

**Extraordinary General Meeting  
for the Proposed Investment in the  
NetCo Bonds and Preference Shares**

2 December 2021

# Disclaimer

This presentation shall be read in conjunction with the announcement dated 14 October 2021 and the circular dated 10 November 2021 issued by Keppel DC REIT.

**Important Notice:** The past performance of Keppel DC REIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be “forward-looking” statements due to 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, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

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Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

## Constituent of:



FTSE Straits  
Times Index



FTSE EPRA Nareit Global  
Developed Index



MSCI Singapore  
Small Cap Index



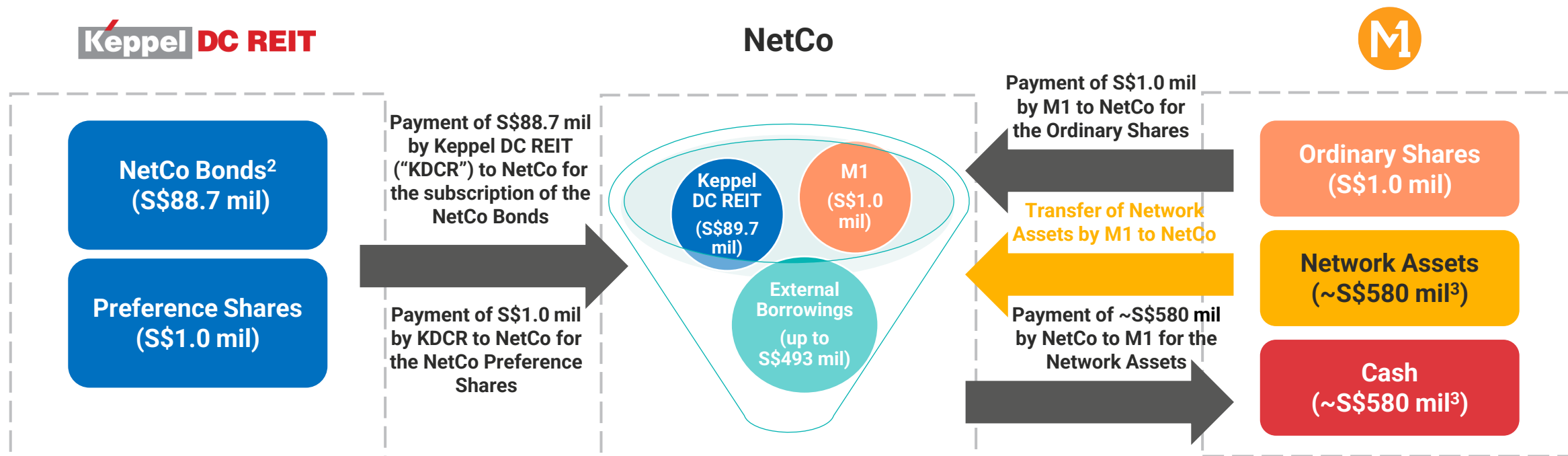
GPR 250  
Index Series

## Awards and Certifications:



# Transaction Overview (1)

- M1 is one of the largest<sup>1</sup> and more well-established Singapore telecommunications operators, which has been in operation since 1997
- Keppel DC REIT to subscribe for bonds and preference shares issued by NetCo for S\$89.7 mil
- Keppel DC REIT to receive from NetCo a fixed amount of S\$11.0 mil p.a. (comprising principal and interest) for 15 years
- NetCo to take up external financing of up to S\$493 mil to part finance NetCo's acquisition of the Network Assets



1. As at end-2020, M1 has the second largest post-paid base in Singapore, based on both the numbers of customers and revenue.  
 2. The NetCo Bonds will be subordinated to the external borrowings.  
 3. Net book value of the Network Assets as at 28 February 2021 is approximately S\$580 mil. The amount NetCo will pay M1 for the Network Assets will be equivalent to the net book value of the Network Assets (as at a date no later than two (2) business days prior to the completion of the transfer of the Network Assets from M1 to NetCo) in accordance with the terms and conditions of the Asset Transfer Agreement entered into between NetCo and M1.

# Transaction Overview (2)

## Proposed NetCo Bonds and Preference Shares Investment

Proposed Investment	S\$89.7 mil
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Add:

- Acquisition Fee <i>(if approved by Unitholders)</i>	S\$0.9 mil
- Estimated Fees and Expenses	S\$1.8 mil

Less:

- Fees and Expenses to be Reimbursed	(S\$2.7mil)
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<b>Total Investment Outlay (Net of Reimbursement)</b>	<b>S\$89.7 mil</b>
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# Proposed Fee Supplement

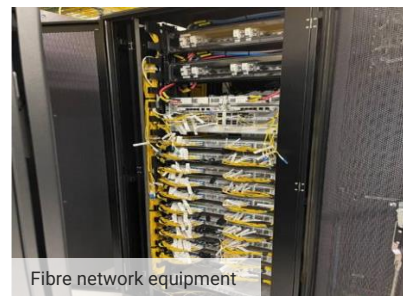
- Seeking Unitholders' approval for the acquisition fee payable to the Manager just for this investment
- Keppel DC REIT will be reimbursed for professional and other fees and expenses incurred of up to S\$2.7 mil

## Proposed Fee Supplement

	If <u>APPROVED</u> by Unitholders	If <u>NOT APPROVED</u> by Unitholders
<b>Nature of fees and expenses</b>	Professional fees Acquisition fee Other fees and expenses	Professional fees Other fees and expenses
<b>Expected Reimbursement</b>	~S\$2.7 mil	~S\$1.8 mil

- Acquisition fees will be paid in Units and shall not be sold within one year from issuance
- No divestment fee will be payable to the Manager at the maturity of the NetCo Bonds

# Network Assets

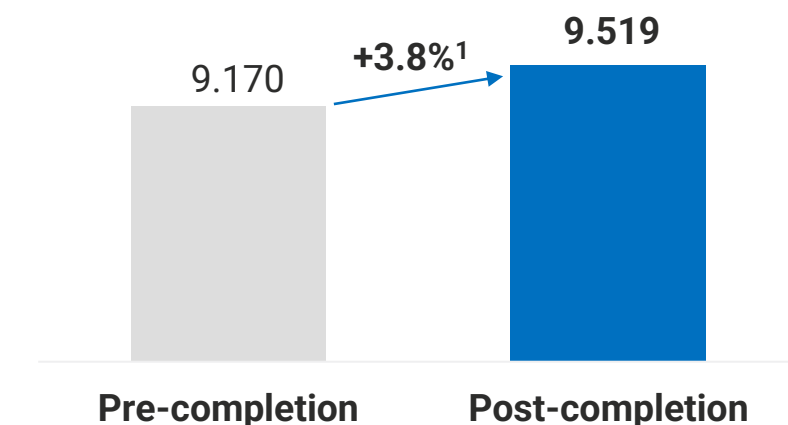


# DPU Accretive Investment Providing Regular and Stable Cash Flow

## 1 DPU Accretive Investment

- DPU accretion of 3.8%<sup>1</sup>
- DPU accretive investment forms less than 3% of our portfolio

### Distribution per Unit (cents)



Post-completion, FY2020 pro forma DPU will increase to 9.519 cents, with an accretion of 3.8%<sup>1</sup>

## 2 Regular & Stable Cash Flow

- Regular, stable cash flow of S\$11.0 mil p.a. (comprising principal and interest) for 15 years, providing an effective yield of 9.17% p.a.
- No operational management risks or capex obligations for Keppel DC REIT: M1 will perform the day-to-day operation and maintenance of, as well as capex work for the Network Assets
- Payback period for the aggregate subscription amount is approximately 8 years<sup>2</sup>

# Enhance Income Resilience and Growth Platform

## 3 Greater Income Resilience

- Further **strengthen income resilience** of Keppel DC REIT's portfolio
- Benefit from **further diversification of income streams**



## 4 Stronger Growth Platform

- AUM will increase by 2.8% to **S\$3.3 bil**
- Enlarged portfolio will create a **stronger platform for acquisition growth** via better access to capital and debt markets



# Well-Positioned for Growth

The Manager will continue to capitalise on growth opportunities in the data centre industry, and strengthen Keppel DC REIT's global presence.

## Summary of Investment Merits



### Regular & Stable Cash Flow of S\$11.0 mil p.a<sup>1</sup> for 15 Years

- Without assuming any operational management risks
- Payback period for the aggregate subscription amount is approximately 8 years<sup>2</sup>



### Strengthens Income Resilience

- Through diversification of income streams from the enlarged asset base



### DPU Accretion of 3.8%

- FY2020 pro forma DPU will increase from 9.170 cents to 9.519 cents<sup>3</sup>



### Stronger Platform for Acquisition Growth

- Enlarged portfolio of S\$3.3 bil
- Better access to capital and debt markets

1. Comprising principal and interest payments.

2. As stated in the Independent Financial Adviser's Letter, which Unitholders can refer to in the Circular.

3. If MAS approves the application for the NetCo Bonds to qualify as QPDS. If the QPDS application is not approved, the NetCo Bonds will be treated as ordinary bonds and the interest income arising therefrom, will be subject to the prevailing corporate tax of 17% and the DPU and DPU accretion will be 9.457 cents and 3.1% respectively.

# EGM Resolutions

**Resolution 1:** The Proposed NetCo Bonds and Preference Shares Investment, as an Interested Person Transaction  
**Resolution 2:** The Proposed Fee Supplement

## Deloitte.

Independent Financial Adviser (IFA)<sup>1</sup>  
Deloitte & Touche Corporate Finance Pte. Ltd.



The IFA is of the opinion that **both Resolution 1 and Resolution 2** are on **normal commercial terms** and are **not prejudicial to the interests of Keppel DC REIT and its minority Unitholders.**



The IFA advises the Independent Directors and the Audit and Risk Committee to recommend that the minority Unitholders vote **in favour of both Resolution 1 and Resolution 2.**

## Institutional Shareholder Services (ISS)<sup>2</sup>



**ISS has recommended a vote FOR both Resolutions 1 and 2**

# Thank You

For more information, please visit:  
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