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

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS FOR THE EXTRAORDINARY GENERAL MEETING ON 2 DECEMBER 2021

Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the "**Manager**"), refers to:

(a) Keppel DC REIT's notice of extraordinary general meeting ("**EGM**") dated 10 November 2021; and

(b) the accompanying announcement released on 10 November 2021 setting out, *inter alia*, the alternative arrangements relating to attendance at the EGM via electronic means.

The Manager wishes to thank all unitholders of Keppel DC REIT who have submitted their questions in advance of the EGM. The Manager wishes to inform that responses to substantial and relevant questions submitted by unitholders are published in this announcement.

Please refer to **Annex A** hereto for the list of substantial and relevant questions, and the Manager's responses to these questions.

By Order of the Board

Keppel DC REIT Management Pte. Ltd.
(Company Registration Number :199508930C)
as manager of Keppel DC REIT

Chiam Yee Sheng
Company Secretary
1 December 2021

ANNEX A: RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

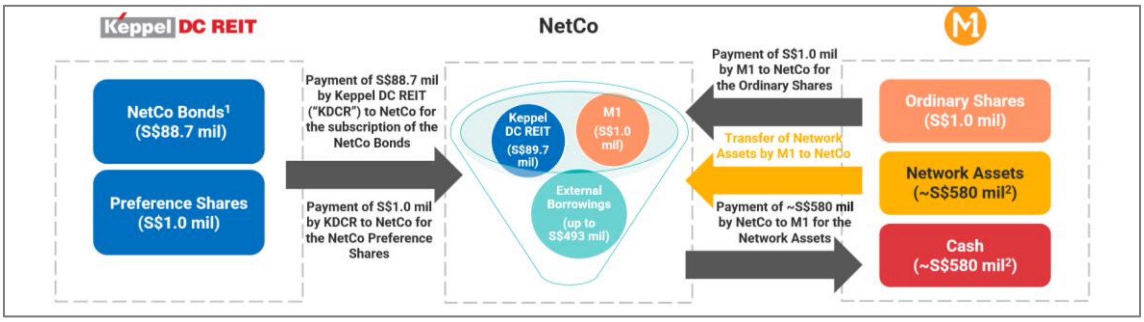
1	**Why is Keppel DC REIT buying into bonds and preference shares?**
	Please explain the investment structure, and how NetCo generates income to repay the bond coupons and return the capital on maturity.
	Would it be more straight forward for the assets to be sold outright by M1 to the REIT, instead of this rather convoluted structure?
	Is NetCo guaranteed by M1 or Keppel?

This is an opportunistic and distribution per Unit (DPU)-accretive investment, which we believe will provide Keppel DC REIT with stable and regular cash flows, as well as enhance total Unitholders' returns.

This deal has been structured in the form of investments in bonds and preference shares following extensive discussions and negotiations with M1. More importantly, through structuring the deal in such a manner, we are able to invest without having to assume any operational management risks nor undertake any capex obligations.

At the same time, with Keppel DC REIT being a bond holder, the principal will be progressively repaid by the end of the 15-year term. Hence, we do not need to be concerned with what to do with the Network Assets at the end of the 15-year term. That said, unlike investors who place their monies in a single bond instrument, this proposed investment will make up less than 3% of Keppel DC REIT's total assets under management (AUM). The bond will also provide Keppel DC REIT with fixed regular and stable cash flows of $11.0 million per annum (p.a.) (comprising both principal and interest payments) over the term of 15 years.

Unitholders can refer to the illustration below on the proposed investment structure, which is also available in the Circular to Unitholders dated 10 November 2021 (Circular).



1. *The NetCo Bonds will be subordinated to the external borrowings.*
2. *Net book value of the Network Assets as at 28 February 2021 is approximately $580 million. 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.*

As illustrated above, the left column shows that Keppel DC REIT will subscribe for the bonds and preference shares to be issued by M1 Network Private Limited (NetCo) for a total of $89.7 million. This comprises $88.7 million of NetCo bonds (NetCo Bonds) and $1.0 million of preference shares (NetCo Preference Shares). M1 Limited (M1) holds 100% of the ordinary shares in NetCo. The NetCo Preference Shares will entitle Keppel DC REIT to have 50% representation on the Board of Directors of NetCo.

Moving to the centre and right columns of the illustration, through an Asset Transfer Agreement between M1 and NetCo, NetCo will acquire the Network Assets at a cash consideration of

	approximately $580 million. NetCo will fund the acquisition using up to $493 million of external financing, and the proceeds from the issuance of the $88.7 million of bonds to be subscribed by Keppel DC REIT. NetCo will derive its income primarily through network service fees received from M1 for providing access to and use of the network capacity on the Network Assets. Under this network service agreement, while M1 has the obligation to settle such payments to NetCo, there is no guarantee on the payments of the NetCo Bonds from M1 or Keppel.
2	**What are the merits of investing in the bond and preference shares, and how will this benefit Unitholders?**
	Why is Keppel DC REIT investing in something that is non-data centre related and appears to be non-core, which seems likely to detract from the performance of the REIT which has hitherto been a previously excellent and well-run REIT?
	As this is a pure financial investment with fixed returns, would the monies be better utilised to acquire data centre assets or related digital assets?
	This proposed investment in the NetCo Bonds and Preference Shares will benefit Keppel DC REIT Unitholders as follows: ▪ Regular and stable cash flows of $11.0 million p.a. (comprising principal and interest payments) for 15 years, providing an effective yield of 9.17% p.a. ▪ DPU accretion of 3.8%[1], based on the FY2020 pro forma DPU. ▪ No operational management risks or capex obligations for Keppel DC REIT, as M1 will perform the day-to-day operation and maintenance of the Network Assets. ▪ Strengthens income resilience for Keppel DC REIT through diversification of income streams. ▪ Enlarged portfolio of $3.3 billion will create a stronger platform for acquisition growth through better access to capital and debt markets. While this is an opportunistic investment, we remain focused on the data centre sector, which has proven to be a highly resilient asset class especially during the pandemic. We would also like to reassure Unitholders that we did not forego another data centre opportunity for this proposed investment in NetCo Bonds and Preference Shares. This can be seen from the two DPU-accretive acquisitions of Guangdong Data Centre in China and Eindhoven Campus in the Netherlands that we announced in July and September 2021 respectively. In April 2021, we expanded Keppel DC REIT's mandate to include real estate and assets necessary to support the digital economy. We believe this provides us with the flexibility to evaluate a wider range of opportunities including real estate and assets that may sometimes come together with data centres, as well as the possibility of investing in edge data centres which is another growth area for the data centre industry. Looking ahead, we will continue to capitalise on growth opportunities and enlarge our footprint in the data centre industry. We will continue to have at least 90% of our AUM invested in data centres, this being our core forte and where our capabilities lie. *1. Based on FY2020 pro forma DPU, and assuming that the NetCo Bonds to qualify as Qualifying Project Debt Securities (QPDS). If the NetCo Bonds do not qualify as QPDS and are treated as ordinary bonds, DPU accretion will be 3.1%.*

3	What are the risks of this investment?
	Can you comment on the robustness of the cash flows of NetCo, and how will the Manager ensure that NetCo has the ability to repay Keppel DC REIT? Was any due diligence done to ascertain this repayment certainty? What is the recourse, if any, in the event that interest payment is affected?
	What happens to the investment if there is merger among the operators in Singapore, or if M1 goes bankrupt or is liquidated before the bonds are fully repaid?
	What is the economic lifespan of the Network Assets that will be transferred to NetCo?
	While it is noted that the board composition of NetCo is split 50-50 between Keppel DC REIT and M1, does the Chairman of NetCo have a casting vote in the event if a split decision at the Board of NetCo? Also, which party has the right to appoint the Chairman of NetCo?
	This deal has been structured in the form of investments in bonds and preference shares to allow Keppel DC REIT to invest without having to assume any operational management risks or undertake any capex obligations. M1, as operator, is subject to regulatory standards set by the Infocomm Media Development Authority (IMDA) to provide the required network service at the required standard to continue to maintain the licence they currently have. Prior to entering into this agreement, we undertook extensive deal feasibility evaluation and due diligence to evaluate and ensure that this proposed investment is in the interests of Keppel DC REIT and our Unitholders. On potential counterparty risk, M1 holds 100% of the ordinary shares of NetCo, and is a name that most of us are familiar with. Since it started operations in 1997, M1 has over the years progressed to become an established telecommunications operator with the second largest post-paid base in Singapore, based on both the number of customers and revenue as at end-December 2020. The Network Assets that NetCo will own are critical infrastructure that enable and support M1's core operations. Under the legal agreements, M1 shall continue to use the Network Assets consistent with its current practices and purposes. It should be noted that some of the 3G and 4G mobile network equipment may be upgraded to support more advanced mobile network technology, including 5G. The current weighted average age (by net book value (NBV)) of the Network Assets is 5 years, and during our due diligence, we have found these assets to be well maintained, given that M1 has, over the years, been consistently deploying capex to meet business requirements. According to the technical consultant, the useful life of the Network Assets may be extended beyond the 15-year term with regular maintenance and continued capex investment. Unitholders should also note that as the principal amount for the NetCo Bonds will be progressively repaid over the 15-year term, Keppel DC REIT's investment exposure will accordingly be reduced over time, with a payback period of approximately 8 years. As and when we receive the principal repayments, we intend to use the funds to pay down external borrowings, or fund potential acquisitions or capital expenditures, to further grow Keppel DC REIT. At the same time, M1 has subsisting contractual obligations under the legal agreements towards NetCo and to Keppel DC REIT in relation to the use of the Network Assets. In the event of a merger/acquisition, M1/the new entity will have to continue to fulfill these contractual obligations. In the event that M1 is liquidated before the bonds are fully repaid, NetCo will need to decide at that point how the Network Assets can be redeployed to generate funds to service all its debt obligations, including the NetCo Bonds payment.

	The NetCo Preference Shares will also entitle Keppel DC REIT to a 50% representation on the Board of NetCo, allowing Keppel DC REIT to have oversight on the performance of NetCo and early line of sight of any issues that may pose any credit risks. The Chairman of the NetCo Board will be a M1 Director appointed by the Board members and will have no casting vote. In the event of a split vote, a deadlock mechanism is in place to ensure that the interests of all stakeholders are looked into. Keppel DC REIT-appointed directors can vote on resolutions in relation to the enforcement of any of NetCo's rights against M1 that are (i) under the legal agreements, or (ii) in connection with a capex works contract that M1 is a party to.
4	**How is the investment being funded?**
	What is the interest rate on the borrowings that Keppel DC REIT would take on to finance this transaction?
	Given Keppel DC REIT's interest in NetCo, will it need to account for NetCo's planned $493 million external borrowing in its books too? If yes, does this affect Keppel DC REIT's leverage ratio. If no, why not?
	What is NetCo's gearing ratio, assuming the NetCo Bonds and Preference Shares are considered as debt?
	How has M1's financial performance been for the last 5 years, and what is M1's gearing ratio, before and after this transaction?
	We intend to fund the NetCo Bonds and Preference Shares Investment through external bank borrowings and the remaining cash proceeds of approximately $15.1 million from the divestment of iseek Data Centre in Brisbane, which was sold for approximately $34.0 million. While we do not disclose funding costs for individual assets and investments, on a portfolio basis, Keppel DC REIT's average costs of debt, which was 1.6% as at 30 September 2021, is not expected to increase significantly. NetCo will be treated as a joint venture of Keppel DC REIT for accounting purposes. The proposed returns are essentially returns on Keppel DC REIT's investment in debt securities, with a nominal amount of preference shares. On a FY2020 pro forma basis, aggregate leverage would be 38.0% after the NetCo Bonds and Preference Shares Investment. This is still well within the Monetary Authority of Singapore's (MAS) 50% regulatory limit for aggregate leverage. The NetCo Bonds are subordinated to NetCo's external loan, which is quite typical in most instances, and this is reflected in the higher yield. The interest rates for NetCo's external loans are lower, at 2 plus per cent p.a. or so, as compared to the NetCo Bonds' yield of 9.17% p.a. that Keppel DC REIT will be getting. The gearing ratio of NetCo is not relevant to Keppel DC REIT as Keppel DC REIT will not be consolidating the books of NetCo. NetCo derives its income primarily through network service fees received from M1 for providing access to and use of the network capacity on the Network Assets. Based on NetCo's forecasted free cash flows after servicing its external borrowings, it is expected that there will be available cash to service the payment to the NetCo Bonds. Meanwhile, Unitholders can refer to Keppel Corporation's website for information relating to M1's financial performance.

5 How was the interest rate of 9.17% p.a. for the NetCo Bonds determined?

Why are the NetCo Bonds subordinated to NetCo's external borrowings?

The interest rate was commercially agreed, taking into consideration the 15-year tenure, the unlisted nature of the bonds and the subordination of the bonds to NetCo's external borrowings.

6 Given that this bond investment is with an interested party, why is the Manager proposing an acquisition fee? Please detail the amount of work done to justify the fees.

Please explain the rationale for the one-off acquisition fee payable to the Manager in connection with the NetCo Bonds and Preference Shares Investment.

May I have the breakdown of the acquisition fee as proposed in the fee supplement?

Will the fees and expenses to be incurred by Keppel DC REIT still amount to $1.8 million if MAS' approval is not obtained?

The Proposed Fee Supplement (Resolution 2) is to allow for the payment of an acquisition fee to the Manager in connection with the NetCo Bonds and Preference Shares Investment.

As with all transactions, whether it is an interested party or third-party transaction, the Manager will have to evaluate the investment thoroughly to ensure that it is in the best interests of Keppel DC REIT and its Unitholders. This entails, among others, conducting independent due diligence, obtaining independent valuation, attaining necessary approvals from the relevant authorities, seeking the advice of the independent financial adviser, as well as negotiating and reviewing all the transaction documents.

Please note that NetCo will reimburse Keppel DC REIT up to $2.7 million of the fees and expenses incurred or to be incurred by Keppel DC REIT in connection with the proposed NetCo Bonds and Preference Shares Investment. That said, the final amount to be reimbursed by NetCo to Keppel DC REIT is dependent on whether Unitholders approve the Proposed Fee Supplement.

Proposed Fee Supplement

	If APPROVED by Unitholders	If NOT APPROVED by Unitholders
Nature of fees and expenses	Professional fees Acquisition fee Other fees and expenses	Professional fees Other fees and expenses
Expected Reimbursement	~S$2.7 mil	~S$1.8 mil

As illustrated in the table above,

- If the Proposed Fee Supplement is approved by Unitholders, Keppel DC REIT will be able to seek reimbursement of approximately $2.7 million from NetCo.
- If the Proposed Fee Supplement is not approved by Unitholders, Keppel DC REIT will be able to seek reimbursement of approximately $1.8 million from NetCo.

The difference in the reimbursement amount that Keppel DC REIT will receive between the above two scenarios is approximately $0.87 million, based on 1.0% of the net NetCo Bonds and Preference Shares Investment Subscription Amount of $87.0 million. This is the amount of the proposed acquisition fee payable to the Manager under the Proposed Fee Supplement. More importantly, there will be no difference in Keppel DC REIT's net investment value of the proposed investment of $89.7 million, whether the Proposed Fee Supplement is passed or not.

	In the independent financial adviser (IFA) letter, the IFA also noted that the Proposed Fee Supplement is in line with the acquisition fee structure of comparable REITs. The fees and expenses incurred for the proposed investment are also independent of whether MAS approves the QPDS application. As stated in the Circular, Unitholders should also note that no divestment fee will be payable to the Manager at the maturity of the NetCo Bonds.
7	**Moving forward, will Keppel DC REIT consider similar investment plans like this NetCo investment? Is the REIT moving away from data centre assets and expanding your investment mandate? If yes, what are those likely interested areas?**
	With competition for data centre assets among other REIT players, what is Keppel DC REIT doing that your competitor is not doing yet, and what is Keppel DC REIT's value proposition?
	As highlighted earlier, this as an opportunistic investment that is DPU accretive and beneficial to Unitholders, given its ability to generate stable and regular cash flows. There are currently no plans for Keppel DC REIT to embark on similar investments as the NetCo Bonds, and our priority will remain on data centre-focused acquisitions. The data centre market has matured as an asset class compared to when Keppel DC REIT started off years ago. The pandemic has also reinforced the sector as being highly defensive, and hence it has become an attractive asset class that is highly sought after by many investors. Nonetheless, the outlook for the global data centre sector continues to be very strong, supported by strong demand from hyperscalers. Our expanded investment mandate announced in April 2021 provides us with the flexibility to evaluate a wider range of opportunities across the digital connectivity sector, including transactions involving non-data centre components. Our goal is to continue focusing and growing our portfolio of data centre assets, with at least 90% of our AUM invested in data centres. It is where our core forte and expertise lie, as seen from our track record over the years, as well as from our two recent DPU-accretive acquisitions of Guangdong Data Centre in China and Eindhoven Campus in the Netherlands announced in July and September 2021 respectively. With the flexibility from our widened mandate, we acquired Eindhoven Campus, which is not a pure data centre asset as it also includes a warehouse and an ancillary office building. More importantly, we want to continue our discipline of buying judiciously. That means evaluating and selecting assets in strong locales and key data centre hubs, and with strong tenancy that will provide us with stable and regular income. This is where we will draw on our years of expertise and experience, our knowledge based on our direct contact and relationships with data centre clients as well as on the Keppel Group's strong development and operational know-how in data centres. Another key strength is the ability to develop and manage data centres within the Keppel Group. Through our Sponsor, Keppel T&T, and Keppel's private data centre funds, the Keppel Group currently has over $2 billion of data centre assets under development and management. These are assets that we can potentially acquire when built and stabilised, and if it makes economic sense for Keppel DC REIT. At the same time, our network and strong track record that we have built over the years will continue to help us secure off-market opportunities.

Data centres, as an asset class, is very unique and specialised. Given its mission-critical nature, it is not just about offering the best price to clients, but rather the ability to provide quality and value to customers through strong operational excellence and asset management, as well as through the relationships and trust built with our clients over time.

We believe that Keppel DC REIT continues to be well-positioned for growth. Leveraging our strong operational expertise and proven track record, we are confident that we will be able to ride on the continued growth of the data centre market.

8 Given that the data centre business is energy intensive, how is Keppel DC REIT managing its ESG obligations in terms of renewable energy usage?

In line with Keppel's Vision 2030, we place sustainability at the core of our strategy, and are guided by the three strategic pillars of Environmental Stewardship, Responsible Business and People & Community.

On the environmental front, we aim to green our assets, where feasible. We do so by implementing advanced energy management practices and utilising clean or renewable energy sources, where available and possible. Currently, our portfolio comprises assets that are fully powered by renewable energy, including those in Germany, Ireland, Italy, the Netherlands and the UK. We have also recently joined the Climate Neutral Data Centre Operator Pact as a signatory, where together with our data centre operators, we have set the commitment to implement sustainability initiatives at our Dublin assets.

Meanwhile, we continue to review the feasibility and options of obtaining green building certifications across our colocation assets in Singapore and overseas. We will also continue to proactively manage our existing assets in our portfolio to ensure business sustainability. This includes the deliberate consideration and utilisation of renewables, where available at our data centres, and pursuing sustainability-related certifications that will add strategic value to our operations.

As part of our ongoing environmental, social and governance (ESG) efforts, we review our material factors regularly and update or set new targets, where relevant. We are also looking at how we can enhance our sustainability disclosures, in line with global frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD). We are happy to share that we have embarked on our TCFD journey and have recently signed up as a TCFD supporter, with plans to progressively align with the TCFD recommendations.

Together with the Keppel Group, we will also explore initiatives and projects to reduce the environmental impact of our assets. For example, the Keppel Group is working on several initiatives including the development of offshore solar farms and the import of renewable energy. At the same time, our Sponsor continues to innovate and explore ways to reduce the carbon footprint of the data centres. These include studies to develop a near-shore Floating Data Centre Park in Singapore, as well as various projects to explore the use of liquefied natural gas and hydrogen to power and cool data centres.

- END -