

KEPPEL DC REIT

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM” OR THE “MEETING”) OF THE UNITHOLDERS OF KEPPEL DC REIT HELD AT LEVEL 3, HIBISCUS BALLROOM 3601A-4 & 3701A-4 SANDS EXPO AND CONVENTION CENTRE 10 BAYFRONT AVENUE SINGAPORE 018956 ON 23 OCTOBER 2019 AT 2.00 P.M.

PRESENT

Ms Christina Tan	Chairman
Mr Lee Chiang Huat	Director / Chairman of the Meeting
Mr Chua Hsien Yang	Chief Executive Officer
Dr Tan Tin Wee	Director
Mr Dileep Nair	Director
Mr Low Huan Ping	Director
Mr Kenny Kwan	Director
Mr Thomas Pang Thieng Hwi	Director

IN ATTENDANCE

As per attendance lists.

INTRODUCTION

The emcee for the EGM extended a warm welcome to all unitholders and attendees present.

As the resolutions to be decided at the EGM are interested person transactions, the trustee of Keppel DC REIT, Perpetual (Asia) Limited nominated Mr Lee Chiang Huat, chairman of the Audit and Risk Committee to chair the EGM.

The emcee proceeded to introduce the board of directors (“Board”), chief executive officer (“CEO”) and company secretary of Keppel DC REIT Management Limited, the manager of Keppel DC REIT (the “Manager”).

CEO gave a presentation on the proposed acquisitions that were the subject of unitholders’ approval at the EGM. A copy of the presentation slides is available on Keppel DC REIT’s corporate website.

QUORUM

As there was a quorum, the Chairman called the EGM to order.

Chairman of the meeting informed the meeting that voting on each of the resolutions put to the meeting would be done by way of a poll and that polling would be conducted electronically using a voting handset. He then invited the scrutineers, RHT Governance, Risk & Compliance (Singapore) Pte. Ltd., to bring the meeting through the poll voting process.

1. RESOLUTION 1: THE PROPOSED ACQUISITION OF 99.0% INTEREST IN THE COMPANY WHICH HOLDS KEPPEL DC SINGAPORE 4 (“KDC SGP 4”), THE ENTRY INTO THE KEPPEL LEASE AGREEMENT, THE FACILITY MANAGEMENT AGREEMENT AND THE LLP AGREEMENT (“PROPOSED KDC SGP 4 TRANSACTION”)

- 1.1 The Chairman of the Meeting invited questions from Unitholders on Resolution 1.
- 1.2 CS asked about the durability of cashflows expected from the data centres that were the subject of the acquisitions and the anticipated occupancy rates in order to sustain the cashflows. CEO said that based on committed contracts, there was still potential for upside of the cashflows. CEO explained that data centre clients are usually stable and long-term clients as they would have invested much cost and effort to operate their data centre space.
- 1.3 TYN referred to page A-3 of the Circular to Unitholders dated 8 October 2019 (Circular) and wanted to better understand the REIT’s portfolio composition in terms of colocation and master leased assets. CEO explained that there are merits for the different asset types, and that each data centre should be assessed on its individual merit and whether it complements the REIT’s overall portfolio. In Singapore, CEO shared that the REIT leverages its sponsor’s strong operating track record and may therefore look at colocation assets. For the foregoing reason, CEO acknowledges that there was a focus on master leased assets for foreign acquisitions, but mentioned that there could also be exceptions, for instance, the acquisition of KDC DUB 2 where there is a strong operating team locally in KDC DUB 1. CEO surmised that colocation assets are generally slightly higher yielding compared to master leased assets. Therefore, the REIT will look at a combination of both master leased assets with longer lease terms for stability of income, and colocation assets with shorter lease terms for higher yields.
- 1.4 TYN referred to page A-9 of the Circular and asked if the Weighted Average Lease Expiry (WALE) details could be shared instead of the percentages. CEO said this suggestion would be taken into consideration in future publications of the REIT.
- 1.5 TYN referred to page C-15 of the Circular and queried how KDC SGP 4 featured comparatively to the majority of properties listed herein. CEO explained that KDC SGP 1 and KDC SGP 2 were purchased during the initial public offering of the REIT when cap rates were higher. CEO further explained that cap rates have compressed in recent years and that the acquisition prices reflected current market prices. Since there are very few similar transactions in Singapore, valuers have limited comparables in valuing the assets that are the subject of the acquisitions.
- 1.6 TYN asked if unitholders could expect a similar or higher yield for KDC SGP 4 as with the mostly more than 8% net property yield of the other properties in the REIT’s current portfolio. CEO replied that there may be potential upside for KDC SGP 4 but cautioned that 8% is not reflective of the net property yield in the current market and the focus should be on the good prices obtained for the acquisitions.
- 1.7 LHC sought clarification whether colocation assets brought about better yields as a result of the infrastructure provided within the assets. CEO clarified that these properties provide machinery and equipment only and the clients themselves install network racks, servers and fibre connectivity.

- 1.8 As there were no further questions on Ordinary Resolution 1, Chairman proposed that the Proposed KDC SGP 4 Transaction be put to the vote. NYY seconded the motion which was then put to the vote.

Votes FOR the resolution: 579,730,741 votes or 99.97 per cent.

Votes AGAINST the resolution: 187,333 votes or 0.03 per cent.

The Chairman declared the resolution carried.

It was resolved as an Ordinary Resolution that the Proposed KDC SGP 4 Transaction be approved.

2. RESOLUTION 2: THE PROPOSED ACQUISITION OF 100.0% INTEREST IN THE COMPANY WHICH HOLDS THE DATA CENTRE LOCATED AT 18 RIVERSIDE ROAD, SINGAPORE (“DC1”)

- 2.1 The second item of the agenda was an Ordinary Resolution to deal with the proposed acquisition of 100.0% interest in the company which holds the data centre located at 18 Riverside Road, Singapore (“**Proposed DC1 Acquisition**”).
- 2.2 The Chairman of the Meeting invited questions from Unitholders on Resolution 2.
- 2.3 LHC apologised for asking a question more pertinent to Resolution 1 which has since been passed. LHC wanted to know as stated in page 14 of the Circular, why the REIT is a passive vehicle and not actively running the business. CEO said that the business of KDC SGP 4 would be transferred to the Facility Manager for a nominal consideration immediately following completion through a business transfer agreement. CEO explained that colocation assets in Singapore are being managed by the operator which receives a fee and revenue is recognised by the REIT after deduction of the relevant expenses whilst for master leases, only lease payments are received. CEO clarified that the current proposed structure where the Keppel Lessee contracts with the clients is the same as that for all the other Singapore data centres that the REIT already holds. CEO added that all REITs generally do not have employees and an operator is required to be hired to manage data centres under the relevant regulations.
- 2.4 In response to LHC’s query on the exact rental payable on page 13 of the Circular, CEO said that the range of S\$17.0 million to S\$21.0 million was stated as the REIT had confidentiality obligations to adhere to. LHC said he was a unitholder of Keppel Infrastructure Trust and asked if the REIT was aware that there was a 4% rent step up for the data centre and the net income flows from the master lessee. CEO said the REIT was aware and that the lease was a triple net lease.
- 2.5 WHX asked about the estimated capacity of data centres in Singapore and what was the REIT’s share of data centres in Singapore. CEO said that such information was confidential, and hence not available publicly. CEO however shared that Keppel is the second largest player in the data centre market in Singapore.

- 2.6 As there were no further questions on Ordinary Resolution 2, the Chairman proposed that the Proposed DC1 Acquisition be approved. PMG seconded the motion which was then put to the vote.

Votes FOR the resolution: 579,768,990 votes or 99.98 per cent.

Votes AGAINST the resolution: 123,193 votes or 0.02 per cent.

The Chairman declared the resolution carried.

It was resolved as an Ordinary Resolution that the Proposed DC1 Acquisition be approved.

3. CLOSURE

- 3.1 There being no other business, the EGM ended at 3.00 p.m. with a vote of thanks to the Chairman of the Meeting.

Confirmed by:
Mr Lee Chiang Huat
Chairman of the Meeting