to Unitholders and increase potential opportunities for future income and capital growth. Keppel DC REIT's overall portfolio quality and market competitiveness is also expected to improve with the Proposed Acquisition.

As illustrated in Section 4.1.1 under the pro forma financial impact for the financial year ended 31 December 2015, the Proposed Acquisition is expected to be accretive to the DPU assuming the Proposed Acquisition is fully funded via equity and completed on 1 January 2015.

The Proposed Acquisition is also in line with the Manager's investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate-related assets, with an initial focus on Asia Pacific and Europe.

3.2 Strengthening of Foothold in Singapore

Singapore is one of the key data centre hubs in Asia and has shown strong momentum in the recent years. Given Singapore's status as the financial hub of the region, robust telecommunications infrastructure and strong government support for the data centre sector, Singapore continues to attract multinational corporations looking to locate data centres in the region.

The Proposed Acquisition of the Target Interest, a prime asset with strategic location and built to high specifications, will increase Keppel DC REIT's portfolio assets and presence in Singapore, thereby strengthening its foothold in the data centre market. In addition, as the Proposed Acquisition of the Target Interest involves an asset in Singapore, Keppel DC REIT would not have any foreign exchange risks and would not need to pay any withholding tax for the Target Interest. Post-Completion, the proportion of Keppel DC REIT's AUM in Singapore will increase from 41.6% to 50.7%[1].

The Property's competitive strengths include:

3.2.1 Strategic Location

The Property is located adjacent to Keppel DC REIT's data centre property in Tampines, KDC SGP 2 and will be able to integrate seamlessly to become a data centre campus within Tampines Industrial Park.

With the Proposed Acquisition, there is potential for Keppel DC REIT to (i) achieve leasing synergies, (ii) increase operational efficiency and (iii) derive economies of scale in its Enlarged Portfolio.

Besides being located in an area supported by high power connection and data infrastructure networks, the Property is also well served by major roads and expressways such as the Pan-Island Expressway, Tampines Expressway and East Coast Parkway, providing clients with good accessibility to the city-centre, the airport and other parts of the island.

3.2.2 Prime Asset with High Specifications

Completed in the third quarter of 2015, the Property is a modern five-storey carrier-neutral data centre providing data centre solutions and dedicated colocation suites. The property has a GFA of 133,878 sq ft and lettable area of 50,245 sq ft comprising data centre, business continuity and disaster recovery space.

The facility is designed and built to high-specifications, and includes on-site 24x7 facilities management, security and green features such as:

(i) efficient cooling systems designed for hot and cold aisle containment deployment which maximises energy efficiency;

(ii) extensive use of green cement and sustainable products; and

(iii) motion sensors and zoning control for data centre area.

The Property is also the first data centre in Singapore to achieve the BCA-IDA Green Mark Platinum Award for New Data Centres, the highest green accolade from the Building and Construction Authority of Singapore and the Info-communications Media Development Authority of Singapore.

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1 After the Milan DC acquisition, the proportion of Keppel DC REIT's AUM in Singapore would decrease from 50.7% to 48.8%.

3.2.3 Creation of Further Synergy with Additional Keppel Asset

The Proposed Acquisition presents an opportunity to acquire a quality asset from the Sponsor through the right of first refusal granted by the Sponsor. Keppel DC REIT will also be able to harness greater synergy from the Keppel Group as well as Keppel T&T's established track record and technical expertise from over 12 years of designing, building and managing data centres. Operational continuity is also enhanced with the acquisition of an asset that is built and operated by the same party.

3.3 Greater Income Resilience through Exposure to a Larger Portfolio

The Proposed Acquisition will further strengthen the income resilience of Keppel DC REIT's portfolio. Post-Completion, Keppel DC REIT will benefit from further diversification in income streams from the enlarged asset base of 11 assets[1].

The Proposed Acquisition is also in line with the strategic direction of Keppel DC REIT, which is to acquire assets that complement the portfolio and drive long-term growth and sustainability in terms of income.

3.4 Improvement in Portfolio Occupancy and Lease Profile

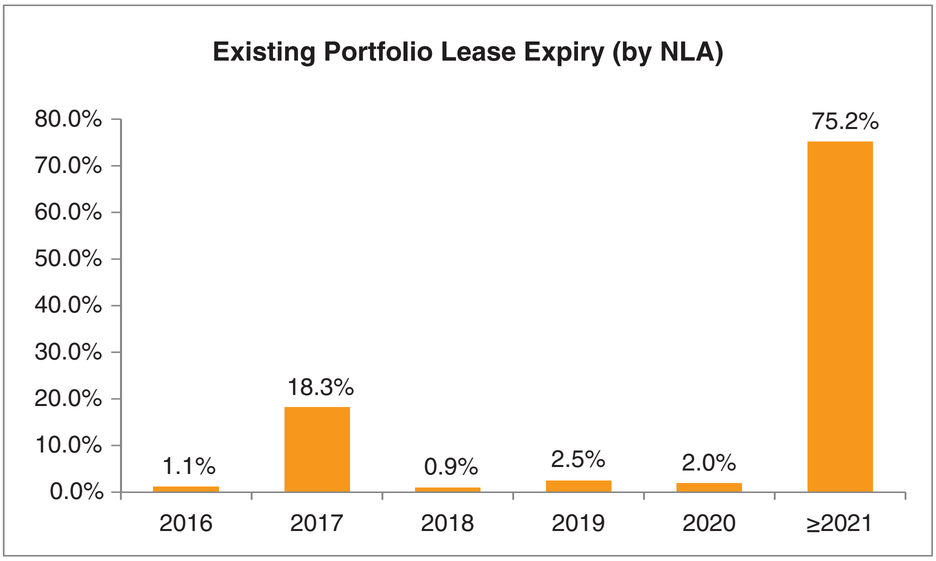
In addition, the Proposed Acquisition, which has a 100% committed occupancy rate, will also improve the overall occupancy rate of Keppel DC REIT's portfolio. Post-Completion, Keppel DC REIT's pro forma occupancy rate for its Enlarged Portfolio will be 93.9% as at 30 September 2016, compared to 93.5% as at 30 September 2016 for its Existing Portfolio.

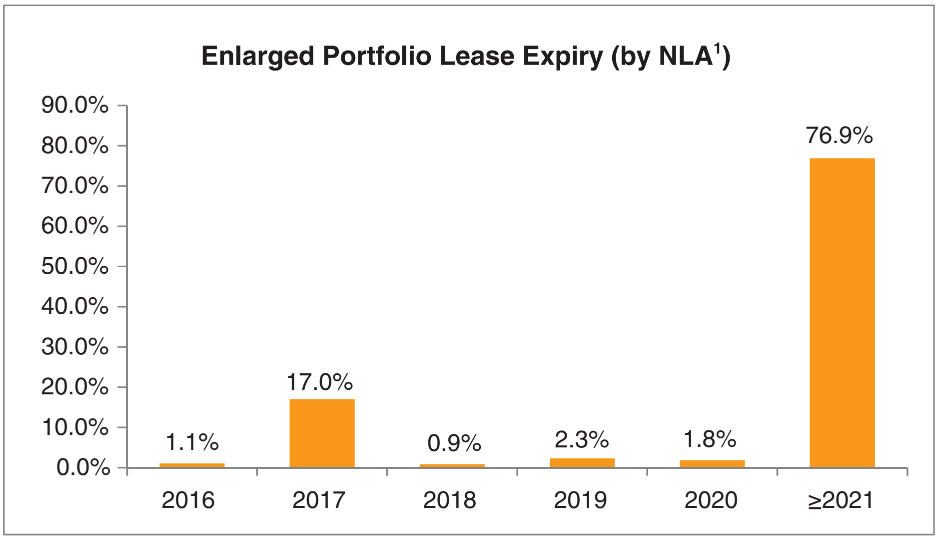
While portfolio weighted average lease expiry ("**WALE**") (by leased lettable area) is expected to moderate slightly from 9.4 years to 9.1 years[2] post-Completion, the Proposed Acquisition will improve the portfolio's lease profile such that not more than 17.0% of the Enlarged Portfolio (by leased lettable area) (as compared to 18.3% pre-Completion) will be due for renewal in any one year for the next 10 years. In particular, the Proposed Acquisition is supported by committed colocation contracts with WALE of 5.7 years, which is very attractive in comparison to typical colocation assets in the market which average approximately three years in terms of WALE.

The Proposed Acquisition also helps to provide Keppel DC REIT's portfolio with income stability. As a counterbalance to triple/double-net leases with single clients, multi-client colocation arrangements have staggered contract expiries which dampen impacts to income and the risks exposure which could arise in the event of client default or non-renewal of leases. It also allows for gradual capital upkeep to maintain the facilities' offerings in tandem with market requirements for data centres.

1 Excludes maincubes DC and Milan DC. maincubes DC is under construction and is slated for completion in 2018, while the acquisition of the Milan DC was announced on 12 August 2016, and is expected to be completed later this year.

2 Includes the Attributable NLA.





3.5 Expanded Portfolio Creates a Stronger Platform for Growth

The Proposed Acquisition will increase Keppel DC REIT's AUM from S$1.14 billion to S$1.35 billion[2]. With higher total Deposited Property and reduced aggregate leverage following the Preferential Offering, Keppel DC REIT's debt headroom available to pursue growth opportunities will increase. The Manager believes that the expanded portfolio will provide greater financial flexibility to Keppel DC REIT. The higher AUM, the fully unencumbered portfolio and the higher free float, may lead to better access to the debt and equity capital markets.

3.6 Alignment of Interests with the Fully Underwritten Preferential Offering

Keppel DC REIT is funding the Total Acquisition Cost via the Preferential Offering and the issue of Acquisition Fee Units amounting to approximately S$2.0 million to the Manager. After taking into consideration, *inter alia*, Keppel DC REIT's current aggregate leverage and its objective of maintaining a prudent capital structure, the Manager believes the Preferential

1 Includes the Attributable NLA.

2 Including Milan DC, the AUM would be approximately S$1.40 billion.

Offering is an efficient and optimal method of raising funds to finance the Proposed Acquisition. In particular, the Preferential Offering is fully underwritten, which gives certainty to the quantum of proceeds received.

The Manager believes that the recent acquisitions of Milan DC and Cardiff DC as well as the Proposed Acquisition will result in long-term increase in the yield of Keppel DC REIT. The Preferential Offering provides Unitholders the opportunity to increase their investments in Keppel DC REIT at an attractive issue price and participate in its future growth.

To demonstrate its support for Keppel DC REIT's long-term growth and the Preferential Offering, the Keppel Group has through KDCIH (which owns 30.1% of the existing Units) and DCRH (which owns 4.9% of the existing Units), provided irrevocable undertakings to subscribe for the pro-rata entitlements of KDCIH and DCRH under the Preferential Offering. This will also enable the Keppel Group to maintain its unitholding interest in Keppel DC REIT through KDCIH and DCRH, and serve to align the interests of the Keppel Group with that of Keppel DC REIT and its Unitholders.

The New Units to be issued pursuant to the Preferential Offering will increase the number of Units in issue by 242.0 million Units which represents an increase of 27.4% of the total number of Units currently in issue. This increase in the total number of Units in issue, which results in an increase in market capitalisation and free float, potentially improves the trading liquidity of the Units.

4. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION

4.1 Pro Forma Financial Effects of the Proposed Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on the DPU, the NAV per Unit and capitalisation presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Keppel DC REIT for the financial year ended 31 December 2015 (the "**Keppel DC REIT Audited Financial Statements**") as well as the following assumptions:

(a) part of the net proceeds of approximately S$208.6 million from the Preferential Offering will be used to fully finance the Proposed Acquisition; and

(b) approximately S$2.0 million of the Acquisition Fee is payable to the Manager via the issuance of the Acquisition Fee Units.

4.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on Keppel DC REIT's DPU for FY2015, as if the Proposed Acquisition were completed on 1 January 2015, and Keppel DC REIT held and operated 90.0% of the Target Entity through to 31 December 2015 are set out in the table below.

An application has been made to Inland Revenue Authority of Singapore ("**IRAS**") for a ruling on KDCS3LLP's tax transparency treatment. The effects of the Proposed Acquisition for both scenarios are presented below.

Scenario 1	Effects of the Proposed Acquisition if Tax Transparency is Granted	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net Profit before Tax (S$'000)	110,006	130,362(2)
Distributable Income (S$'000)	57,480	76,788
Issued Units ('000)	882,977(1)	1,067,808(3)
DPU (cents)	6.51	7.19
Accretion (%)	–	10.4%

Notes:

(1) Number of Units issued as at 31 December 2015.

(2) The figure is based on Keppel DC REIT's 90.0% share of the estimated unaudited net profits before tax of KDCS3PL for 12 months on a fully committed basis and includes the assumed Client II Colocation Charge Guarantee of approximately S$1.422 million to achieve the expected contribution from 90.0% of the Target Entity in FY2015, and deducting additional Manager's management fees and trust expenses in connection with the Proposed Acquisition.

(3) Includes (i) approximately 183,078,000 New Units (at an illustrative issue price of S$1.155 per Unit) issued via the Preferential Offering assuming the Proposed Acquisition is financed fully via equity and (ii) approximately 1,753,000 Acquisition Fee Units (at an illustrative issue price of S$1.155 per Unit) issuable to the Manager in relation to the Proposed Acquisition.

Scenario 2	Effects of the Proposed Acquisition if Tax Transparency is not Granted	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net Profit before Tax (S$'000)	110,006	130,362(2)
Distributable Income (S$'000)	57,480	73,424
Issued Units ('000)	882,977(1)	1,067,808(3)
DPU (cents)	6.51	6.88
Accretion (%)	–	5.7%

Notes:

(1) Number of Units issued as at 31 December 2015.

(2) The figure is based on Keppel DC REIT's 90.0% share of the estimated unaudited net profits before tax of KDCS3PL for 12 months on a fully committed basis and includes the assumed Client II Colocation Charge Guarantee of approximately S$1.422 million to achieve the expected contribution from 90.0% of the Target Entity in FY2015, and deducting additional Manager's management fees and trust expenses in connection with the Proposed Acquisition.

(3) Includes (i) approximately 183,078,000 New Units (at an illustrative issue price of S$1.155 per Unit) issued via the Preferential Offering assuming the Proposed Acquisition is financed fully via equity and (ii) approximately 1,753,000 Acquisition Fee Units (at an illustrative issue price of S$1.155 per Unit) issuable to the Manager in relation to the Proposed Acquisition.

4.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on Keppel DC REIT's NAV per Unit as at 31 December 2015, as if the Proposed Acquisition were completed on 31 December 2015, are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S$'000)	813,114	1,023,729
Issued Units ('000)	882,977(1)	1,067,808(2)
NAV per Unit (S$)	0.92	0.96

Notes:

(1) Number of Units issued as at 31 December 2015.

(2) Includes (i) approximately 183,078,000 New Units (at an illustrative issue price of S$1.155 per Unit) issued via the Preferential Offering assuming the Proposed Acquisition is financed fully via equity and (ii) approximately 1,753,000 Acquisition Fee Units (at an illustrative issue price of S$1.155 per Unit) issuable to the Manager in relation to the Proposed Acquisition.

The impact on NAV per Unit as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise.

4.1.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma capitalisation of Keppel DC REIT as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015, is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
	(S$'000)	**(S$'000)**
Short-term debt:		
Unsecured debt	30,208	30,208
Total short-term debt	**30,208**	**30,208**
Long-term debt:		
Unsecured debt	311,640	311,640
Total long-term debt	**311,640**	**311,640**
Total debt	**341,848**	**341,848**
Unitholders' funds	813,114	1,023,729
Total Capitalisation	**1,154,962**	**1,365,577**

The impact on capitalisation as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise.

4.2 Requirement of Unitholders' Approval

4.2.1 Major Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Keppel DC REIT. Such transactions are classified into the following categories:

(a) non-discloseable transactions;

(b) discloseable transactions;

(c) major transactions; and

(d) very substantial acquisitions or reverse takeovers.

A transaction by Keppel DC REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

(i) the NAV of the assets to be disposed of, compared with Keppel DC REIT's NAV;

(ii) the net profits attributable to the assets acquired, compared with Keppel DC REIT's net profits;

(iii) the aggregate value of the consideration given, compared with Keppel DC REIT's market capitalisation; and

(iv) the number of Units issued by Keppel DC REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving Keppel DC REIT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only sub-paragraph 4.2.1(i) exceeds the relevant 20.0% threshold and sub-paragraph 4.2.1(iv) is not applicable as no consideration units are issued.

4.2.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Proposed Acquisition using the applicable bases of comparison described in sub-paragraph 4.2.1 above are set out in the table below.

Comparison of	Proposed Acquisition	Keppel DC REIT	Relative figure (%)
Profits (S$ million)	15.3[(1)]	57.0[(2)]	26.8
Consideration against market capitalisation (S$ million)	202.8[(3)]	1,061.0[(4)]	19.1
Units issued as consideration against Units previously in issue ('000)	NA	NA	NA

Notes:

(1) The figure is based on Keppel DC REIT's 90.0% share of the estimated unaudited net profit before tax of KDCS3PL for nine months on a fully committed basis.

(2) The figure is based on the unaudited net profit before tax of Keppel DC REIT for the nine-month period ended 30 September 2016.

(3) The figure represents the estimated Completion Amount being the Equity Injection Amount of S$162.0 million plus the Purchase Consideration of S$140.8 million less the Shareholder Loan repaid with the Equity Injection of S$100.0 million which Keppel DC REIT would receive. The actual Completion Amount for the Proposed Acquisition will be determined in the manner as set out in paragraph 2.2 above.

(4) The figure is based on the weighted average traded price of S$1.2013 per Unit on the SGX-ST as at 14 October 2016, being the market day immediately preceding the date of the Share Purchase Agreement.

The Manager is of the view that the Proposed Acquisition is in the ordinary course of Keppel DC REIT's business as the Target Interest being acquired is within the investment policy of Keppel DC REIT and does not change the risk profile of Keppel DC REIT. As such, the Proposed Acquisition should therefore not be subject to Chapter 10 of the Listing Manual notwithstanding that the relative figure exceeds 20.0%. However, as the Proposed Acquisition constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix, the Proposed Acquisition will still be subject to the specific approval of Unitholders.

4.2.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where Keppel DC REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Keppel DC REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the Keppel DC REIT Audited Financial Statements, the NTA of Keppel DC REIT was S$813.1 million as at 31 December 2015. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Keppel DC REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$40.7 million, such a transaction would be subject to Unitholders' approval. Given that the estimated Completion Amount is approximately S$202.8 million[1], the value of the Keppel Lease Agreement is S$200.6 million (being 90.0% of the estimated total amount payable over the term of the Keppel Lease), the value of the Facility Management Agreement is S$6.0 million (being 90.0% of the estimated total amount payable over the term of the Facility Management Agreement) and the Vendor's share of the Equity Injection is S$18.0 million (with the balance 90.0% of the Equity Injection from Keppel DC REIT being S$162.0 million) (which is in aggregate 52.6% of the NTA of Keppel DC REIT as at 31 December 2015), the value of the Proposed Transaction exceeds the said threshold.

1 The actual amount of the Completion Amount payable to the Vendor will only be determined after the Completion Date.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Keppel DC REIT whose value exceeds 5.0% of Keppel DC REIT's latest audited NAV. Based on the Keppel DC REIT Audited Financial Statements, the NAV of Keppel DC REIT was S$813.1 million as at 31 December 2015. Accordingly, if the value of a transaction which is proposed to be entered into by Keppel DC REIT with an interested party is equal to or greater than S$40.7 million, such a transaction would be subject to Unitholders' approval. Given that the estimated Completion Amount is approximately S$202.8 million[1], the value of the Keppel Lease Agreement is S$200.6 million (being 90.0% of the estimated total amount payable over the term of the Keppel Lease), the value of the Facility Management Agreement is S$6.0 million (being 90.0% of the estimated total amount payable over the term of the Facility Management Agreement) and the Vendor's share of the Equity Injection is S$18.0 million (with the balance 90.0% of the Equity Injection from Keppel DC REIT being S$162.0 million) (which is 52.6% of the NAV of Keppel DC REIT as at 31 December 2015), the value of the Proposed Transaction exceeds the said threshold.

As at the Latest Practicable Date, KCL, through Keppel T&T, KLL and Keppel Capital, holds an aggregate interest in 309,213,134 Units, which is equivalent to approximately 35.01% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Keppel DC REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is owned by Keppel T&T and Keppel Capital in equal proportions, which are in turn subsidiaries of KCL, KCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Vendor is a joint venture company held by Keppel T&T and KLL in the proportion of 70.0% and 30.0% respectively, which are in turn subsidiaries of KCL, the Vendor is an indirect subsidiary of KCL. Additionally, as the Keppel Lessee/Facility Manager is a subsidiary of the Vendor, the Keppel Lessee/Facility Manager is an indirect subsidiary of KCL. Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor and the Keppel Lessee/Facility Manager (being subsidiaries of a "controlling Unitholder" and a "controlling shareholder" of the Manager) are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of Keppel DC REIT.

Therefore, the Proposed Acquisition, will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. The entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and the Equity Injection will also constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

There are no interested person transactions entered into between (1) Keppel DC REIT and (2) KCL, Keppel T&T and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

1 The actual amount of the Completion Amount payable to the Vendor will only be determined after the Completion Date.

4.3 Advice of the Independent Financial Adviser

The Manager has appointed PrimePartners Corporate Finance Pte. Ltd. as the IFA to advise the Independent Directors and the audit and risk committee of the Manager ("**Audit and Risk Committee**") and the Trustee in relation to the Proposed Transaction. A copy of the letter from the IFA to the Independent Directors and members of the Audit and Risk Committee and the Trustee (the "**IFA Letter**"), containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the various points set out in Section 8 of the IFA Letter and the information available to it as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Transaction (including the Client II Colocation Charge Guarantee) is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, the IFA advises the Independent Directors, the Audit and Risk Committee and the Trustee to recommend that the minority Unitholders vote in favour of the resolution in connection with the Proposed Transaction to be proposed at the EGM.

4.4 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 420,000 Units. Further details of the interests in Units of the Directors and Substantial Unitholders[1] are set out below.

Mr Chan Hon Chew is the Chairman and a Non-Executive Director of the Manager, the Chairman of the Executive Committee and the Chief Financial Officer of KCL and a director of Keppel T&T. Mr Lee Chiang Huat is the Independent Director and Chairman of the Audit and Risk Committee of the Manager. Mr Leong Weng Chee is an Independent Director of the Manager. Mr Lim Chin Hu is an Independent Director of the Manager. Mr Dileep Nair is an Independent Director of the Manager. Mr Teo Cheng Hiang Richard is an Independent Director of the Manager. Dr Tan Tin Wee is an Independent Director of the Manager. Mr Thomas Pang Thieng Hwi is a Non-Executive Director of the Manager and an executive director and the Chief Executive Officer of Keppel T&T. Ms Christina Tan is a Non-Executive Director of the Manager, the Chief Executive Officer of Keppel Capital Holdings Pte. Ltd. and Managing Director of Alpha Investment Partners Limited.

1 "**Substantial Unitholder**" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%	No. of Units	%		
Chan Hon Chew	–	–	–	–	–	–
Lee Chiang Huat	75,000	0.0085	–	–	75,000	0.0085
Leong Weng Chee	–	–	–	–	–	–
Lim Chin Hu	75,000	0.0085	–	–	75,000	0.0085
Dileep Nair	20,000	0.0023	–	–	20,000	0.0023
Teo Cheng Hiang Richard	75,000	0.0085	–	–	75,000	0.0085
Tan Tin Wee	75,000	0.0085	–	–	75,000	0.0085
Thomas Pang Thieng Hwi	50,000	0.0057	–	–	50,000	0.0057
Christina Tan	50,000	0.0057	–	–	50,000	0.0057

Note:

(1) The percentage is based on 883,171,086 Units in issue as at the Latest Practicable Date.

The table below sets out the interest in KCL shares which are held by the Directors as at the Latest Practicable Date.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Shares held	%(1)	No. of Outstanding Share Options	Contingent Award of KCL Shares(2)	
	No. of KCL Shares	%(1)	No. of KCL Shares	%(1)				KCL Performance Share Plan ("KCL PSP")	KCL Restricted Share Plan ("KCL RSP")
Chan Hon Chew	50,600	0.0028	7,770	0.0004	58,370	0.0032	–	560,000	139,900
Lee Chiang Huat	–	–	–	–	–	–	–	–	–
Leong Weng Chee	–	–	–	–	–	–	–	–	–
Lim Chin Hu	30,000	0.0017	–	–	30,000	0.0017	–	–	–
Dileep Nair	–	–	–	–	–	–	–	–	–
Teo Cheng Hiang Richard	3,100	0.0002	–	–	3,100	0.0002	–	–	–
Tan Tin Wee	–	–	–	–	–	–	–	–	–
Thomas Pang Thieng Hwi	179,637	0.0098	–	–	179,637	0.0099	313,500	175,000	6,600
Christina Tan	–	–	–	–	–	–	–	315,000	70,000

Notes:

(1) The percentage is based on 1,815,569,770 issued shares (excluding treasury shares of 2,340,410) of KCL as at the Latest Practicable Date.

(2) KCL shares awarded under the KCL PSP and KCL RSP are subject to pre-determined performance targets set over a three-year to five-year and a one-year performance period respectively. Based on the achievement factor, the actual release of awards could range from zero to a maximum of 150% under the KCL PSP and zero to 100% under the KCL RSP.

The table below sets out the interest in Keppel T&T shares which are held by the Directors as at the Latest Practicable Date.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Shares held	%(1)	No. of Outstanding Share Options	Contingent Award of Keppel T&T Shares(2)	
	No. of Keppel T&T Shares	%(1)	No. of Keppel T&T Shares	%(1)				Keppel T&T Performance Share Plan ("Keppel T&T PSP")	Keppel T&T Restricted Share Plan ("Keppel T&T RSP")
Chan Hon Chew	–	–	–	–	–	–	–	–	–
Lee Chiang Huat	–	–	–	–	–	–	–	–	–
Leong Weng Chee	–	–	–	–	–	–	–	–	–
Lim Chin Hu	–	–	–	–	–	–	–	–	–
Dileep Nair	–	–	–	–	–	–	–	–	–
Teo Cheng Hiang Richard	–	–	–	–	–	–	–	–	–
Tan Tin Wee	–	–	–	–	–	–	–	–	–
Thomas Pang Thieng Hwi	23,300	0.0042	–	–	23,300	0.0042	–	200,000	116,700
Christina Tan	–	–	–	–	–	–	–	–	–

Notes:

(1) The percentage is based on 557,025,168 issued shares of Keppel T&T as at the Latest Practicable Date.

(2) Keppel T&T shares awarded under the Keppel T&T PSP and Keppel T&T RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. Based on the achievement factor, the actual release of awards could range from zero to a maximum of 150% under the KT&T PSP and zero to 100% under the KT&T RSP.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of Keppel DC REIT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Temasek Holdings (Private) Limited(2)	–	–	327,035,834	37.03	327,035,834	37.03
KCL(3)	–	–	309,213,134	35.01	309,213,134	35.01
Keppel T&T(4)	–	–	265,949,134	30.11	265,949,134	30.11
KDCIH	265,762,148	30.09	–	–	265,762,148	30.09

Notes:

(1) The percentage is based on 883,171,086 Units in issue as at the Latest Practicable Date.

(2) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by KCL and other subsidiaries and associated companies of Temasek Holdings (Private) Limited.

(3) KCL's deemed interest arises from its shareholdings in (i) KDCIH, which is a wholly-owned subsidiary of Keppel T&T, which is in turn a subsidiary of KCL, (ii) DCRH, a wholly-owned subsidiary of KLL, which is in turn a subsidiary of KCL and (iii) Keppel DC REIT Management Pte. Ltd. in which KCL hold a 50.0% interest and Keppel T&T holds the other 50.0% interest.

(4) Keppel T&T's deemed interest arises from its shareholdings in (i) KDCIH, which is a wholly-owned subsidiary of Keppel T&T and (ii) Keppel DC REIT Management Pte. Ltd. in which Keppel T&T holds a 50.0% interest.

Temasek Holdings (Private) Limited holds 20.68% of the total issued share capital of KCL and KCL in turn holds 79.52% of the total issued share capital in Keppel T&T.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Transaction.

4.5 Directors' Service Contracts

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

5. RECOMMENDATIONS ON THE PROPOSED TRANSACTION

Based on the advice of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale and benefits of the Proposed Transaction as set out in paragraph 3 above, the Independent Directors and the Audit and Risk Committee (with Mr Chan Hon Chew abstaining) believe that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Transaction.

6. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Monday, 7 November 2016 at 3.00 p.m. at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646, for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of EGM, which is set out on pages D-1 and D-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution. Approval by way of an Ordinary Resolution is required in respect of the Proposed Transaction.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 72 hours before the time fixed for the EGM.

7. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, KCL, directly and through Keppel T&T, KLL and Keppel Capital, holds an aggregate interest in 309,213,134 Units, which comprises approximately 35.01% of the total number of Units in issue. Temasek Holdings (Private) Limited ("**THPL**"), through its interests in KCL and other subsidiaries and associated companies of THPL, has a deemed interest in 327,035,834 Units, which comprises approximately 37.03% of the total number of Units in issue.

Given that 90.0% of the Target Entity will be acquired from an indirect subsidiary of KCL, THPL, KCL, Keppel T&T and their associates will abstain from voting on the resolution.

For purposes of good corporate governance, as Mr Chan Hon Chew is the Chief Financial Officer of KCL and a director of Keppel T&T, Mr Thomas Pang is an executive director and the Chief Executive Officer of Keppel T&T and Ms Christina Tan is the Chief Executive Officer of Keppel Capital and Managing Director of Alpha Investment Partners Limited, they will abstain from voting on the resolution in respect of the Units (if any) held by them.

8. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Manager's registered office, 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than Friday, 4 November 2016 at 3.00 p.m., being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolution must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint any of the Directors as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolution.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. CONSENTS

Each of the IFA (being PrimePartners Corporate Finance Pte. Ltd.) and the Independent Valuers (being Cushman & Wakefield and Savills) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates and all references thereto, in the form and context in which they are included in this Circular.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the Share Purchase Agreement (which contains the forms of the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement);

(ii) the IFA Letter;

(iii) the independent valuation report on the Property issued by Cushman & Wakefield;

(iv) the independent valuation report on the Property issued by Savills;

(v) the Keppel DC REIT Audited Financial Statements; and

(vi) the written consents of each of the IFA and the Independent Valuers.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Keppel DC REIT is in existence.

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

Mr Chan Hon Chew
Chairman and Non-Executive Director

1 Inspection of the documents is by appointment only. The Manager can be reached at +65 6535 6556.

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel DC REIT is not necessarily indicative of the future performance of Keppel DC REIT.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage
Acquisition Fee	:	The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from Keppel DC REIT upon Completion
Acquisition Fee Units	:	The Units payable to the Manager as the Acquisition Fee
Aggregate leverage	:	The ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property
Agreed Value	:	90.0% of the agreed value of the Property, being S$202.5 million
Almere DC	:	Almere Data Centre in Almere, the Netherlands, which is held by Keppel DC REIT
Attributable NLA	:	90% of the NLA of the Property (based on Keppel DC REIT's 90% interest)
Audit and Risk Committee	:	The audit and risk committee of the Manager
AUM	:	Assets under management
Basis Bay DC Interest	:	Keppel DC REIT's 99% interest in Basis Bay Data Centre in Cyberjaya, Malaysia
Capex Reserve	:	Shall have the meaning ascribed to it in paragraph 2.7.2(ii) of the Letter to Unitholders
Capex Works	:	Collectively, any repair or replacement works in respect of the internal, external and/or structural parts of the Property and/or the Mechanical and Electrical Equipment including without limitation, the data infrastructure supporting the property on which the Property is located and/or the Mechanical and Electrical Equipment or any part thereof respectively, where the cost of such works (i) would pursuant to generally accepted accounting standards and principles in Singapore, be capitalised and not expensed in the Target Entity's books of accounts, or (ii) are not of an "expense" nature as defined in the Singapore Financial Reporting Standards (as may be amended from time to time)
Cardiff DC	:	Cardiff Data Centre in Cardiff, United Kingdom, which is held by Keppel DC REIT

Cash EBITDA Amount	:	Means the total cash revenue received by the Keppel Lessee in a financial year less operating expenses less the fixed rent for the Property in a financial year
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 18 October 2016
Client II	:	Means the client who has executed the colocation contract dated 17 March 2016 with the Target Entity
Client II Colocation Charge	:	Means the colocation charge payable by Client II pursuant to the colocation contract dated 17 March 2016 with the Target Entity
Client II Colocation Charge Guarantee	:	Shall have the meaning ascribed to it in paragraph 2.5.1 of the Letter to Unitholders
Commencement Date	:	Means the date of commencement of the Keppel Lease Agreement
Competent Authorities	:	Means those authorities whose approval/clearance is required by HDB as a condition to the grant of the HDB Approvals
Completion	:	The completion of the Proposed Acquisition
Completion Amount	:	The total amount the Trustee is required to pay for the Proposed Acquisition
Completion Date	:	The date of Completion
Contracts	:	Means collectively, any tenancies, leases, licence, colocation agreement or occupation agreement and "**Contract**" means any one of them
Cushman & Wakefield	:	Cushman & Wakefield VHS Pte. Ltd.
DCRH	:	DC REIT Holdings Pte. Ltd.
Deposited Property	:	The gross assets of Keppel DC REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
Directors	:	The directors of the Manager, and "Director" means any one of them
DPU	:	Distribution per Unit
EBITDA	:	Means earnings before interest, taxes, depreciation and amortisation

EGM	:	The extraordinary general meeting of Unitholders to be held on Monday, 7 November 2016 at 3.00 p.m. at Four Seasons Ballroom (Level 2), Four Seasons Hotel, 190 Orchard Boulevard Singapore 248646, to approve the matters set out in the Notice of Extraordinary General Meeting on pages D-1 and D-2 of this Circular
Enlarged Portfolio	:	The enlarged portfolio of properties held by Keppel DC REIT, consisting of (i) the Existing Portfolio and (ii) 90.0% of the Target Entity
Equity Injection	:	The injection of equity in the proportion of 90.0% and 10.0% by the Trustee and the Vendors respectively as partners of the limited liability partnership
Equity Injection Amount	:	The Trustee's share in the Equity Injection amounting to S$162.0 million
Existing Loans	:	The Shareholder Loan which is assigned to Keppel DC REIT on Completion and the external bank loan of S$80.0 million
Existing Portfolio	:	The portfolio of properties currently held by Keppel DC REIT, comprising (i) KDC SGP 1; (ii) KDC SGP 2; (iii) the Basis Bay DC Interest; (iv) IC2; (v) Gore Hill DC; (vi) iseek DC; (vii) GV7 DC; (viii) KDC DUB 1; (ix) Almere DC; and (x) Cardiff DC. It excludes maincubes DC and Milan DC[1]
Facility Management Agreement	:	The facility management agreement to be entered into between the Target Entity and the Facility Manager on Completion
Facility Services	:	Facilities management and maintenance services provided by the Facility Manager pursuant to the Facility Management Agreement
Financial Year	:	A calendar year which commences on 1 January and ends on 31 December. The first Financial Year shall be the period commencing on the Commencement Date and ending on the immediately following 31 December and the last Financial Year shall be the period commencing on 1 January occurring immediately before the Termination Date and end on the Termination Date
FY2015	:	The financial year ended 31 December 2015
Gore Hill DC	:	Gore Hill Data Centre in Sydney, Australia, which is held by Keppel DC REIT
Guaranteed Amount	:	S$395,000 per month as further described in paragraph 2.5.1 of the Letter to Unitholders

1 maincubes DC is under construction and is slated for completion in 2018, while the acquisition of the Milan DC was announced on 12 August 2016, and is expected to be completed later this year.

GV7 DC	:	GV7 Data Centre in London, United Kingdom, which is held by Keppel DC REIT
HDB	:	The Housing and Development Board constituted under the Housing and Development Act, Chapter 129 of Singapore
HDB Lease	:	The Instrument of Lease No. I/18245Q dated 9 October 2001 and Variation of Lease No. IE/40287P dated 20 January 2015 both registered with the Singapore Land Authority, and reference to "HDB Lease" includes the lease as amended, modified or supplemented from time to time and any document which amends, modifies or supplements the same or either of them
HDB Lease Term	:	The leasehold term of 30 years commencing from 1 February 1992
IC2	:	Intellicentre 2 in Sydney, Australia, which is held by Keppel DC REIT
IFA	:	PrimePartners Corporate Finance Pte. Ltd.
IFA Letter	:	The letter from the IFA to the Independent Directors and the Audit and Risk Committee of the Manager and the Trustee containing its advice as set out in **Appendix C** of this Circular
Independent Directors	:	The independent directors of the Manager
Independent Valuers	:	Cushman & Wakefield and Savills
IRAS	:	Inland Revenue Authority of Singapore
iseek DC	:	iseek Data Centre in Brisbane, Australia, which is held by Keppel DC REIT
KCL	:	Keppel Corporation Limited
KCL PSP	:	KCL performance share plan
KCL RSP	:	KCL restricted share plan
KDC DUB 1	:	Keppel DC Dublin 1, formerly known as "Citadel 100 Data Centre", in Dublin, Ireland, which is held by Keppel DC REIT
KDC SGP 1	:	Keppel DC Singapore 1, formerly known as S25, in Singapore, which is held by Keppel DC REIT
KDC SGP 2	:	Keppel DC Singapore 2, formerly known as T25, in Singapore, which is held by Keppel DC REIT
KDC SGP 3 or **Property**	:	Keppel DC Singapore 3, formerly known as T27 or Keppel Datahub 2, in Singapore, which Keppel DC REIT is proposing to acquire a 90.0% interest in

KDCIH	:	Keppel DC Investment Holdings Pte. Ltd., which is a wholly-owned subsidiary of the Sponsor
KDCRM	:	Keppel DC REIT Management Pte. Ltd., which is the manager of Keppel DC REIT
KDCS3LLP	:	Means Keppel DC Singapore 3 LLP
KDCS3PL	:	Keppel DC Singapore 3 Pte. Ltd., which is the entity of which Keppel DC REIT is acquiring 90.0% of the issued share capital
Keppel Capital	:	Keppel Capital Holdings Pte. Ltd., which is a wholly-owned subsidiary of KCL
Keppel DC REIT Audited Financial Statements	:	The audited financial statements of Keppel DC REIT for the financial year ended 31 December 2015
Keppel Group	:	KCL and its subsidiaries
Keppel Lease	:	The lease of the Property by the Target Entity to the Keppel Lessee for a term of ten years with an option to renew for a further term of five years
Keppel Lease Agreement	:	The lease agreement to be entered into between the Target Entity and the Keppel Lessee on Completion
Keppel Lessee or the **Facility Manager**	:	Keppel DCS3 Services Pte. Ltd., which is a subsidiary of the Vendor
Keppel T&T or **Sponsor**	:	Keppel Telecommunications & Transportation Ltd
Keppel T&T PSP	:	Keppel T&T performance share plan
Keppel T&T RSP	:	Keppel T&T restricted share plan
KLL	:	Keppel Land Limited, which is a subsidiary of KCL
Latest Practicable Date	:	12 October 2016, being the latest practicable date prior to the printing of this Circular
LLP	:	Limited liability partnership
LLP Agreement	:	The limited liability agreement to be entered into between the Trustee and the Vendor as partners of KDCS3LLP following Completion
Listing Manual	:	The Listing Manual of the SGX-ST
Losses	:	Shall have the meaning ascribed to it in paragraph 2.7.11 of the Letter to Unitholders

maincubes DC	:	maincubes Data Centre which is being developed in Offenbach am Main, Germany
Manager	:	Keppel DC REIT Management Pte. Ltd., in its capacity as manager of Keppel DC REIT
MAS	:	Monetary Authority of Singapore
Mechanical and Electrical Equipment	:	Means the plant, mechanical and electrical equipment, fixtures and fittings located in or on or which otherwise relate to the Property
Milan DC	:	Milan Data Centre in Milan, Italy, which is held by Keppel DC REIT
NAV	:	Net asset value
New Units	:	The new Units issued in connection with the Preferential Offering
NLA	:	Net lettable area
NTA	:	Net tangible asset value
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Preferential Offering	:	The fully underwritten preferential offering of 242.0 million New Units on 17 October 2016
Preferential Offering Proceeds	:	The net proceeds from the Preferential Offering of approximately S$275.3 million
Property	:	The leasehold estate in respect of the whole of Lot 4778X of Mukim 28 together with the Building erected thereon, for the HDB Lease Term
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Proposed Acquisition	:	The proposed acquisition of the Target Interest through the acquisition of 90 ordinary shares being 90.0% of the issued share capital of the Target Entity
Proposed Transaction	:	The Proposed Acquisition, the entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and the Equity Injection
psf	:	Per square foot
Purchase Consideration	:	The estimated purchase consideration of approximately S$140.8 million for the Proposed Acquisition

Refinancing Loan	:	Means the loan facility in the aggregate principal amount of S$80.0 million granted by certain financial institutions to the Target Entity, the proceeds of which are to be used to repay the S$80.0 million shareholder loan extended jointly by Keppel Telecommunications & Transportation Ltd and Keppel Land Financial Services Pte. Ltd. in favour of the Target Entity
Refund	:	Shall have the meaning ascribed to it in paragraph 2.7.11 of the Letter to Unitholders
REIT	:	Real estate investment trust
S$ and **cents**	:	Singapore dollars and cents
Savills	:	Savills Valuation and Professional Services (S) Pte Ltd
SGX-ST	:	Singapore Exchange Securities Trading Limited
Share Purchase Agreement	:	The conditional share purchase agreement for the proposed acquisition of 90 ordinary shares being 90.0% of the issued share capital of the Target Entity, entered into between the Trustee and the Vendor dated 17 October 2016
Shareholder Loan	:	Means the existing shareholder's loan of S$100.0 million owed by the Target Entity to the Vendor
sq ft	:	Square feet
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
Support Period	:	Means the period from the date of Completion to the date Client II commences paying the colocation charge pursuant to the colocation contract dated 17 March 2016 with the Target Entity
Target Entity	:	Means Keppel DC Singapore 3 Pte. Ltd. or (following the conversion of Keppel DC Singapore 3 Pte. Ltd. into a limited liability partnership) Keppel DC Singapore 3 LLP
Target Interest	:	The 90.0% interest in the Property
Term	:	In relation to the Keppel Lease Agreement, means the term of 10 years commencing on (and including) the Commencement Date
Termination Date	:	In relation to the Keppel Lease, the date of expiry of the Term or the date of termination of the Keppel Lease Agreement in accordance with the terms of the Keppel Lease Agreement, whichever is the earlier date
THPL	:	Temasek Holdings (Private) Limited
Top-Up Payment	:	Shall have the meaning ascribed to it in paragraph 2.5.1 of the Letter to Unitholders

Total Acquisition Cost	:	The total cost of the Proposed Acquisition to Keppel DC REIT
Trust Deed	:	The trust deed 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
Trustee	:	Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT
Unit	:	A unit representing an undivided interest in Keppel DC REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
Vendor	:	Keppel Data Centres Holding Pte Ltd, which is a joint venture company held by the Sponsor and KLL in the proportion of 70.0% and 30.0% respectively
WALE	:	Weighted average lease expiry

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

DETAILS OF THE PROPERTY, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. The Property

1.1 Description of the Property

The Property is located at 27 Tampines Street 92, Singapore 528878, has a lettable area of 50,245 sq ft and is the first data centre in Singapore to achieve the BCA-IDA Green Mark Platinum Award for New Data Centres, the highest green accolade from the Building and Construction Authority of Singapore and the Info-communications Media Development Authority of Singapore.

The Property is a five-storey carrier-neutral data centre providing data centre solutions, dedicated colocation suites, as well as 24×7 technical support. Built to energy-efficient specifications, the Property is also equipped with redundant power and cooling infrastructure to meet high powered rack requirements.

The facility manager of the Property will be Keppel DCS3 Services Pte. Ltd., which is part of Keppel Data Centres, a data centre solutions provider in Singapore. Keppel Data Centres offers a comprehensive range of colocation services to end-users. It enters into colocation service arrangements with end-users and manages data centre facilities for the end-users. Through its parent company, Keppel T&T, Keppel Data Centres has more than 12 years of experience in designing, building and managing data centres.

The table below sets out a summary of selected information on the Property as at 30 September 2016 (unless otherwise indicated).

Location	27 Tampines Street 92, Singapore 528878
Land Lease Title	Leasehold (30 + 30 year leasehold tenure commencing on 1 February 1992)
Land Area (sq ft)	53,815
Gross Floor Area (sq ft)	133,878
Lettable Area (sq ft)	50,245
Number of Clients	2
Lease Type	Colocation
WALE	5.7 years
Occupancy Rate	100% committed
Appraised Value (S$mil) of the Target Interest(1)	S$207.0 million (Cushman & Wakefield) S$208.0 million (Savills)
Age of Building (years)	1.2

Note:

(1) The Target Interest refers to 90.0% interest in the Property.

2. EXISTING PORTFOLIO

The table below sets out selected information about the Existing Portfolio (as at 30 September 2016).

Property	Location	Land Lease Title	Ownership Interest	Land Area (sq ft)	Gross Floor Area (sq ft)	Lettable Area (sq ft)	Number of Clients	Lease Type	Facility Manager	Occupancy Rate	AUM as at 30 September 2016 (S$mil)	Age of Building (years)
KDC SGP 1	25 Serangoon North Avenue 5, Singapore 554914	Leasehold	100%	78,928	225,945	109,711	20	Keppel lease/ Colocation	Keppel DC Singapore 1 Ltd. (formerly known as Keppel Digihub Ltd.)	87.6%	292.9	3.0
KDC SGP 2	25 Tampines Street 92, Singapore 528877	Leasehold	100%	53,820	106,726	37,098	4	Keppel lease/ Colocation	Keppel DC Singapore 2 Pte. Ltd. (formerly known as Keppel Datahub Pte. Ltd.)	100%	181.6	6.0
Basis Bay DC	No. 4710, Jalan Cyber Point 5, Zone Flagship Cyberjaya 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia	Freehold	99%	64,809	88,600	48,680	1	Double-net lease (Fully fitted)	–	100%	38.9(1)	8.0
Gore Hill DC	5 Broadcast Way (South Gate) Artarmon, New South Wales 2064, Australia	Freehold	100%	72,032	127,283	90,955	3	Triple-net lease (Shell & core)/ Colocation	iseek-KDC Services Pty Limited	100%	204.0	6.0

Property	Location	Land Lease Title	Ownership Interest	Land Area (sq ft)	Gross Floor Area (sq ft)	Lettable Area (sq ft)	Number of Clients	Lease Type	Facility Manager	Occupancy Rate	AUM as at 30 September 2016 (S$mil)	Age of Building (years)
IC2	17 – 23 Talavera Road, Macquarie Park New South Wales 2113, Australia	Freehold	100%	215,612	–	87,930	1	Triple-net lease (Shell & core)	–	100%	48.2	4.3
iseek DC	2 Cycas Lane, Brisbane Airport, Queensland 4009, Australia	Leasehold	100%	41,559	28,955	12,389	1	Double-net lease (Fully fitted)	–	100%	30.1	7.0
GV7 DC	7 Greenwich View Place, Millharbour Road, London E14, 9NN, United Kingdom	Leasehold	100%	N.A.(2)	34,848	24,972	1	Triple-net lease (Fully fitted)	–	100%	66.7	16.2
Almere DC	Rondebeltweg 62 'Sallandsekant' Business Park, Almere, the Netherlands	Freehold	100%	85,358	–	118,403	1	Double-net lease (Fully fitted)	–	100%	127.8	9.0
KDC DUB 1	Unit 4031 – 4033 Citywest Business Park Co Dublin	Leasehold	100%	218,236	125,044	68,118	12	Colocation	–	55.8%	85.6	17.0
Cardiff DC	Ty Cannal, Dunleavy Drive, Celtic Gateway, Cardiff CF110SW	Freehold	100%	279,864	–	79,439	1	Triple-net lease	–	100%	64.9	13.0

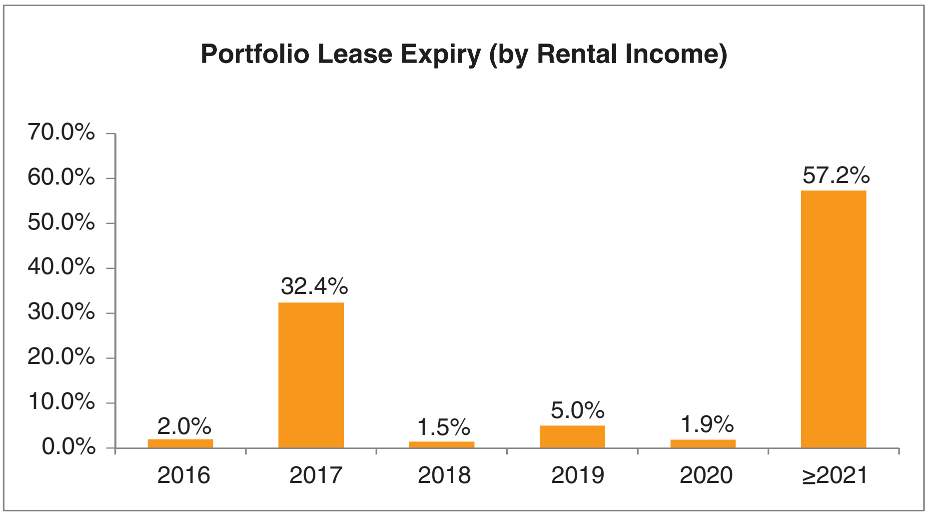
Notes:

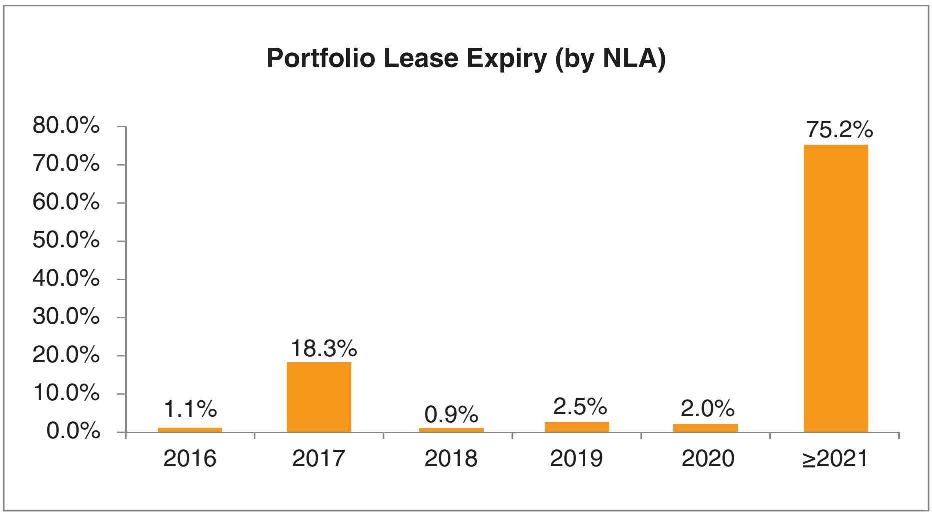
(1) Excludes the 1.0% interest in Basis Bay DC which is held by E-Basis Bay Sdn. Bhd..

(2) For GV7 DC, neither the lease nor the registered title of GV7 DC refers, nor are they required to refer, to the land area of GV7 DC.

2.1 Lease Profile for the Existing Portfolio (as at 30 September 2016)

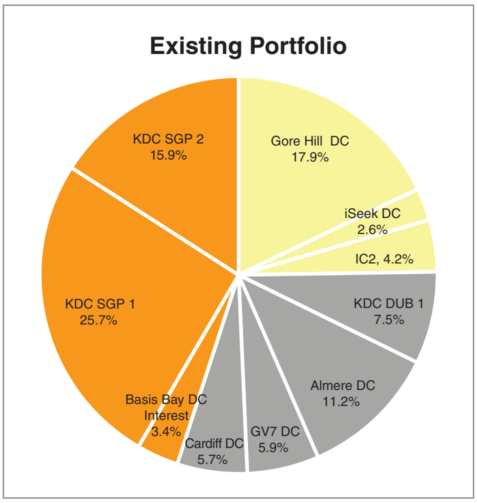
The chart below illustrates the committed lease profile of the Existing Portfolio by rental income and NLA.

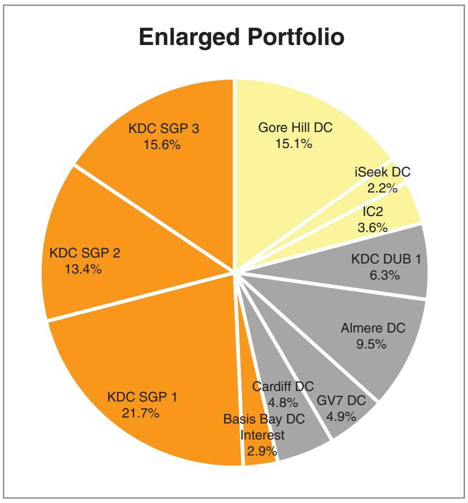




3. ENLARGED PORTFOLIO

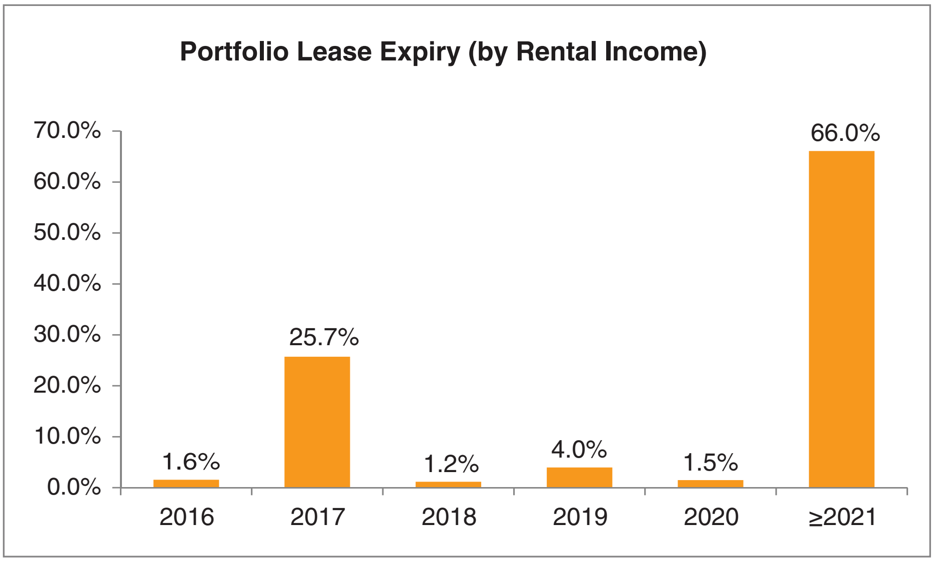
The charts below illustrate the breakdown of AUM of the Existing Portfolio and Enlarged Portfolio.



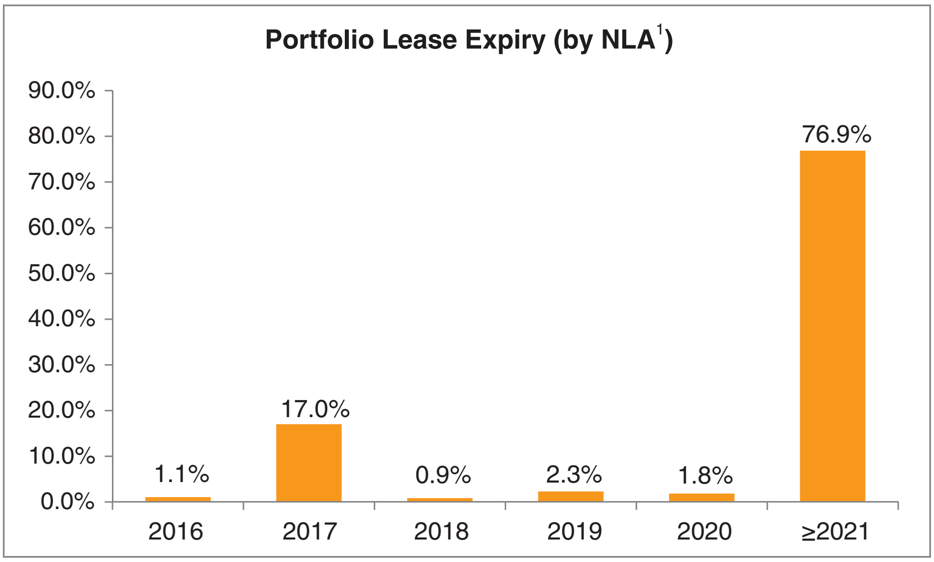


3.1 Lease Profile for the Enlarged Portfolio (as at 30 September 2016)

The chart below illustrates the committed lease profile of the Enlarged Portfolio by rental income and NLA[1].



1 Includes the Attributable NLA.



1 Includes the Attributable NLA.

VALUATION CERTIFICATES

Valuation of 27 Tampines Street 92, Singapore 528878

VALUATION CERTIFICATE

Date of Valuation:	1 October 2016
Property:	**27 Tampines Street 92, Singapore 528878**
Legal Description:	Lot 4778X of Mukim 28
Interest Valued:	Leasehold for a term of 30 years commencing from 1 February 1992 with a further term of 30 years
Brief Description of Property:	A 5-storey data centre development with ancillary offices, located along Tampines Street 92, within Tampines Industrial Park A, and some 14 km to the north-east of the city centre. The property is situated within 10 minutes' drive from the Tampines and Simei MRT Stations and easily accessible from the Pan-Island Expressway. The main building accommodates data centre space, office workspace and other ancillary areas. Security features include a security guard house, security gates, anti-climb perimeter fencing and car-crash barriers. Other improvements on site include surface car parking lots and tarmac-paved driveway.
Town Planning:	"Business 2" with plot ratio 2.5
Land Area:	Approximately 4,999.60 square metres or 53,815 square feet
Gross Floor Area (GFA):	Approximately 12,437.66 square metres or 133,878 square feet
Lettable Area (LFA):	Approximately 4,667.90 square metres or 50,245 square feet
Year of Completion:	The Certificate of Statutory Completion (CSC) was granted on 24 July 2015.
Condition:	Good
Details:	The data centre space and workspace are fully committed to 2 clients for periods up to 10 years.
Client II Colocation Charge Guarantee:	As advised, there will be a Client II Colocation Charge Guarantee amounting to S$395,000 per month payable by the Lessee to the Lessor, from 1 December till the commencement of the lease of an expected incoming client.

CUSHMAN & WAKEFIELD

Valuation of 27 Tampines Street 92, Singapore 528878

Lease Arrangement:	According to information provided, Keppel DC Singapore 3 Pte. Ltd. (the "Lessor") will grant a lease agreement to Keppel DCS3 Services Pte. Ltd. (the "Lessee") for a term of 10 years commencing from the date of acquisition, with an option to extend for another 5 years. The Lessee shall pay to the Lessor a gross rent comprising two components, namely, an annual Fixed Rent of S$5,000,000 in the first year, and subject to a yearly escalation of 3% thereafter; and a Variable Rent computed based on 99.0% of the net EBITDA (after Fixed Rent) of the Lease. The Lessor will then pay 4.0% of the net EBITDA (after Fixed Rent) to the operator as outsourced providers of facility management services. The Lessor shall be responsible for property tax expenses.
Methods of Valuation:	Discounted Cash Flow Analysis and Income Capitalisation Method
Capitalization Rate:	8.00%
Terminal Yield:	8.50%
Discount Rate:	11.00%
Market Value (With Client II Colocation Charge Guarantee):	**SGD230,000,000** **(Singapore Dollars Two Hundred and Thirty Million only)**
Value per GFA:	SGD1,720 per square foot
Implied 90% interest of value (With Client II Colocation Charge Guarantee):	**SGD207,000,000** **(Singapore Dollars Two Hundred and Seven Million only)**
Market Value (Without Client II Colocation Charge Guarantee:	**SGD228,400,000** **(Singapore Dollars Two Hundred and Twenty Eight Million Four Hundred Thousand only)**
Implied 90% interest of value (Without Client II Colocation Charge Guarantee):	**SGD205,560,000** **(Singapore Dollars Two Hundred and Five Million Five Hundred and Sixty Thousand only)**
Remarks:	This Valuation Certificate is a summary of the full report that Cushman & Wakefield have carried out and it does not contain all the necessary information, assumptions and limiting conditions that are included in the report. Further reference may be made to the report, copies of which are held by Keppel DC REIT Management Pte Ltd.

Cushman & Wakefield VHS Pte. Ltd.

1 October 2016

Valuation Certificate

Property Address	27 Tampines Street 92 Singapore 528878
Client	Perpetual (Asia) Limited (in its capacity as Trustee of Keppel DC REIT)
Purpose of Valuation	Acquisition
Legal Description	Lot 4778X Mukim 28
Tenure	Leasehold 30 + 30 years commencing from 1 February 1992 (we are instructed to value based on a lease renewal of 30 years at the end of the existing lease, until 31 January 2052)
Registered Lessee	Keppel DC Singapore 3 Pte. Ltd., formerly known as Keppel Datahub 2 Pte. Ltd.
Brief Description	The subject property is located on the south-eastern side of Tampines Street 92, off Tampines Avenue 5, Tampines Avenue 1 and Pan-Island Expressway. It is approximately 14 km from the City Centre. It comprises a Tier 3 five-storey data centre building with supporting services and equipment. The property appeared to be in good condition during our inspection. We understand that the building was originally completed in the 1990's. Addition and alteration works was carried out in 2014 to convert the original building to a data centre building. The Certificate of Statutory Completion (CSC) was issued on 24 July 2015. All essential public utilities and tele-communication services are connected.
Site Area	4,999.6 sm or thereabouts, subject to government's re-survey
Gross Floor Area	Approximately 12,437.7 sm, as provided
Lettable Floor Area	Approximately 4,667.9 sm, as provided
Property Brief	The subject property will be 100% leased back to Keppel DCS3 Services Pte. Ltd. as the Master Lessee for 10 years commencing from the date of completion of the sale. There is an option to renew for a further term of 5 years. The lease will be based on a fixed rent of $5,000,000 per annum for the 1st year which is subject to an annual rental escalation of 3.0% per annum; as well as a variable rent based on 99.0% of the net earnings before interest, tax, depreciation and amortization ('EBITDA'), after fixed rent of the Master Lessee and the agreed provision for facility management fee based on 4.0% of net EBITDA. Keppel DC Singapore 3 Pte. Ltd. as Master Lessor will be responsible for property tax.
Client II Colocation Charge Guarantee	As advised, there will be a Client II Colocation Charge Guarantee amounting to $395,000 per month, starting from 1 December 2016 until the lease commencement date of one of the clients within the subject property.
Annual Value as assessed for Property Tax	$2,333,000
Master Plan Zoning (2014)	Business 2 with a plot ratio of 2.5
Land Rent (pa)	$245,280. For the purpose of this valuation, we have been instructed to exclude the upfront land premium payable, notwithstanding that the acquisition interest is not 100% and have assumed that the purchaser, being a REIT, would be required to pay the upfront land premium. Hence, it is noted that the proportionate upfront land premium, in addition to the proportionate valuation, will be payable for the proposed acquisition.
Permitted Use	For programming and integration of computer system and operation of computer centre only, subject to the approval of the Lessor and the Competent Authority appointed under Section 5 of the Planning Act and any other authorities.
Basis of Valuation	As-Is basis and subject to the pre-agreed leaseback arrangement
Valuation Approaches	Income Capitalisation Method and Discounted Cash Flow Analysis
Date of Valuation	30 September 2016
Capitalisation Rate	8.00%
Terminal Capitalisation Rate	8.50%
Discount Rate	9.50%
Rate ($/sm) of Gross Floor Area	$18,573/sm
Recommended Market Value (with Client II Colocation Charge Guarantee)**	$231,000,000* * *If based on 90% interest in the subject property, the valuation will be $208,000,000.* ** *If without Client II Colocation Charge Guarantee, the valuation will be $230,000,000 (100% interest) and $207,000,000 (90% interest).*
Prepared by	**Cynthia Ng** — Licensed Appraiser No. AD041-2003388A **Kamal Hamdi** — Licensed Appraiser No. AD041-2006388F Savills Valuation And Professional Services (S) Pte Ltd

This valuation is exclusive of Goods and Services Tax.

LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report. The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose (s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted. Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).
Validity Period:	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out only. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme (s), this report should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be construction thereon
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the insurance replacement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

INDEPENDENT FINANCIAL ADVISER'S LETTER

**LETTER FROM PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
TO THE INDEPENDENT DIRECTORS, THE AUDIT AND RISK COMMITTEE AND THE TRUSTEE**

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

18 October 2016

To: The Independent Directors and the Audit and Risk Committee of
Keppel DC REIT Management Pte. Ltd.
(as manager of Keppel DC REIT) (the "**Manager**")

To: Perpetual (Asia) Limited
(as trustee of Keppel DC REIT)

Dear Sir/Madam

INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO THE (I) PROPOSED ACQUISITION OF 90.0% INTEREST IN KEPPEL DC SINGAPORE 3 ("KDC SGP 3" OR THE "PROPERTY") (FORMERLY KNOWN AS T27 OR KEPPEL DATAHUB 2); (II) ENTRY INTO THE KEPPEL LEASE AGREEMENT; (III) ENTRY INTO THE FACILITY MANAGEMENT AGREEMENT; (IV) ENTRY INTO THE LLP AGREEMENT; AND (V) EQUITY INJECTION (AS DEFINED HEREIN) (COLLECTIVELY, THE "PROPOSED TRANSACTION")

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1. INTRODUCTION

On 17 October 2016, Keppel DC REIT (the "**REIT**") announced that Perpetual (Asia) Limited, in its capacity as trustee of the REIT (the "**Trustee**"), had entered into a conditional sale and purchase agreement (the "**Share Purchase Agreement**") with Keppel Data Centres Holding Pte Ltd (the "**Vendor**") to acquire 90 ordinary shares being 90.0% of the issued share capital in Keppel DC Singapore 3 Pte. Ltd. (formerly known as Keppel Datahub 2 Pte. Ltd.) ("**KDCS3PL**"[1] and the proposed acquisition of 90.0% of the issued share capital in the Target Entity, the "**Proposed Acquisition**"), which holds the Property, formerly known as T27 or Keppel Datahub 2 (the "**Proposed Acquisition Announcement**"). The remaining 10.0% of the issued share capital in the Target Entity will continue to be held by the Vendor. Following the completion of the Proposed Acquisition ("**Completion**"), the Target Entity will enter into a business transfer agreement (the "**Business Transfer Agreement**") with Keppel DCS3 Services Pte. Ltd. (the "**Facility Manager**" or the "**Keppel Lessee**") to transfer the employees, contracts and certain assets (assets for the purpose of providing facility management services) of the Target Entity to Facility Manager.

In connection with the Proposed Acquisition and on the Completion Date, the Target Entity will also enter into (i) a lease agreement (the "**Keppel Lease Agreement**") in relation to the lease of the Property to the Keppel Lessee for a term of 10 years with an option to renew for

1 KDCS3PL and (following the conversion into a limited liability partnership), Keppel DC Singapore 3 LLP ("**KDCS3LLP**") shall be referred to as the "**Target Entity**", where "**Target Entity**" may refer to either KDCS3PL, or as the case may be, KDCS3LLP.

a further term of five years (the "**Keppel Lease**") and (ii) a facility management agreement (the "**Facility Management Agreement**") where Facility Manager will be appointed to provide certain facilities management and maintenance services (the "**Facility Services**").

Following Completion, KDCS3PL will be converted to a limited liability partnership ("**Keppel DC Singapore 3 LLP**") pursuant to Section 21 of the Limited Liability Partnerships Act (Chapter 163A of Singapore).

The Property is a five-storey carrier-neutral data centre providing data centre solutions, dedicated colocation suites, as well as 24×7 technical support. The Property is located at 27 Tampines Street 92, Singapore 528878 and has a lettable area of 50,245 sq ft. It is situated on a site with a 30 + 30 year leasehold tenure which commenced from 1 February 1992.

Keppel Telecommunications & Transportation Ltd ("**Keppel T&T**") is the sponsor of Keppel DC REIT (the "**Sponsor**") and as at the Latest Practicable Date, Keppel Corporation Limited ("**KCL**"), through Keppel T&T, Keppel Land Limited ("**KLL**") and Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**"), holds an aggregate interest in 309,213,134 units of Keppel DC REIT ("**Units**") Units, which is equivalent to approximately 35.01% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Keppel DC REIT under both the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore. In addition, as the Manager is owned by Keppel T&T and Keppel Capital in equal proportions, which are in turn subsidiaries of KCL, KCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Vendor is a joint venture company held by Keppel T&T and KLL in the proportion of 70.0% and 30.0% respectively, which are in turn subsidiaries of KCL, the Vendor is an indirect subsidiary of KCL. Additionally, as the Keppel Lessee/Facility Manager is a subsidiary of the Vendor, the Keppel Lessee/Facility Manager is an indirect subsidiary of KCL. Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor and the Keppel Lessee/Facility Manager (being subsidiaries of a "controlling Unitholder" and a "controlling shareholder" of the Manager) are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of Keppel DC REIT.

Under Chapter 9 of the Listing Manual, where Keppel DC REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Keppel DC REIT's latest audited net tangible assets ("**NTA**"), the approval of unitholders of Keppel DC REIT ("**Unitholders**") is required in respect of the transaction. Based on the audited financial statements of Keppel DC REIT for the financial year ended 31 December 2015 (the "**Keppel DC REIT Audited Financial Statements**"), the NTA of Keppel DC REIT was S$813.1 million as at 31 December 2015. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Keppel DC REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$40.7 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Keppel DC REIT whose value exceeds 5.0% of Keppel DC REIT's latest audited NAV. Based on the Keppel DC REIT Audited Financial Statements, the NTA and NAV of Keppel DC REIT was S$813.1 million and S$813.1 million respectively as at 31 December 2015. Accordingly, if the value of a transaction which is proposed to be entered into by Keppel DC REIT with an interested party is equal to or greater than S$40.7 million, such a transaction would be subject to Unitholders' approval. Given that the estimated Completion Amount is approximately S$202.8 million, the value of the Keppel Lease Agreement is S$200.6 million (being 90.0% of the estimated total amount payable over the term of the Keppel Lease), the value of the Facility Management Agreement is S$6.0 million (being 90.0% of the estimated total amount payable over the term of the Facility Management Agreement) and the Vendor's share of the Equity Injection is S$18.0 million (with the balance 90.0% of the Equity Injection from Keppel DC REIT being S$162.0 million) (which is 52.6% of the NTA and NAV of Keppel DC REIT as at 31 December 2015), the value of the Proposed Transaction exceeds the above said thresholds.

Therefore, the Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. The entry into the Keppel Lease Agreement, the Facility Management Agreement and the agreement in respect of the conversion of KDCS3PL to Keppel DC Singapore 3 LLP (the "**LLP Agreement**") and the Equity Injection will also constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

As the Proposed Transaction will constitute an "interested party transaction" under Appendix 6 of the Property Funds Appendix, the acquisition fee payable to the Manager for the Proposed Acquisition of approximately S$2.0 million (being 1.0% of the Agreed Value (as defined herein)) will be in the form of Units which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

There are no interested person transactions entered into between (1) Keppel DC REIT and (2) KCL, Keppel T&T and their respective subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Manager as the independent financial adviser to advise the Independent Directors, the Audit and Risk Committee and the Trustee on the Proposed Transaction and to provide an opinion on whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders. This letter sets out, *inter alia*, our views and evaluation of the Proposed Transaction and our opinion thereon, and will form part of the circular dated 18 October 2016 (the "**Circular**") issued by Keppel DC REIT providing, *inter alia*, details of the Proposed Transaction and the recommendation of the Independent Directors and the Audit and Risk Committee in relation to the Proposed Transaction, having considered our advice in this letter.

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors, the Audit and Risk Committee and the Trustee on the Proposed Transaction and to provide an opinion on whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

We were neither a party to the negotiations entered into by Keppel DC REIT, the Trustee, the Vendor, Keppel T&T, KLL, KCL and the Manager in relation to the Proposed Transaction nor were we involved in the deliberations leading up to the decision on the part of the directors of the Manager ("**Directors**") to enter into the Proposed Transaction.

Our terms of reference do not require us to evaluate or comment on the strategic or long-term merits or risks of the Proposed Transaction or on the future prospects of Keppel DC REIT or the negotiation process by which the Proposed Transaction were made or any other alternative methods by which the Proposed Transaction may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Transaction. We are therefore not addressing the relative merits or risks of the Proposed Transaction as compared to any alternative transactions that may be available to Keppel DC REIT, or as compared to any alternative proposals that might otherwise be available in the future.

In the course of our evaluation of the Proposed Transaction, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to Keppel DC REIT and its subsidiaries (collectively, the "**Keppel DC Group**"). We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the Directors and the management of the Manager (the "**Management**"). We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the Directors that, after making all reasonable inquiries and to the best of their knowledge, information and belief, all material information in connection with the Proposed Transaction and the Keppel DC Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Keppel DC Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect.

For the purposes of assessing the Proposed Transaction and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of Keppel DC REIT or the Keppel DC Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of Keppel DC REIT or the Keppel DC Group in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment, intangible assets and available-for-sale financial asset) of Keppel DC REIT, the Keppel DC Group or the Proposed Transaction. We have only relied on the independent valuation reports prepared by Cushman & Wakefield VHS Pte. Ltd. ("**Cushman & Wakefield**") and Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**") in relation to the valuations of the Property dated 1 October 2016 and 30 September 2016 respectively which are available for inspection during normal business hours at the registered office of the Manager from the date of the Circular up to and including the date falling three months from the date of the Circular. The respective valuation certificates prepared by Cushman & Wakefield and Savills are set out in Appendix B of the Circular.

Our opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

Unitholders should further take note of any announcements relevant to their consideration of the Proposed Transaction which may be released by Keppel DC REIT after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors, the Audit and Risk Committee and the Trustee to recommend that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to vote in favour of the Proposed Transaction.

The Manager has been separately advised by its own advisers in the preparation of the Circular (other than our letter as set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than our letter as set out in the Circular).

Our opinion in respect of the Proposed Transaction, as set out in paragraph 8 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE PROPOSED TRANSACTION

The full text of the details of the Proposed Transaction, including its principal terms, is set out in section 2 of the Circular. **We recommend that the Independent Directors, the Audit and Risk Committee and the Trustee advise the minority Unitholders to read this section of the Circular carefully.**

4. INFORMATION ON THE PROPERTY

The full text of the information and further details relating to the Property are set out in section 2.1 and Appendix A of the Circular respectively and an extract of which has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

"The Property is located at 27 Tampines Street 92, Singapore 528878, has a lettable area of 50,245 sq ft and is the first data centre in Singapore to achieve the BCA-IDA Green Mark Platinum Award for New Data Centres, the highest green accolade from the Building and Construction Authority of Singapore and the Info-communications Media Development Authority of Singapore.

The Property is a five-storey carrier-neutral data centre providing data centre solutions, dedicated colocation suites, as well as 24×7 technical support. Built to energy-efficient specifications, the Property is also equipped with redundant power and cooling infrastructure to meet high powered rack requirements.

The facility manager of the Property will be Keppel DCS3 Services Pte. Ltd., which is part of Keppel Data Centres, a data centre solutions provider in Singapore. Keppel Data Centres offers a comprehensive range of colocation services to end-users. It enters into colocation service arrangements with end-users and manages data centre facilities for the end-users. Through its parent company, Keppel T&T, Keppel Data Centres has more than 12 years of experience in designing, building and managing data centres.

The Vendor is a joint venture company held by Keppel T&T and KLL in the proportion of 70.0% and 30.0% respectively.

(See Appendix A of this Circular for further details.)"

5. METHOD OF FINANCING

The full text of the information relating to the method of financing the Proposed Acquisition is set out in section 2.4 of the Circular and an extract of which has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

"The Manager intends to finance the Total Acquisition Cost with (i) part of the Preferential Offering Proceeds and (ii) the issue of the Acquisition Fee Units amounting to approximately S$2.0 million to the Manager.

With the acquisitions of Cardiff DC and Milan DC being fully funded by debt, the funding of the Total Acquisition Cost fully via equity raised from the Preferential Offering and the issuance via the Acquisition Fee Units will reduce Keppel DC REIT's aggregate leverage, thereby increasing Keppel DC REIT's debt headroom available to pursue growth opportunities that arise.

Keppel DC REIT's aggregate leverage ratio[1] *following completion of both the Proposed Acquisition and the Preferential Offering will decrease from approximately 36.1% to 27.7%.*

The Property Funds Appendix provides that the aggregate leverage of Keppel DC REIT may not exceed 45.0% of the value of the Deposited Property of Keppel DC REIT.

Post-Completion, the Enlarged Portfolio remains unencumbered and the long-term borrowings of Keppel DC REIT are expected to be substantially on fixed-rate basis."

6. EVALUATION OF THE PROPOSED TRANSACTION

In our evaluation of the Proposed Transaction, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment:

(i) Rationale for and benefits of the Proposed Transaction;

(ii) Independent valuations of the Property;

(iii) Assessment of the Proposed Acquisition;

(iv) Assessment of the Keppel Lease Agreement;

(v) Assessment of the Facility Management Agreement;

(vi) Assessment of the LLP Agreement;

(vii) Assessment of the Equity Injection; and

(viii) Pro forma financial effects of the Proposed Acquisition.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 6 of this letter.

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1 "**Aggregate leverage**" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly-controlled entities) and deferred payments (if any) to the value of the gross assets of Keppel DC REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the "**Deposited Property**"), without considering finance lease liabilities pertaining to the land rent commitments for iseek DC and KDC DUB 1. The pre-Completion aggregate leverage of approximately 36.1% has been adjusted to take into consideration the acquisitions of Milan DC and Cardiff DC which will be and is fully funded by debt respectively.

6.1 Rationale for and benefits of the Proposed Transaction

The full text of the rationale for and benefits of the Proposed Transaction is set out in section 3 of the Circular. We note that the Manager believes that the Proposed Transaction will bring the following key benefits to Unitholders:

- Distribution per Unit ("**DPU**") accretive acquisition consistent with Keppel DC REIT's investment strategy;
- Strengthening of foothold in Singapore;
- Greater income resilience through exposure to a larger portfolio;
- Improvement in portfolio occupancy and lease profile;
- Expanded portfolio creates a stronger platform for growth; and
- Alignment of interests with the fully underwritten preferential offering of 242.0 million new Units (the "**Preferential Offering**").

6.2 Independent valuations of the Property

For the purpose of the Proposed Acquisition, two (2) independent valuations of the Property were commissioned:

(i) Cushman & Wakefield (commissioned by the Manager); and

(ii) Savills (commissioned by the Trustee)

(collectively, the "**Independent Valuations**").

The summary valuation certificates of Cushman & Wakefield and Savills in respect of the Property are attached as Appendix B of the Circular. The table below sets out a summary of the Independent Valuations.

Independent Valuer	**Date of valuation**	**Methods of valuation**	**Key assumptions**	**Open market value of the Property (with the Client II Colocation Charge Guarantee)**	**Open market value of the Property (without the Client II Colocation Charge Guarantee)**
Cushman	1 October 2016	Discounted Cash Flow Analysis	Discount Rate – 11.0% Terminal Yield – 8.50%	S$230.0 million (based on 100% interest in the Property) S$207.0 million (based on 90% interest in the Property (the "**Target Interest**"))	S$228.4 million (based on 100% interest in the Property) S$205.56 million (based on the Target Interest)
		Income Capitalisation Approach	Capitalisation Rate – 8.00%		

<table>
<tr><th>Independent Valuer</th><th>Date of valuation</th><th>Methods of valuation</th><th>Key assumptions</th><th>Open market value of the Property (with the Client II Colocation Charge Guarantee)</th><th>Open market value of the Property (without the Client II Colocation Charge Guarantee)</th></tr>
<tr><td rowspan="2">Savills</td><td rowspan="2">30 September 2016</td><td>Discounted Cash Flow Analysis</td><td>Discount Rate – 9.50%

Terminal Yield – 8.50%</td><td rowspan="2">S$231.0 million (based on 100% interest in the Property)

S$208.0 million (based on the Target Interest)</td><td rowspan="2">S$230.0 million (based on 100% interest in the Property)

S$207.0 million (based on the Target Interest)</td></tr>
<tr><td>Income Capitalisation Method</td><td>Capitalisation Rate – 8.00%</td></tr>
</table>

We note that both Cushman & Wakefield and Savills have adopted the same valuation methods and these are generally widely accepted methods for the purpose of valuing income producing properties.

Based on the table above, we note that:

(i) The capitalisation rates used by the Independent Valuers in their valuation of the Property are the same and are within the range of capitalisation rates used in the latest independent valuations of the Keppel DC REIT's existing properties;

(ii) The discount rates used by the Independent Valuers in their valuation of the Property are approximately consistent with one another and are within the range of capitalisation rates used in the latest independent valuations of the Keppel DC REIT's existing properties; and

(iii) The terminal yields used by the Independent Valuers in their valuation of the Property are generally consistent with one another and are within the range of capitalisation rates used in the latest independent valuations of the Keppel DC REIT's existing properties.

The above analysis serves as one factor considered by us in our evaluation and may not on its own be meaningful to a satisfactory extent as the Property differs from the other existing properties of Keppel DC REIT in many aspects (such as location, accessibility, profile and composition of tenants, proximity to major venue and/or attractions, outstanding lease tenure and other relevant factors). We recommend that the Independent Directors, the Audit and Risk Committee and the Trustee advise the minority Unitholders to read the aforesaid summary valuation certificates carefully.

6.3 Assessment of the Proposed Acquisition

6.3.1 Computation of the Completion Amount

The estimated purchase consideration payable to the Vendor in connection with the Proposed Acquisition (the "**Purchase Consideration**") is based on the adjusted NAV of the Target Entity as at the date of Completion (the "**Completion Date**"). The estimated Purchase Consideration payable on the Completion Date is S$140.8[1] million and is derived from:

(i) S$202.5 million, being 90.0% of the agreed value of the Property (the "**Agreed Value**"); less

(ii) S$161.7 million, being the adjustments for the 90.0% share of the Target Entity's adjusted net liabilities (excluding the carrying value of the Property) as at Completion Date; plus

(iii) the existing shareholder's loan of S$100.0 million (the "**Shareholder Loan**") owed by the Target Entity to the Vendor.

As mentioned in paragraph 1 of this letter, following Completion, KDCS3PL will be converted to Keppel DC Singapore 3 LLP pursuant to Section 21 of the Limited Liability Partnerships Act (Chapter 163A of Singapore). Following which, the Trustee and the Vendor as partners of Keppel DC Singapore 3 LLP would inject equity in their respective shareholding proportions (the "**Equity Injection**") to repay the Shareholder Loan which is assigned to Keppel DC REIT on Completion as well as an external bank loan of S$80.0 million (collectively, the "**Existing Loans**"). The Trustee's share of the Equity Injection is S$162.0 million (the "**Equity Injection Amount**").

Taking into account the Equity Injection Amount (of S$162.0 million) and the Purchase Consideration (of S$140.8 million) and less the Shareholder Loan to be repaid with the Equity Injection (of S$100.0 million which Keppel DC REIT would receive), the total amount which the Trustee is required to pay for the Proposed Acquisition is approximately S$202.8 million (the "**Completion Amount**") (based on the estimated Purchase Consideration payable on the Completion Date) (being S$162.0 million plus S$140.8 million less S$100.0 million). The actual amount of the Completion Amount payable to the Vendor will only be determined after the Completion Date.

The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the Independent Valuations on a fully committed basis. We note that the Agreed Value of S$202.5 million is at a discount of approximately 2.2% to Cushman & Wakefield's valuation and approximately 2.6% to Savills's valuation (both including the Client II Colocation Charge Guarantee based on the Target Interest[2] and excluding land premium payable).

We note that the valuations of the Property are based on the underlying data centre income and expenses and not on the terms of the Keppel Lease. Accordingly, there would not be any difference in the valuations if the Property was acquired with or without the Keppel Lease. Similarly, there would also be no difference in the purchase consideration if the Target Interest was acquired with or without the Keppel Lease.

6.3.2 Comparison with past transactions involving the Property

We note that the Property was recently completed in the third quarter of 2015 and there had been no instances of past completed transactions relating to the Property.

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1 The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

2 The Target Interest refers to 90.0% interest in the Property.

6.3.3 Comparison with relevant past transactions in Singapore

We have looked at publicly available information in respect of completed transactions of data centre properties located in Singapore. While we have identified certain past completed transactions in Singapore (the "**Identified Transactions**"), we note that most of the Identified Transactions either involved (i) buildings which required substantial additions and alteration works to be converted or redeveloped into data centres; or (ii) buildings where the premises are predominantly used for purposes other than to operate data centre facilities. Accordingly the Identified Transactions may not be comparable with the Proposed Acquisition. We have instead reviewed the past transactions of KDC SGP 1 and KDC SGP 2 which were completed by Keppel DC REIT and which we consider to be comparable to the Proposed Acquisition (the **"Relevant Precedent Transactions**").

Exhibit 1 – Selected information on the Relevant Precedent Transactions

Announcement date	Property name	Seller	Purchaser	Consideration (S$ million)	Market value (S$ million)	Estimated years to lease expiry from announcement date	Attributable NLA (sf)	Consideration per NLA (S$ psf)	NPI yield(1) (%)
5 Dec 2014	KDC SGP 1	Keppel DC Singapore 1 Ltd. (formerly known as Keppel Digihub Ltd.)	Keppel DC REIT	262.8(2)	275.0(3)	39(4)	109,574	2,398	8.3(6)
5 Dec 2014	KDC SGP 2	Keppel DC Singapore 2 Pte. Ltd. (formerly known as Keppel Datahub Pte. Ltd.)	Keppel DC REIT	162.0(2)	179.0(3)	35(5)	36,888	4,392	9.0(6)
Maximum								4,392(7)	9.0
Minimum								2,398(7)	8.3
Average								3,395(7)	8.7
Median								3,395(7)	8.7
17 October 2016	**The Property**	**Keppel Data Centres Holding Pte Ltd**	**Keppel DC REIT**	202.5(8)		**36**(9)	**45,221**(10)	4,478	10.5(11)

Sources: IPO prospectus dated 5 December 2014, the annual report for the financial year ended 31 December 2015 and relevant press releases of Keppel DC REIT

Notes:

(1) NPI yield is calculated as total net property income divided by the valuation of the respective property at the time of the transaction.

(2) Excludes upfront land premium payable.

(3) Based on the respective valuations of KDC SGP 1 and KDC SGP 2 as disclosed in Keppel DC REIT's annual report for the financial year ended 31 December 2015.

(4) Lease to expire on 30 September 2025 with option to extend by 30 years.

(5) Lease to expire on 31 July 2021 with option to extend by 30 years.

(6) Based on the forecasted net property income for FY2015 according to the section entitled "Overview – Certain information on the properties" of the IPO prospectus of Keppel DC REIT dated 5 December 2014 divided by the appraised value of the respective properties as at 30 September 2014.

(7) Figures exclude any income support arrangements which were not in place for the Relevant Precedent Transactions based on publicly available information.

(8) Figure refers to the Agreed Value.

(9) Lease to expire on 31 January 2022 with option to extend by 30 years.

(10) Figure is based on the Target Interest or 90.0% of the lettable area of the Property of 50,245 sq ft.

(11) Based on the Target Interest or 90.0% of the average of the forecasted net operating income (EBITDA) figures as detailed in the discounted cash flow analysis methods of the Independent Valuations for year 1 or the relevant forecasted period from 2016 to 2017 as indicated in the independent valuation reports, divided by the Agreed Value.

In reviewing the information above, we note the following with respect to the Proposed Acquisition:

(i) The Agreed Value of the Property per NLA of approximately S$4,478 psf in connection with the Proposed Acquisition is higher than the maximum value of S$4,392 psf and the simple average of S$3,395 psf (the aforesaid figures exclude income support) in respect of the Relevant Precedent Transactions; and

(ii) The implied NPI yield of the Property of approximately 10.5% in connection with the Proposed Acquisition is higher than the maximum value of 9.0% and the simple average of 8.7% (the aforesaid figures exclude any income support) in respect of the Relevant Precedent Transactions.

While we note that the Agreed Value of the Property per NLA is higher than that of the Relevant Precedent Transactions, we are of the view that on balance, the implied NPI yield of the Property is also higher than that of the Relevant Precedent Transactions.

The Independent Directors, the Audit and Risk Committee and the Trustee should note that certain circumstances and terms relating to the Relevant Precedent Transactions are unique and might not be identical to the Proposed Acquisition and are largely dependent on the market sentiments prevailing at the time of such Relevant Precedent Transactions. The properties subject to the Relevant Precedent Transactions may differ from the Property in terms of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. Furthermore, the list of Relevant Precedent Transactions is by no means exhaustive and information relating to the Relevant Precedent Transactions was compiled from publicly available information. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.3.4 Comparison with recent valuations of comparable properties in Singapore

We have looked at publicly available information in respect of recent valuations of hi-tech buildings[(1)] or data centre properties[(1)] which are located in Singapore. While we have considered that there are other real estate investment trusts listed on the SGX-ST which also own data centre properties (the "**Shortlisted Data Centres**"), we note that the Shortlisted Data Centres may not be comparable with the Property, primarily because they operate under a different type of leasing model as compared to the Property, which is a colocation asset.

Having conducted a preliminary analysis of the Shortlisted Data Centres, we note that the valuation range is in general lower than the Agreed Value. Based on our discussions with the Independent Valuers, we understand that most of the Shortlisted Data Centres operate on a shell and core lease model, whereby such data centre owners essentially provide a bare building with existing network facility infrastructure whilst the master tenant/tenants is/are required to perform and subsequently maintain their own internal fitting works such as mechanical & electrical engineering and equipment installations before commencing operations. In addition, there are minimal services provided by these data centre owners. In contrast, the Property operates on a colocation lease model, whereby Keppel DC REIT will provide services such as environmental controls with equipment redundancies to provide high resilient services, high level security controls and facility maintenance. Accordingly with significantly higher mechanical and equipment provision, colocation assets tend to command a higher market value in the market as compared to shell and core assets.

Based on our discussions with the Directors and Management, we are not aware of any publicly available information about any other data centres located in Singapore which are comparable with the Property. Accordingly we have benchmarked the Purchase Consideration per NLA of the Property with the valuations per NLA of KDC SGP 1 and KDC SGP 2 (the "**Comparable Properties**"), which we consider to be comparable to the Property.

Exhibit 2 – Selected information on the Comparable Properties

Property name	Lease expiry	Years to lease expiry	Date of valuation	Market value (S$ million)	Attributable NLA (sf)	Valuation per NLA (S$ psf)
KDC SGP 1	30 Sep 2055(2)	39(2)	31 Dec 2015	275.0	109,574	2,510
KDC SGP 2	31 Jul 2051(3)	35(3)	31 Dec 2015	179.0	36,888	4,853
Maximum						4,853
Minimum						2,510
Average						3,682
Median						3,682
The Property	**31 January 2052(4)**	**36**	**–**	**202.5(5)**	**45,221(6)**	**4,478**

Sources: IPO prospectus dated 5 December 2014, the annual report for the financial year ended 31 December 2015 and relevant press releases of Keppel DC REIT

Notes:

(1) According to the classification as stated in the latest annual report of the respective entity that holds the property.

(2) Lease to expire on 30 September 2025 with option to extend by 30 years.

(3) Lease to expire on 31 July 2021 with option to extend by 30 years.

(4) Lease to expire on 31 January 2022 with option to extend by 30 years.

(5) Figure refers to the Agreed Value.

(6) Figure is based on the Target Interest or 90.0% of the lettable area of the Property of 50,245 sq ft.

In reviewing the information above, we note that the Agreed Value per NLA of the Property of approximately S$4,478 psf is within the range of between S$2,510 psf to S$4,853 psf and higher than the simple average of S$3,682 psf and the median of S$3,682 psf in respect of the recent valuations of the Comparable Properties.

It is important to note that the above analysis is limited in its utility to the extent that the Property differs from the Comparable Properties in respect of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, we note that the valuations of the Comparable Properties were undertaken at different points in time under different market and economic conditions, and the list of Comparable Properties is by no means exhaustive and have been compiled from relevant public sources where available. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.3.5 Property yield of the Property as compared to comparable properties owned by Keppel DC REIT

We have also compared the property yield of the Property with the adjusted property yield of other data centres under the existing portfolio of properties currently held by Keppel DC REIT (the "**Existing Portfolio**")[1]. In particular, we note that the properties in the Existing Portfolio which are located overseas, save for KDC DUB 1, (the "**Other Properties**") operate under a different lease type than the Property and as such would not be exactly comparable. We also that KDC SGP1, KDC SGP 2 and KDC DUB 1 (the "**Colocation Properties**") are closely comparable, given that they also operate on a colocation lease model which is similar to the Property's lease model. A summary of the comparison is set out in Exhibit 3 and 4 below:

Exhibit 3 – Selected information on the Colocation Properties

Data centre	Country	Lease type	Valuation date	Valuation (S$ million)	Property income (S$ million)	Average adjusted property yield[2] (%)
Colocation Properties						
KDC SGP 1	Singapore	Keppel lease/Colocation	31 December 2015	275.0	41.8	9.2
KDC SGP 2	Singapore	Keppel lease/Colocation	31 December 2015	179.0		9.2
KDC DUB 1	Ireland	Colocation	31 December 2015	87.2	14.5	16.6
Maximum						16.6
Minimum						9.2
Average						11.7
Median						9.2
The Property	**Singapore**	**Colocation**		**202.5[3]**	**21.3[4]**	**10.5[4]**

Sources: Annual report for the financial year ended 31 December 2015 and relevant press releases of Keppel DC REIT

Exhibit 4 – Selected information on the Other Properties

Data centre	Country	Lease type	Valuation date	Valuation (S$ million)	Property income (S$ million)	Average adjusted property yield[2] (%)
Other Properties						
Gore Hill DC		Triple-net lease (Shell & core)/ Colocation	31 December 2015	202.8		9.5
IC2	Australia	Triple-net lease (Shell & core)	31 December 2015	48.0	26.6	9.5
iseek DC		Double-net lease (Fully fitted)	31 December 2015	29.9		9.5
Basis Bay DC	Malaysia	Double-net lease (Fully fitted)	31 December 2015	37.5		7.9
GV7 DC	United Kingdom	Triple-net lease (Fully fitted)	31 December 2015	82.2	19.7	7.9
Almere DC	Netherlands	Double-net lease (Fully fitted)	31 December 2015	129.7		7.9
Maximum						9.5
Minimum						7.9
Average						8.7
Median						8.7
The Property	**Singapore**	**Colocation**		**202.5[3]**	**21.3[4]**	**10.5[4]**

Sources: Annual report for the financial year ended 31 December 2015 and relevant press releases of Keppel DC REIT

Notes:

(1) We have excluded (i) maincubes DC as it is still under development; (ii) Milan DC which was announced in August 2016 and is expected to be completed later this year; and (iii) Cardiff DC which was recently acquired.

(2) As Keppel DC REIT only discloses the historical financial performance of its portfolio by geographical area, the average adjusted property yields are computed based on the revenue for each geographical area for the financial year ended 31 December 2015 divided by the aggregate valuation of the properties located in the respective geographical area.

(3) Figure refers to the Agreed Value.

(4) Based on the Target Interest or 90.0% of the average of the forecasted net operating income (EBITDA) figures as detailed in the discounted cash flow analysis methods of the Independent Valuations for year 1 or the relevant forecasted period from 2016 to 2017 as indicated in the independent valuation reports, divided by the Agreed Value.

In reviewing the information above, we note the following with respect to the Proposed Acquisition:

(i) The adjusted property yield of the Property of 10.5% is within the range of between 9.2% to 16.6%, lower than the simple average of 11.7% and higher than the median of 9.2% in respect of the adjusted property yields of the Colocation Properties; and

(ii) The adjusted property yield of the Property of 10.5% is higher than the maximum value of 9.5% and the simple average of 8.7% in respect of the adjusted property yields of the Other Properties.

The Independent Directors, the Audit and Risk Committee and the Trustee should note that the above analysis is limited in its utility to the extent that the Property differs from the Comparable Properties in respect of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, we note that the valuations of the Comparable Properties were undertaken at different points in time under different market and economic conditions, and the list of Comparable Properties is by no means exhaustive and have been compiled from relevant public sources where available. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.4 Assessment of the Keppel Lease Agreement

6.4.1 Principal terms and conditions of the Keppel Lease Agreement

The full text of the information relating to the principal terms and conditions of the Keppel Lease Agreement is set out in section 2.7 of the Circular. We note that the Keppel Lease is essentially a pass-through arrangement whereby a significant portion of the rent payable to the Target Entity by the Keppel Lessee is made up of variable rent based on the EBITDA (after deducting the fixed rent and operating expenses) derived from the underlying end-users (being the clients) who have entered into colocation arrangements with the Keppel Lessee. However, due to the pass-through arrangement of the Keppel Lease, the Target Entity will substantially enjoy the benefits and assume the liabilities of the colocation arrangements entered into by the Keppel Lessee with the underlying end-users (being the clients). The amount of variable rent expected to be received is more than the fixed rent and for the 12 months ended 30 September 2016, the gross revenue received by the Target Entity is significantly more than the S$5.0 million fixed rent amount per annum.

We also note that the arrangement under the Keppel Lease Agreement is similar to the arrangements which were entered into for KDC SGP 1 and KDC SGP 2 at the time of the initial public offering of Keppel DC REIT. Accordingly, there is no deposit or banker's guarantee provided in relation to the Keppel Lease Agreement.

6.4.2 Comparison with master lease agreements of data centres under Keppel DC REIT's portfolio

We have compared the fixed rent property yield of the Property and principal terms under the Keppel Lease Agreement with the adjusted fixed rent property yields and principal terms under other master lease agreements of KDC SGP 1 and KDC SGP 2 (the "**Singapore Properties**"). A summary of the comparison is set out in Exhibit 5 below:

Exhibit 5 – Selected information on the Singapore Properties

Data centre	Lease tenure	Renewal option	Fixed rent (S$ million)	Variable rent (% of Cash EBITDA Amount[(1)])	Purchase price[(2)] (S$ million)	Valuation as at 31 December 2015[(3)] (S$ million)	Adjusted fixed rent property yield (%)[(4)]
KDC SGP 1	Initial term of 10 years, with an option to renew for another five years	Master lessee	5.0	99.0	262.8	275.0	1.8
KDC SGP 2	Initial term of 10 years, with an option to renew for another five years	Master lessee	3.0	99.0	162.0	179.0	1.7
Maximum			**5.0**		**262.8**	**275.0**	**1.8**
Minimum			**3.0**		**162.0**	**179.0**	**1.7**
Average			**4.0**		**212.4**	**227.0**	**1.7**
Median			**4.0**		**212.4**	**227.0**	**1.7**
The Property	**Initial term of 10 years, with an option to renew for another five years**	**Master lessee**	**4.5**[(5)]	**99.0**	**202.5**[(6)]	**–**	**2.2**[(7)]

Sources: IPO prospectus dated 5 December 2014, the annual report for the financial year ended 31 December 2015 and relevant press releases of Keppel DC REIT

Notes:

(1) In respect of a property, refers to the total cash revenue received in a financial year less operating expenses less the fixed rent in a financial year.

(2) Based on the respective purchase price of the Singapore Properties when they were acquired by Keppel DC REIT.

(3) Based on the valuation of the Singapore Properties as disclosed in Keppel DC REIT's annual report for the financial year ended 31 December 2015.

(4) As the acquisitions of the Singapore Properties have already been completed, the historical purchase prices of these properties will not be a meaningful indication of the current value of the Singapore Properties. Accordingly, the adjusted fixed rent property yield is calculated as the base rent over the valuation of the Singapore Properties as at 31 December 2015.

(5) Based on the Target Interest or 90.0% of the fixed rent of S$5.0 million under the Keppel Lease Agreement.

(6) Figure refers to the Agreed Value.

(7) The fixed rent property yield for the Property is calculated as the fixed rent as adjusted for the Target Interest over the Agreed Value.

Based on the above fixed rent property yields and principal terms under the respective master lease agreements, we note that:

(i) The fixed rent property yield of the Property of 2.2% is higher than the maximum value of 1.8% and the simple average of 1.7% for the adjusted fixed rent property yields of the Singapore Properties;

(ii) For the variable rent, the percentage of Cash EBITDA Amount of 99.0% for the Property is the same as the percentage of Cash EBITDA Amount for the Singapore Properties; and

(iii) The respective lease agreements for the Singapore Properties are for a lease period of an initial term of 10 years, with an option to renew for a further period of five years on terms to be mutually agreed between the parties. We note that the terms of the Keppel Lease Agreement are identical to the lease period and renewal option of the respective lease agreements for the Singapore Properties.

We have also looked at the rest of the data centres under the Existing Portfolio which are all located overseas (the "**Overseas Properties**") and note that the majority of the Overseas Properties do not operate under a master lease arrangement. For certain of the Overseas Properties which have entered into a master lease agreement, we note that the terms of the master lease agreements for these properties may not be exactly comparable to the Keppel Lease Agreement as they each have different terms to reflect the nature and characteristics of conducting business with lessees from the respective foreign jurisdictions, as well as taking into consideration, *inter alia*, country-specific factors such as the market risks, tenant composition and location of these properties in the respective foreign jurisdictions.

Exhibit 6 below sets out certain details of the respective master lessees of the Master Lease Properties:

Exhibit 6 – Selected information on lessees of the Singapore Properties

Property name	Master lessee	Background
KDC SGP 1	Keppel DC Singapore 1 Ltd.	A subsidiary of Keppel T&T and the vendor of KDC SGP 1
KDC SGP 2	Keppel DC Singapore 2 Pte. Ltd.	A subsidiary of Keppel T&T and the vendor of KDC SGP 2

Sources: IPO prospectus of Keppel DC REIT dated 5 December 2014

We note that the lessees of the Singapore Properties are subsidiaries of Keppel T&T. As disclosed in Keppel DC REIT's prospectus at the time of its initial public offering, the Manager is of the opinion that the master lease agreements in respect of the Singapore Properties were made on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and the Unitholders.

6.4.3 Comparison with lease agreements involving comparable data centres in Singapore

We have made comparison to other lease agreements entered into by other property owners for their data centres in Singapore (the "**Comparable Leased Properties**") to compare the adjusted property yields and principal terms of the lease agreements for data centres in Singapore. A summary of the comparison is set out in Exhibit 7 below:

Exhibit 7 – Selected information on the Comparable Leased Properties

Property owner	Data centre	Main tenant/lessor	Lease tenure of the main tenant/lessor	Property income (S$ million)	Purchase price/ Development cost[1] (S$ million)	Valuation as at 31 March 2016[2] (S$ million)	Adjusted property yield[3] (%)
Ascendas REIT	Telepark	Singapore Telecommunications Limited	Initial term of 20 years	19.5	186.0	271.9	7.2
	Kim Chuan Telecommunications Complex		Initial term of 20 years, with an option to renew for another 10 years	10.7	100.0	142.0	7.5
	38A Kim Chuan Road		Initial term of 20 years, with an option to renew for another 10 years	11.5	98.4	123.1	9.3
Mapletree Industrial Trust	Tata Communications Exchange	Tata Communications International Pte Ltd	Initial lease term of slightly more than 15 years, with an option to renew for another 10 years	10.6	95.0	95.7	11.1
	26A Ayer Rajah Crescent	Equinix Singapore Pte. Ltd.	Initial term of 20 years, with an option to renew for two additional five-year terms, or any other duration depending on the remaining land lease.	8.2	NA	121.5	6.7
	Maximum			19.5	186.0	271.9	11.1
	Minimum			8.2	95.0	95.7	6.7
	Average			12.1	119.9	150.8	8.4
	Median			10.7	99.2	123.1	7.5
	The Property		**Initial term of 10 years, with an option to renew for another five years**	**21.3**[4]	**202.5**[5]		**10.5**[4]

Sources: Annual reports of the respective entities

Notes:

(1) Based on the historical purchase price/development costs for the relevant Comparable Leased Properties when they were initially acquired.

(2) Based on the latest available valuations of the Comparable Leased Properties.

(3) As the acquisitions of the Comparable Leased Properties have already been completed, the historical purchase prices of these properties will not be a meaningful indication of the current value of the Comparable Leased Properties. Accordingly, the adjusted property yield is calculated based on the gross income or gross revenue (where applicable) for each property divided by the latest available valuation of the respective property.

(4) Based on the Target Interest or 90% of the average of the forecasted net operating income (EBITDA) figures as detailed in the discounted cash flow analysis methods of the Independent Valuations for year 1 or the relevant forecasted period from 2016 to 2017 as indicated in the independent valuation reports, divided by the Agreed Value.

(5) Figure refers to the Agreed Value.

Based on the above adjusted property yields and principal terms under the respective master lease agreements, we note that:

(i) The adjusted property yield of the Property of 10.5% is within the range of between 6.7% to 11.1% and higher than the simple average of 8.4% and the median of 7.5% in respect of the adjusted property yields of the Comparable Leased Properties; and

(ii) For the Comparable Leased Properties, we note that they generally have a longer lease period and renewal option (where applicable) of their respective lease agreements as compared to the Keppel Lease Agreement. We note that the difference may be attributable to the fact that (a) such properties may be operated under a different lease model as compared to the Property; and (b) such lease agreements reflect the terms agreed upon with a main tenant, which is not representative of the lease terms for the rest of the other tenants in the property. In the case of the Property, the Keppel Lease Agreement is entered into with the Target Entity which will act as the master lessee to manage the lease arrangements with the sub-tenants. Accordingly, the lease agreements for the Comparable Leased Properties may not be exactly comparable with the Keppel Lease Agreement.

6.5 Assessment of the Facility Management Agreement

6.5.1 Principal terms and conditions of the Facility Management Agreement

The full text of the information relating to the principal terms and conditions of the Facility Management Agreement is set out in section 2.8 of the Circular. We note that the fee structure is in line with the facility management fees and costs for the other Singapore properties of Keppel DC REIT. In addition, in relation to the indemnity described in paragraph 2.8.6 of the Circular, it is industry practice for service providers to put a cap on liabilities, even if such liabilities arise from wilful default and gross negligence of the service providers, and this is similar to the agreements entered into in connection with KDC SGP 1 and KDC SGP 2.

6.5.2 Comparison with facility management agreements of data centres under Keppel DC REIT's portfolio

We have compared the management fees payable in respect of the Property and principal terms under the Facility Management Agreement with the management fees and principal terms of the respective facility management agreements of certain data centres under the Existing Portfolio (the "**Existing Managed Properties**"). A summary of the comparison is set out in Exhibit 8 below:

Exhibit 8 – Selected information on the Existing Managed Properties

Data centre	Tenure of agreement	Facility management fee	Project management fee (% of construction costs)
Singapore Properties			
KDC SGP 1	Initial term of 10 years, with an option to automatically renew in accordance with KDC SGP 1's master lease agreement	4.0% of Cash EBITDA Amount[1]	(i) where construction costs are S$2.0 million or less, 3.0% of the construction costs; (ii) where construction costs exceed S$2.0 million but do not exceed S$20.0 million, a fee of 2.0% of the construction costs or S$60,000, whichever is the higher; (iii) where the construction costs exceed S$20.0 million but do not exceed S$50.0 million, a fee of 1.5% of the construction costs or S$400,000, whichever is the higher; and (iv) where the construction costs exceed S$50.0 million, a fee of not more than 1.5% of the construction costs.
KDC SGP 2	Initial term of 10 years, with an option to automatically renew in accordance with KDC SGP 2's master lease agreement	4.0% of Cash EBITDA Amount	
Overseas Properties			
Gore Hill DC	Initial term of five years, with an option to renew for another five years	Base fee of A$2,100,000 (S$2,376,990) plus GST per annum which is subject to an increase of 4% on each anniversary of 10 March 2012, being the commencement date of the facility management agreement	NA
The Property	**Initial term of 10 years, with an option to automatically renew in accordance with the Keppel Lease Agreement**	**4.0% of Cash EBITDA Amount**	**(i) where construction costs are S$2.0 million or less, 3.0% of the construction costs;** **(ii) where construction costs exceed S$2.0 million but do not exceed S$20.0 million, a fee of 2.0% of the construction costs or S$60,000, whichever is the higher;** **(iii) where the construction costs exceed S$20.0 million but do not exceed S$50.0 million, a fee of 1.5% of the construction costs or S$400,000, whichever is the higher; and** **(iv) where the construction costs exceed S$50.0 million, a fee of not more than 1.5% of the construction costs.**

Sources: IPO prospectus of Keppel DC REIT dated 5 December 2014

Note:

(1) In respect of a property, refers to the total cash revenue received in a financial year less operating expenses less the fixed rent in a financial year.

Based on the management fees and principal terms under the respective facilities management agreements, we note that:

(i) The facility management fee of the Property is identical to the fees for the Singapore Properties as a percentage of the Cash EBITDA Amount. While the terms of the facility management agreement for Gore Hill DC is different from that of the Facility Management Agreement, we note that the facility management agreement for Gore Hill DC may not be exactly comparable to the Facility Management Agreement as the former has in place different commercial terms to reflect the nature and characteristics of conducting business in Australia;

(ii) For the project management fee, the terms and rates for the Property are identical to the terms and rates for the Singapore Properties as a percentage of the Cash EBITDA Amount;

(iii) The respective facility management agreements for the Singapore Properties are for an initial period of 10 years, and shall automatically be renewed for the corresponding period as their respective lease agreements if the latter agreements are renewed. We note that the terms of the Keppel Lease Agreement are identical to the agreement term period and renewal option of the respective facility management agreements for the Singapore Properties; and

(iv) While the lease period and renewal option of the facility management agreement for Gore Hill DC is different from the terms of the Facility Management Agreement, we note that this may not be exactly comparable with the Keppel Lease Agreement as it takes into consideration, *inter alia*, country-specific factors such as the market risks, tenant composition and location of Gore Hill DC in Australia.

In respect of the lessees of the Singapore Properties which are subsidiaries of Keppel T&T, we note that as disclosed in Keppel DC REIT's prospectus at the time of its initial public offering, the Manager is of the opinion that the facility management agreements in respect of the Singapore Properties were made on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and the Unitholders.

6.5.3 Comparison with facility management agreements involving comparable data centres in Singapore

We have made comparison to facility management agreements entered into by other property owners for their data centres in Singapore (the "**Comparable Managed Properties**") to compare the management fees and principal terms of the lease agreements for data centres in Singapore. A summary of the comparison is set out in Exhibit 9 below:

Exhibit 9 – Selected information on the Comparable Managed Properties

Property owner	Data centre	Facility manager	Tenure	Facility/property management fee	Project management fee
Ascendas REIT	Telepark Kim Chuan Telecommunications Complex 38A Kim Chuan Road	Ascendas Services Pte Ltd	NA	2.0% per annum of the adjusted gross revenue of each property	(i) a fee of 3.00% of the construction costs, where the construction costs are S$2.0 million or less; (ii) a fee of 2.15% of the construction costs, where the construction costs exceed S$2.0 million but do not exceed S$12.0 million; (iii) a fee of 1.45% of the construction costs, where the construction costs exceed S$12.0 million but do not exceed S$40.0 million; (iv) a fee of 1.40% of the construction costs, where the construction costs exceed S$40.0 million but do not exceed S$70.0 million; (v) a fee of 1.35% of the construction costs, where the construction costs exceed S$70.0 million but do not exceed S$100.0 million; and (vi) a fee to be mutually agreed by the parties, where the construction costs exceed S$100.0 million.
Mapletree Industrial Trust	Tata Communications Exchange 26A Ayer Rajah Crescent	Mapletree Facilities Services Pte. Ltd.	NA	2.0% per annum of the gross revenue of each property	(i) where the construction costs are S$2.0 million or less, a fee of 3.0% of the construction costs; (ii) where the construction costs exceed S$2.0 million but do not exceed S$20.0 million, a fee of 2.0% of the construction costs or S$60,000, whichever is the higher; (iii) where the construction costs exceed S$20.0 million but do not exceed S$50.0 million, a fee of 1.5% of the construction costs or S$400,000, whichever is the higher; and (iv) where the construction costs exceed S$50.0 million, a fee to be mutually agreed by the manager, the trustee and the property manager.

Exhibit 9 – Selected information on the Comparable Managed Properties

Property owner	Data centre	Facility manager	Tenure	Facility/property management fee	Project management fee
Keppel DC Singapore 3 LLP (Keppel DC REIT is a partner with a 90.0% interest)	The Property	Keppel DCS3 Services Pte. Ltd.	Initial term of 10 years, with an option to renew for another five years subject to renewal of the Keppel Lease Agreement	4% of Cash EBITDA Amount[(1)]	(i) where the construction costs are S$2.0 million or less, a fee of 3.0% of the construction costs; (ii) where the construction costs exceed S$2.0 million but do not exceed S$20.0 million, a fee of 2.0% of the construction costs or S$60,000, whichever is the higher; (iii) where the construction costs exceed S$20.0 million but do not exceed S$50.0 million, a fee of 1.5% of the construction costs or S$400,000, whichever is the higher; and (iv) where the construction costs exceed S$50.0 million, a fee of not more than 1.5% of the construction costs.

Sources: Ascendas REIT's annual report for the financial year ended 31 March 2016 and Mapletree Industrial Trust's annual report for the financial year ended 31 March 2016

Note:

(1) In respect of a property, refers to the total cash revenue received in a financial year less operating expenses less the fixed rent in a financial year.

Based on the management fees and principal terms under the respective facilities management agreements, we note that:

(i) The facility management fee of the Property of 4.0% as a percentage of the Cash EBITDA Amount is comparable to the facility/project management fees of 2.0% of adjusted gross revenue and 2.0% of gross revenue for the Comparable Managed Properties of Ascendas REIT and Mapletree Industrial Trust respectively; and

(ii) For the project management fee, the terms and rates for the Property are in line with the terms of the facility management agreements for the Comparable Managed Properties.

6.6 Assessment of the LLP Agreement

The full text of the information relating to the principal terms and conditions of Keppel DC Singapore 3 LLP is set out in section 2.9 of the Circular and an extract of which has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

"*Following Completion, KDCS3PL will be converted to a limited liability partnership pursuant to Section 21 of the Limited Liability Partnerships Act (Chapter 163A of Singapore). The Trustee and the Vendor will enter into the LLP Agreement upon conversion into the limited liability partnership.*

Under the terms of the LLP Agreement, each partner of the Target Entity shall have the right to appoint members to the management committee.

Under the terms of the LLP Agreement, the following matters shall require unanimous approval of the partners (being Keppel DC REIT and the Vendor):

2.9.1 *amendment of the LLP Agreement or (where applicable) other constitutive documents of the Target Entity;*

2.9.2 *cessation or change or expansion of the business of the Target Entity;*

2.9.3 *(i) the consolidation, merger or amalgamation of the Target Entity with or into any other person, or (ii) any internal restructuring involving the Target Entity and where applicable, its subsidiaries;*

2.9.4 *the winding up or dissolution (as the case may be) of the Target Entity;*

2.9.5 *entering into or modifying any existing agreement, transaction, obligation, commitment, understanding, arrangement or liability (whether to lease, licence, sell, transfer or in any other way dispose the whole or any part of its undertaking, assets or property or otherwise) the value of which exceeds S$10.0 million, other than (i) any leases and licenses entered into in the ordinary course of business, or (ii) any transactions which has been approved as a unanimous resolution;*

2.9.6 *the giving of any loan, guarantee or indemnity by the Target Entity to secure the liabilities or obligations of any person;*

2.9.7 *the raising of any financing or the procurement of any financial support by the Target Entity from its partners;*

2.9.8 *creation of any form of security over any assets held by the Target Entity;*

2.9.9 *the admission of an additional partner, which is not a substitute partner, to the Target Entity; and*

2.9.10 *the Target Entity commencing, defending or settling any litigation, arbitration or administrative proceedings other than in the ordinary course of business or where the value of any single claim or a series of related claims exceeds S$10.0 million provided that the consent of a partner shall not be required in respect of the commencement, defending or settling of any litigation, arbitration or administrative proceedings against such partner or its representatives.*"

Having reviewed the LLP Agreement, we note the following:

(i) The management committee of the Target Entity (the "**Management Committee**") shall comprise a maximum of three members (each a "**Representative**"). The Trustee shall be entitled to appoint two Representatives and the Vendor shall be entitled to appoint one Representative. In addition, the chairman of the Management Committee shall be a Representative nominated by the Trustee for so long as it holds a majority percentage interest ("**Percentage Interest**") in the Target Entity;

(ii) The matters which require the unanimous approval of the Management Committee serve to safeguard the interest of Keppel DC REIT in the Target Entity by requiring the approval of the partners before any material changes/developments can be made to the business, assets and/or capital structure of the Target Entity;

(iii) Not less than 90.0% of the Target Entity's distributable income in respect of each financial half-year during the term of the LLP Agreement, if any, shall be distributed to the Trustee and the Vendor in proportion to their respective Percentage Interest;

(iv) The Target Entity is a tax transparent structure in Singapore and the taxable income from the Target Entity will not be chargeable at the entity level. Rather, the partners will be chargeable with tax on the share of taxable income apportioned to their respective Percentage Interest;

(v) In the event that the stamp duty remission for the conversion of KDCS3PL into Keppel DC Singapore 3 LLP is not obtained prior to the date of the conversion, the Vendor shall bear 10.0% off the stamp duty cost and the Trustee shall bear 90.0% of the stamp duty cost; and

(vi) No partner shall be personally liable for any obligations of the Target Entity. No partner shall be obligated to make loans to the Target Entity or to repay the Target Entity or unless required by law, any partner or any creditor of the Target Entity all or any fraction of any amounts distributed to such partner.

Based on the above, we note that the risk and rewards of Keppel DC Singapore 3 LLP are shared in proportion to the respective Percentage Interest of the partners.

6.7 Assessment of the Equity Injection

We note that the purpose of the Equity Injection is to repay the Existing Loans which comprise, *inter alia*, the Shareholder Loan. In respect of the Equity Injection Amount, we note that it is proportionate to 90.0% interest of the Target Entity and will be used to repay the Shareholder Loan which will be assigned to Keppel DC REIT upon Completion. Accordingly, we note that the risk and rewards arising from the Equity Injection which will be borne by the Trustee and Keppel DC REIT are in proportion to 90.0% interest of the Target Entity.

6.8 Pro forma financial effects of the Proposed Acquisition

The full text of the pro forma financial effects of the Proposed Acquisition is set out in section 4 of the Circular and has been reproduced in italics below. Unitholders should note that the pro forma financial effects have been prepared for illustration purposes only and they do not reflect the future actual financial position of Keppel DC REIT post-Acquisition. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

"*4.1 Pro Forma Financial Effects of the Proposed Acquisition*

FOR ILLUSTRATIVE PURPOSES ONLY: *The pro forma financial effects of the Proposed Acquisition on the DPU, the NAV per Unit and capitalisation presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Keppel DC REIT for the financial year ended 31 December 2015 (the "**Keppel DC REIT Audited Financial Statements**") as well as the following assumptions:*

(a) part of the net proceeds of approximately S$208.6 million from the Preferential Offering will be used to fully finance the Proposed Acquisition; and

(b) approximately S$2.0 million of the Acquisition Fee is payable to the Manager via the issuance of the Acquisition Fee Units.

4.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: *The pro forma financial effects of the Proposed Acquisition on Keppel DC REIT's DPU for FY2015, as if the Proposed Acquisition were completed on 1 January 2015, and Keppel DC REIT held and operated 90.0% of the Target Entity through to 31 December 2015 are set out in the table below.*

*An application has been made to Inland Revenue Authority of Singapore ("**IRAS**") for a ruling on KDCS3LLP's tax transparency treatment. The effects of the Proposed Acquisition for both scenarios are presented below.*

	Effects of the Proposed Acquisition if Tax Transparency is Granted	
Scenario 1	***Before the Proposed Acquisition***	***After the Proposed Acquisition***
Net Profit before Tax (S$'000)	*110,006*	*130,362[(2)]*
Distributable Income (S$'000)	*57,480*	*76,788*
Issued Units ('000)	*882,977[(1)]*	*1,067,808[(3)]*
DPU (cents)	*6.51*	*7.19*
Accretion (%)	*–*	*10.4%*

Notes:

(1) Number of Units issued as at 31 December 2015.

(2) The figure is based on Keppel DC REIT's 90.0% share of the estimated unaudited net profits before tax of KDCS3PL for 12 months on a fully committed basis and includes the assumed Client II Colocation Charge Guarantee of approximately S$1.422 million to achieve the expected contribution from 90.0% of the Target Entity in FY2015, and deducting additional Manager's management fees and trust expenses in connection with the Proposed Acquisition.

(3) Includes (i) approximately 183,078,000 New Units (at an illustrative issue price of S$1.155 per Unit) issued via the Preferential Offering assuming the Proposed Acquisition is financed fully via equity and (ii) approximately 1,753,000 Acquisition Fee Units (at an illustrative issue price of S$1.155 per Unit) issuable to the Manager in relation to the Proposed Acquisition.

Scenario 2	*Effects of the Proposed Acquisition if Tax Transparency is not Granted*	
	Before the Proposed Acquisition	***After the Proposed Acquisition***
Net Profit before Tax (S$'000)	*110,006*	*130,362[(2)]*
Distributable Income (S$'000)	*57,480*	*73,424*
Issued Units ('000)	*882,977[(1)]*	*1,067,808[(3)]*
DPU (cents)	*6.51*	*6.88*
Accretion (%)	*–*	*5.7%*

Notes:

(1) Number of Units issued as at 31 December 2015.

(2) The figure is based on Keppel DC REIT's 90.0% share of the estimated unaudited net profits before tax of KDCS3PL for 12 months on a fully committed basis and includes the assumed Client II Colocation Charge Guarantee of approximately S$1.422 million to achieve the expected contribution from 90.0% of the Target Entity in FY2015, and deducting additional Manager's management fees and trust expenses in connection with the Proposed Acquisition.

(3) Includes (i) approximately 183,078,000 New Units (at an illustrative issue price of S$1.155 per Unit) issued via the Preferential Offering assuming the Proposed Acquisition is financed fully via equity and (ii) approximately 1,753,000 Acquisition Fee Units (at an illustrative issue price of S$1.155 per Unit) issuable to the Manager in relation to the Proposed Acquisition.

4.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: *The pro forma financial effects of the Proposed Acquisition on Keppel DC REIT's NAV per Unit as at 31 December 2015, as if the Proposed Acquisition were completed on 31 December 2015, are as follows:*

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	***After the Proposed Acquisition***
NAV (S$'000)	*813,114*	*1,023,729*
Issued Units ('000)	*882,977[(1)]*	*1,067,808[(2)]*
NAV per Unit (S$)	*0.92*	*0.96*

Notes:

(1) Number of Units issued as at 31 December 2015.

(2) Includes (i) approximately 183,078,000 New Units (at an illustrative issue price of S$1.155 per Unit) issued via the Preferential Offering assuming the Proposed Acquisition is financed fully via equity and (ii) approximately 1,753,000 Acquisition Fee Units (at an illustrative issue price of S$1.155 per Unit) issuable to the Manager.

The impact on NAV per Unit as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise.

4.1.3 Pro Forma Capitalisation

***FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma capitalisation of Keppel DC REIT as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015, is as follows:*

	Before the Proposed Acquisition	***After the Proposed Acquisition***
	(S$'000)	***(S$'000)***
Short-term debt:		
Unsecured debt	*30,208*	*30,208*
Total short-term debt	***30,208***	***30,208***
Long-term debt:		
Unsecured debt	*311,640*	*311,640*
Total long-term debt	***311,640***	***311,640***
Total debt	***341,848***	***341,848***
Unitholders' funds	*813,114*	*1,023,729*
Total Capitalisation	***1,154,962***	***1,365,577***

The impact on capitalisation as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise."

Based on the above assumptions and figures in relation to the financial effects of the Proposed Acquisition, we note the following:

(a) Keppel DC REIT's DPU for FY2015, (i) as if the Proposed Acquisition were completed on 1 January 2015, (ii) as if Keppel DC REIT held and operated 90.0% of the Target Entity through to 31 December 2015; and (iii) assuming tax transparency is granted by IRAS, would have increased from 6.51 cents to 7.19 cents or by approximately 10.4%;

(b) Keppel DC REIT's DPU for FY2015, (i) as if the Proposed Acquisition were completed on 1 January 2015, (ii) as if Keppel DC REIT held and operated 90.0% of the Target Entity through to 31 December 2015 and (iii) assuming tax transparency is not granted by IRAS, would have increased from 6.51 cents to 6.88 cents or by approximately 5.7%;

(c) Keppel DC REIT's adjusted NAV per Unit as at 31 December 2015, as if the Proposed Acquisition were completed on 31 December 2015 and assuming tax transparency is granted by IRAS, would have increased from S$0.92 to S$0.96. We note that the impact on NAV per Unit as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise; and

(d) Keppel DC REIT's total capitalisation as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015 and assuming tax transparency is granted by IRAS, would have increased from approximately S$1.15 billion to approximately S$1.37 billion. We note that the impact on capitalisation as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise.

7. OTHER RELEVANT CONSIDERATIONS

7.1 Client II Colocation Charge Guarantee

We note that in connection with the Proposed Acquisition, the Vendor shall provide Keppel DC REIT with a guarantee (the "**Client II Colocation Charge Guarantee**") that the Client II Colocation Charge received by the Target Entity shall not be less than S$395,000 per month (pro-rated for any period which is less than one month) (the "**Guaranteed Amount**") for the period from the date of completion of the Proposed Transaction ("**Completion**") until the date which the Property can satisfy all the requirements of Client II on the Property such that Client II is obliged to commence paying the Client II Colocation Charge pursuant to the colocation contract dated 17 March 2016 with the Target Entity[1] (the "**Support Period**"). It is expected that the foregoing requirements of Client II will be met, and Client II will commence payment of the Client II Colocation Charge by the second quarter of 2017. For the avoidance of doubt, there is no delay in payment by Client II as Client II is only obliged under the colocation contract to commence payment of the Client II Colocation Charge when requirements pertaining to certain works to the space which it will utilise in the Property has been completed.

In the event that the Client II Colocation Charge for each month during the Support Period is less than the Guaranteed Amount, the Vendor undertakes to pay to the Target Entity a sum (each, a "**Top-Up Payment**") based on the following formula. The Top-Up Payment shall be made monthly in arrears.

$$\textbf{Top-Up Payment} = \text{S\$395,000} \times \frac{\text{Number of days in the month that Client II is not paying the Client II Colocation Charge}}{\text{Number of days in the month}}$$

The Vendor would provide a banker's guarantee of S$1.422 million (equivalent to four months of 90.0% of the Guaranteed Amount) in relation to the Top-Up Payment for a rolling period of 120 days until the end of the Support Period. We note that the Manager believes that the banker's guarantee would be a sufficient safeguard given the expected short duration of the Support Period and quantum of the Top-Up Payment.

We note that the Independent Valuers are of the opinion that the Client II Colocation Charge monthly amount is in line with market on the basis that it is exactly the actual contracted monthly amount of colocation charge which would be payable by Client II.

The Independent Directors are of the view that the Client II Colocation Charge Guarantee is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders as (i) the Guaranteed Amount is equal to the Client II Colocation Charge which Client II is contractually obliged to pay under the colocation contract dated 17 March 2016 with the Target Entity; and (ii) the Client II Colocation Charge Guarantee is to cover the period where payment of the Client II Colocation Charge has yet to commence while certain works to the space which Client II will utilise in the Property is being completed.

1 A colocation charge is an amount payable by a client to use the premises under the colocation contract.

7.2 Business Transfer Agreement

We note that the commercial intention is for Keppel DC REIT to acquire the Property through the Target Entity, the business of the Target Entity (comprising the employees, contracts with the clients and certain assets (assets for the purpose of providing facility management services)) would be transferred to the Facility Manager for a nominal consideration of S$1.00 immediately following Completion through the Business Transfer Agreement.

We also note that the reason for the entry into the business transfer agreement is because as a REIT, Keppel DC REIT should be a passive vehicle and should not be actively running a business with employees.

7.3 The Property is being sold with the benefit of existing occupation agreements

We note that the Property has a committed occupancy rate of 100.0% as at the Latest Practicable Date and is fully committed with a portfolio weighted average lease expiry ("**WALE**") of 5.7 years. Accordingly, this would enable Keppel DC REIT to enjoy a sustainable and steady income stream derived from the Property, which will improve the overall occupancy rate of Keppel DC REIT's portfolio as well as improve the enlarged portfolio's lease profile as a result of its well-structured leases.

7.4 Benefits from Keppel T&T's property management and operating expertise

The Facility Manager and the Keppel Lessee is part of Keppel Data Centres Pte. Ltd. ("**Keppel Data Centres**"), which is a data centre solutions provider in Singapore. Keppel Data Centres offers a comprehensive range of colocation services to end-users. It enters into colocation service arrangements with end-users and manages data centre facilities for the end-users. Through its parent company, Keppel T&T, Keppel Data Centres has an established track record and technical expertise with more than 12 years of experience in designing, building and managing data centres.

Upon entering into the Keppel Lease Agreement and Facility Management Agreement with the Keppel Lessee and the Facility Manager respectively, Keppel DC REIT will be able to benefit from Keppel Data Centres' property management and operating expertise. Additionally, by acquiring the Property that is built and operated by Keppel Data Centres, it ensures continuity of operations.

7.5 Impact of the Proposed Acquisition on the leverage ratio

We note that the Acquisition will be financed solely through new equity issuances. Accordingly, Keppel DC REIT's aggregate leverage ratio[1] immediately following the completion of the Proposed Acquisition would decrease from approximately 36.1% to 27.7%.

We note that the aforementioned change to the leverage ratio is within the aggregate leverage limit of 45.0% as stipulated in the Property Funds Appendix.

1 "**Aggregate leverage**" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly-controlled entities) and deferred payments (if any) to the value of the gross assets of Keppel DC REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the "**Deposited Property**"), without considering finance lease liabilities pertaining to the land rent commitments for iseek DC and KDC DUB 1. The pre-Completion aggregate leverage of approximately 36.1% has been adjusted to take into consideration the acquisitions of Milan DC and Cardiff DC which will be and are fully funded by debt respectively.

8. OPINION

In arriving at our opinion in respect of the Proposed Transaction, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

(a) The rationale for and benefits of the Proposed Transaction;

(b) The Independent Valuations conducted by the Independent Valuers;

(c) In respect of the Proposed Acquisition, we note that:

(i) The Purchase Consideration payable to the Vendor in connection with the Proposed Acquisition is based on the adjusted NAV of the Target Entity as at Completion Date and the estimated Purchase Consideration payable on the Completion Date is derived from the (a) Agreed Value; (b) adjustments for 90.0% of the Target Entity's adjusted net liabilities (excluding the carrying value of the Property) as at Completion Date; plus (c) Shareholder Loan. The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the Independent Valuations on a fully committed basis and is at a discount of approximately 2.2% to Cushman & Wakefield's valuation and approximately 2.6% to Savills's valuation (both including the Client II Colocation Charge Guarantee based on the Target Interest and excluding land premium payable). Accordingly the Completion Amount, which is the total amount which the Trustee is required to pay for the Proposed Acquisition, takes into account the Equity Injection Amount, the Purchase Consideration and less the amount of Shareholder Loan repaid with the Equity Injection. We also note that there would be no difference in the valuations of the Property or the Purchase Consideration if the Property or the Target Interest respectively was acquired with or without the Keppel Lease;

(ii) With respect to the Relevant Precedent Transactions, the Agreed Value per NLA of the Property of approximately S$4,478 psf in connection with the Proposed Acquisition is higher than the maximum value of S$4,392 psf and the simple average of S$3,395 psf (the aforesaid figures exclude income support) in respect of the Relevant Precedent Transactions;

(iii) The implied NPI yield of the Property of approximately 10.5% in connection with the Proposed Acquisition is higher than the maximum value of 9.0% and the simple average of 8.7% (the aforesaid figures exclude the income support where applicable) in respect of the Relevant Precedent Transactions;

(iv) With respect to the recent valuations of the Comparable Properties, the Agreed Value per NLA of the Property of approximately S$4,478 psf is within the range of between S$2,510 psf to S$4,853 psf and higher than the simple average of S$3,682 psf and the median of S$3,682 psf in respect of the recent valuations of the Comparable Properties;

(v) The adjusted property yield of the Property of 10.5% is within the range of between 9.2% to 16.6%, lower than the simple average of 11.7% and higher than the median of 9.2% in respect of the adjusted property yields of the Colocation Properties;

(vi) The adjusted property yield of the Property of 10.5% is higher than the maximum value of 9.5% and the simple average of 8.7% in respect of the adjusted property yields of the Other Properties;

(d) In respect of the Keppel Lease Agreement, we note that:

(i) The pass-through arrangement of the Keppel Lease will allow the Target Entity to substantially enjoy the benefits and assume the liabilities of the colocation arrangements entered into by the Keppel Lessee with the underlying end-user (being the clients). The amount of variable rent expected to be received is more than the fixed rent and for the 12 months ended 30 September 2016, the gross revenue received by the Target Entity is significantly more than the S$5.0 million fixed rent amount per annum. We note that the arrangement under the Keppel Lease Agreement is similar to the arrangements which were entered into for KDC SGP 1 and KDC SGP 2 at the time of the initial public offering of Keppel DC REIT;

(ii) With respect to the Singapore Properties, the fixed rent property yield of the Property of 2.2% is higher than the maximum value of 1.8% and the simple average of 1.7% for the adjusted fixed rent property yields of the Singapore Properties;

(iii) For the variable rent, the percentage of Cash EBITDA Amount of 99.0% for the Property is the same as the percentage of Cash EBITDA Amount for the Singapore Properties;

(iv) The terms of the Keppel Lease Agreement are identical to the lease period and renewal option of the respective lease agreements for the Singapore Properties;

(v) The lessees of the Singapore Properties are subsidiaries of Keppel T&T. As disclosed in Keppel DC REIT's prospectus at the time of its initial public offering, the Manager is of the opinion that the master lease agreements in respect of the Singapore Properties were made on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and the Unitholders;

(vi) With respect to the Comparable Leased Properties, the adjusted property yield of the Property of 10.5% is within the range of between 6.7% to 11.1% and higher than the simple average of 8.4% and the median of 7.5% in respect of the adjusted property yields of the Comparable Leased Properties;

(e) In respect of the Facility Management Agreement, we note that:

(i) The fee structure is in line with the facility management fees and costs for the other Singapore properties of Keppel DC REIT. In addition, in relation to the indemnity described in paragraph 2.8.6 of the Circular, it is industry practice for service providers to put a cap on liabilities, even if such liabilities arise from wilful default and gross negligence of the service providers, and this is similar to the agreements entered into in connection with KDC SGP 1 and KDC SGP 2;

(ii) With respect to the Existing Managed Properties, the facility management fee of the Property is identical to the fees for the Singapore Properties as a percentage of the Cash EBITDA Amount;

(iii) For the project management fee, the terms and rates for the Property are identical to the terms and rates for the Singapore Properties as a percentage of the Cash EBITDA Amount;

(iv) The terms of the Facility Management Agreement are identical to the agreement term period and renewal option of the respective facility management agreements for the Singapore Properties;

(v) The lessees of the Singapore Properties are subsidiaries of Keppel T&T. As disclosed in Keppel DC REIT's prospectus at the time of its initial public offering, the Manager is of the opinion that the facility management agreements in respect of the Singapore Properties were made on normal commercial terms and are not prejudicial to the interests of Keppel DC REIT and the Unitholders;

(vi) With respect to the Comparable Managed Properties, the facility management fee of the Property of 4.0% as a percentage of the Cash EBITDA Amount is comparable to the facility/project management fees of the Comparable Managed Properties;

(vii) For the project management fee, the terms and rates for the Property are in line with the terms of the facility management agreements for the Comparable Managed Properties;

(f) In respect of the LLP Agreement, we note that the risk and rewards of the Keppel DC Singapore 3 LLP are shared in proportion to the respective Percentage Interest of the partners;

(g) In respect of the Equity Injection, we note that the risk and rewards arising from the Equity Injection which will be borne by the Trustee and Keppel DC REIT are in proportion to 90.0% interest of the Target Entity;

(h) Based on the pro forma financial effects, the Proposed Acquisition is expected to be accretive for Keppel DC REIT's DPU per unit (regardless of whether tax transparency is granted or not by IRAS). The Proposed Acquisition is also expected to be accretive for Keppel DC REIT's NAV per unit (if tax transparency is granted by IRAS) and the impact on NAV per Unit as at 31 December 2015 is the same regardless whether tax transparency is granted by IRAS or otherwise;

(i) In respect of the Client II Colocation Charge Guarantee, we note that Keppel DC REIT will be guaranteed no less than S$395,000 per month for the Support Period and it is expected that Client II will commence payment of the Client II Colocation Charge by the second quarter of 2017. Furthermore, the Independent Valuers are of the opinion that the Client II Colocation Charge monthly amount is in line with market and the Independent Directors are of the view that the Client II Colocation Charge Guarantee is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders;

(j) In respect of the Business Transfer Agreement, we note that the commercial intention is to facilitate the Proposed Acquisition for Keppel DC REIT to acquire the Property through the Target Entity. We also note that the existing business of the Target Entity would be transferred to the Facility Manager for a nominal consideration following Completion;

(k) The Property is being sold with the benefit existing occupancy agreements. We note that this would enable Keppel DC REIT to enjoy a sustainable and steady income stream derived from the Property as the Property has a committed occupancy rate of 100.0% as at the Latest Practicable Date and is fully committed with WALE of 5.7 years. Furthermore the Property will improve the overall occupancy rate of Keppel DC REIT's portfolio as well as improve the enlarged portfolio's lease profile as a result of its well-structured leases;

(l) Upon entering into the Keppel Lease Agreement and Facility Management Agreement with the Keppel Lessee and the Facility Manager respectively, Keppel DC REIT will be able to benefit from Keppel Data Centres' property management and operating expertise. Additionally, by acquiring the Property that is built and operated by Keppel Data Centres, it ensures continuity of operations; and

(m) The financing of the Proposed Acquisition via new equity issuances will result in a decrease in the pro forma leverage ratio of Keppel DC REIT, which is within the aggregate leverage limit of 45.0% as stipulated in the Property Funds Appendix.

Independent Unitholders should also note that our opinion is based upon market, economic, industry, monetary and other conditions, in effect on, and the information provided to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

Having considered all of the above and the information available as at the Latest Practicable Date, we are of the opinion that the Proposed Transaction (including the Client II Colocation Charge Guarantee) is on normal commercial terms and is not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.

Accordingly, we would advise the Independent Directors, the Audit and Risk Committee and the Trustee to recommend that minority Unitholders vote in favour of the Proposed Transaction.

The Independent Directors, Audit and Risk Committee and the Trustee should also note that transactions in the units of Keppel DC REIT are subject to possible market fluctuations and accordingly, our opinion on the Proposed Transaction does not and cannot take into account the future transactions or price levels that may be established for the units of Keppel DC REIT since these are governed by factors beyond the ambit of our review.

This letter has been prepared for the benefit of the Independent Directors, the Audit and Risk Committee and the Trustee in connection with and for the purpose of their consideration of the Proposed Transaction only. The recommendation made by the Independent Directors, the Audit and Risk Committee and the Trustee to the minority Unitholders and their opinion in relation to the Proposed Transaction shall remain the sole responsibility of the Independent Directors, the Audit and Risk Committee and the Trustee respectively.

Whilst a copy of this letter may be reproduced in the Circular, and for any matter in relation to the Proposed Transaction, neither the Trustee, the Manager, Keppel DC REIT nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,

For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

GERALD ONG
CHIEF EXECUTIVE OFFICER

ANDREW LEO
DIRECTOR, CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** ("**EGM**") of Keppel DC REIT will be held on Monday, 7 November 2016 at 3.00 p.m. at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION

THE PROPOSED ACQUISITION OF 90.0% INTEREST IN KEPPEL DC SINGAPORE 3 (THE "PROPERTY") (FORMERLY KNOWN AS T27 OR KEPPEL DATAHUB 2), THE ENTRY INTO THE KEPPEL LEASE AGREEMENT, THE FACILITY MANAGEMENT AGREEMENT AND THE LLP AGREEMENT AND THE EQUITY INJECTION

That:

(i) approval be and is hereby given for the proposed acquisition of 90 ordinary shares being 90.0% of the issued share capital in Keppel DC Singapore 3 Pte. Ltd. ("**KDCS3PL**" and (following the conversion of KDCS3PL into a limited liability partnership) together with Keppel DC Singapore 3 LLP, the "**Target Entity**" (where "**Target Entity**" may refer to either KDCS3PL or Keppel DC Singapore 3 LLP), and the proposed acquisition of 90.0% of the issued share capital in the Target Entity, the "**Proposed Acquisition**"), which holds the Property, from Keppel Data Centres Holding Pte Ltd (the "**Vendor**"), on the terms and conditions set out in the share purchase agreement (the "**Share Purchase Agreement**") dated 17 October 2016 made between Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT (the "**Trustee**") and the Vendor, and the entry into the Share Purchase Agreement be and is hereby approved and ratified;

(ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition and the equity injection to repay the existing loans of the Target Entity (the "**Equity Injection**");

(iii) approval be and is hereby given for the proposed entry into the lease agreement (the "**Keppel Lease Agreement**") between the Target Entity and Keppel DCS3 Services Pte. Ltd. on the terms and conditions set out in form of the Keppel Lease Agreement contained in the Share Purchase Agreement;

(iv) approval be and is hereby given for the proposed entry into the facility management agreement (the "**Facility Management Agreement**") between the Target Entity and Keppel DCS3 Services Pte. Ltd., on the terms and conditions set out in form of the Facility Management Agreement contained in the Share Purchase Agreement;

(v) approval be and is hereby given for the proposed entry into the limited liability partnership agreement to convert KDCS3PL to a limited liability partnership (the "**LLP Agreement**"); and

(vi) Keppel DC REIT Management Pte. Ltd., as the manager of Keppel DC REIT, (the "**Manager**"), any Director or Chief Executive Officer of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or Chief Executive Officer of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel DC REIT to give effect to the Proposed Acquisition, the entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and the Equity Injection to repay the existing loans of the Target Entity and all transactions in connection therewith.

BY ORDER OF THE BOARD
Keppel DC REIT Management Pte. Ltd.
(as manager of Keppel DC REIT)
(Company Registration No. 199508930C)

Kelvin Chua/Maritz bin Mansor
Joint Company Secretaries
Singapore
18 October 2016

Important Notice:

(1) A unitholder of Keppel DC REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her 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 4 November 2016 at 3.00 p.m., being 72 hours before the time fixed for the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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))

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries (as defined in the Notes Overleaf), may appoint more than two proxies to attend and vote at the Extraordinary General Meeting.
2. 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.
3. A CPF/SRS Investor who wishes to attend the Extraordinary 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 a 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 Extraordinary General Meeting dated 18 October 2016.

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 Extraordinary General Meeting of Keppel DC REIT to be held at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646 on Monday, 7 November 2016 at 3.00 p.m. and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Extraordinary 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 Extraordinary General Meeting.

Resolution	Number of Votes For*	Number of Votes Against*
ORDINARY RESOLUTION		
To approve the Proposed Acquisition, the Entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement and the Equity Injection		

* *If you wish to exercise all your votes "For" or "Against", please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ____________________ 2016

Total Number of Units Held

____

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: Please read the notes overleaf before completing this Proxy Form

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 Extraordinary General Meeting ("**EGM**") 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 EGM.

6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM 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 EGM.

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 EGM, 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 EGM, 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 EGM regardless of whether they have attended or voted at the EGM.