

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Keppel DC REIT MTN Pte. Ltd. (the "**Issuer**"), Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT) (the "**Guarantor**" or the "**Keppel DC REIT Trustee**"), DBS Bank Ltd., United Overseas Bank Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached document is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, DBS Bank Ltd. or United Overseas Bank Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer or the Keppel DC REIT Trustee in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



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

KEPPEL DC REIT MTN PTE. LTD.

(Incorporated in the Republic of Singapore on 22 May 2017)
(UEN/Company Registration No. 201714136K)

S\$500,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

Unconditionally and irrevocably guaranteed by
PERPETUAL (ASIA) LIMITED
(in its capacity as trustee of Keppel DC REIT)

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Keppel DC REIT MTN Pte. Ltd. (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT) (the "**Guarantor**" or the "**Keppel DC REIT Trustee**").

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, Keppel DC REIT, their respective subsidiaries (as defined herein) (if any), the Programme or such Notes.

Potential investors should pay attention to the risk factors and considerations set out in the section titled "Risk Factors".

Arrangers



NOTICE

DBS Bank Ltd. and United Overseas Bank Limited (each an “**Arranger**” and together, the “**Arrangers**”) have been authorised by Keppel DC REIT MTN Pte. Ltd. (the “**Issuer**”) to arrange the S\$500,000,000 Multicurrency Medium Term Note Programme (the “**Programme**”) described herein. Under the Programme, subject to compliance with all relevant laws, regulations and directives, Notes (as defined herein) may be issued by the Issuer from time to time denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes will be unconditionally and irrevocably guaranteed by Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT (the “**Guarantor**” or the “**Keppel DC REIT Trustee**”).

This Information Memorandum contains information with regard to the Issuer, the Guarantor, Keppel DC REIT, the Keppel DC REIT Manager (as defined herein), the subsidiaries of Keppel DC REIT, the Programme, the Notes and the Guarantee (as defined herein). Each of the Issuer and the Guarantor confirms that this Information Memorandum contains all information which is material in the context of the Programme, the issue and offering of the Notes and the giving of the Guarantee and the information in this Information Memorandum is true and accurate in all material respects, the opinions, expectations and intentions expressed in the Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of its issue and are fairly, reasonably and honestly held by the Issuer and the Guarantor and there are no other facts the omission of which in the said context would make any such information or expression (if any) of the Issuer and the Guarantor misleading in any material respect.

Notes may be issued in Series (as defined herein) having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches (as defined herein) on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein) which will be deposited on the issue date with either CDP (as defined herein) or a common depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). To the extent that any Series or Tranche of Notes are to be deposited with a clearing system other than CDP, Euroclear or Clearstream, Luxembourg relevant documentation will be entered into with relevant parties and the appointment of additional agents will be made prior to the issuance of such Notes to effect the deposit of such Notes with the relevant clearing system. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement (as defined herein)) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each Series or Tranche of Notes (the “**Redemption Amount**”). Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S\$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be determined pursuant to the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Trustee (as defined herein), either of the Arrangers or any of the Dealers. The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor, Keppel DC REIT or any of their respective subsidiaries or other entities to which they are related ("**Related Entities**"), the Trustee, either of the Arrangers or any of the Dealers.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, the Trustee, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information or into whose possession this Information Memorandum (or any part thereof) or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restriction. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereafter).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Trustee, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor, Keppel DC REIT or any of their respective Related Entities (if any) or any statement of fact in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Trustee, the Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Issuer, the Guarantor, the Trustee, the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation, warranty or undertaking express or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor, Keppel DC REIT or any of their Related Entities (if any). Further, none of the Trustee, the Arrangers and the Dealers makes any representation or warranty and no responsibility or liability is accepted by the Trustee, the Arrangers or any of the Dealers as to the Issuer, the Guarantor, Keppel DC REIT or their Related Entities (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Trustee, either of the Arrangers or any of the Dealers or their respective Related Entities (if any) that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of either of the Issuer, the Guarantor, Keppel DC REIT and their respective Related Entities (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Guarantor, Keppel DC REIT and their respective Related Entities (if any). Accordingly, notwithstanding anything herein, no representation, warranty or undertaking express or implied is made and none of the Trustee, the Arrangers, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer, the Guarantor or any of their respective officers, employees or agents in connection with the Notes or their distribution. Save as aforesaid, none of the Issuer, the Guarantor, the Trustee, the Arrangers nor any of the Dealers nor any of their respective officers, employees or agents shall be held responsible or liable for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Trustee, the Arrangers or any of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by the Trustee, either of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer, the Guarantor, the Group (as defined herein) or the issue and offering of the Notes. The Trustee, each Arranger and each Dealer accordingly

disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced consolidated financial statements or interim results (whether audited or unaudited) of the Issuer, Keppel DC REIT and its respective Related Entities (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Notes, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Guarantor, the Arrangers or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section titled “Subscription, Purchase and Distribution” of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Prospective investors of the Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Notes.

Prospective investors should pay attention to the risk factors set out in the section titled “Risk Factors”.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor, Keppel DC REIT, and/or the Group (including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor, Keppel DC REIT and/or the Group, expected growth of the Issuer, the Guarantor, Keppel DC REIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor, Keppel DC REIT and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section titled “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor, Keppel DC REIT and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. None of the Issuer, the Guarantor, Keppel DC REIT, the Trustee, either of the Arrangers and any of the Dealers represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor, Keppel DC REIT and/or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes by the Issuer shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor, Keppel DC REIT or the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, each of the Issuer, the Guarantor, the Group, the Trustee, either of the Arrangers and any of the Dealers disclaims any responsibility, and undertakes no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

- “Agency Agreement”** : The agency agreement dated 23 June 2017 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
- “Agent Bank”** : DBS Bank Ltd.
- “Arrangers”** : DBS Bank Ltd. and United Overseas Bank Limited (each, an **“Arranger”**).
- “Business Day”** : A day (other than Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.
- “CDP”** : The Central Depository (Pte) Limited
- “CIS Code”** : The Code on Collective Investment Schemes issued by MAS, as amended or modified from time to time.
- “Clearstream, Luxembourg”** : Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
- “CMS Licence”** : Capital markets services licence for REIT management.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
- “Conditions”** : In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed with reference to the equivalent or similar condition of any other Series of Notes.
- “Couponholders”** : The holders of the Coupons.
- “Coupons”** : The interest coupons appertaining to an interest-bearing Definitive Note.
- “Dealers”** : Persons appointed as dealers under the Programme.

<u>“Definitive Note”</u>	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
<u>“Deposited Property”</u>	:	All the assets of Keppel DC REIT, including the Portfolio and all the authorised investments of Keppel DC REIT held or deemed to be held in accordance with the Keppel DC REIT Trust Deed and/or RAP having regard to the Property Funds Appendix.
<u>“Depositors”</u>	:	Persons holding the Notes in securities accounts with CDP.
<u>“Euroclear”</u>	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns.
<u>“Foreign Sourced Income Tax Exemption Ruling”</u>	:	The tax rulings issued by the MOF on the exemption of distribution income, dividend income and interest income received by Keppel DC REIT from the offshore subsidiaries directly held by Keppel DC REIT and by its Singapore Subsidiaries from the offshore subsidiaries indirectly held by Keppel DC REIT through its Singapore Subsidiaries.
<u>“FY”</u>	:	Financial year ended or ending 31 December.
<u>“Global Note”</u>	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
<u>“Group”</u>	:	Keppel DC REIT and its subsidiaries.
<u>“Guarantee”</u>	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed.
<u>“Guarantor”</u> or <u>“Keppel DC REIT Trustee”</u>	:	Perpetual (Asia) Limited, in its capacity as trustee of Keppel DC REIT and, in such capacity, guarantor of the Notes issued by the Issuer.
<u>“IRAS”</u>	:	Inland Revenue Authority of Singapore
<u>“Issuer”</u>	:	Keppel DC REIT MTN Pte. Ltd.
<u>“Issuing and Paying Agent”</u>	:	DBS Bank Ltd.
<u>“ITA”</u>	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
<u>“Keppel Capital”</u>	:	Keppel Capital Holdings Pte. Ltd.
<u>“Keppel Corporation”</u>	:	Keppel Corporation Limited
<u>“Keppel DC REIT Manager”</u>	:	Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT.

<u>“Keppel DC REIT Trust Deed”</u>	:	The deed of trust dated 17 March 2011 between AEP Investment Management Pte. Ltd. and Keppel Data Centre Investment Management Pte. Ltd. (now known as Keppel DC REIT Management Pte. Ltd.) as trustee-managers constituting a private trust known as Keppel DC REIT (the <u>“SDPT Trustee-Managers”</u>), as amended and supplemented by (1) a first supplemental deed dated 24 October 2014 between the SDPT Trustee-Managers, (2) a supplemental deed of appointment of trustee and manager and retirement of trustee-managers dated 24 October 2014 between the SDPT Trustee-Managers, the Keppel DC REIT Trustee and the Keppel DC REIT Manager pursuant to which the Keppel DC REIT Trustee replaced the SDPT Trustee-Managers as trustee of Securus Data Property Trust (<u>“SDPT”</u>) and the Keppel DC REIT Manager replaced the SDPT Trustee-Managers as manager of SDPT, (3) a first amending and restating deed dated 24 October 2014 between the Keppel DC REIT Trustee and the Keppel DC REIT Manager, (4) a second supplemental deed dated 18 November 2014 between the Keppel DC REIT Trustee and the Keppel DC REIT Manager, (5) a third supplemental deed dated 21 January 2015 between the Keppel DC REIT Trustee and the Keppel DC REIT Manager and (6) a fourth supplemental deed dated 11 March 2016 between the Keppel DC REIT Trustee and the Keppel DC REIT Manager, and as further amended, modified, supplemented and/or restated from time to time.
<u>“Keppel T&T”</u> or <u>“Sponsor”</u>	:	Keppel Telecommunications & Transportation Ltd
<u>“Latest Practicable Date”</u>	:	14 June 2017.
<u>“Listing Manual”</u>	:	The listing manual of the SGX-ST.
<u>“MAS”</u>	:	The Monetary Authority of Singapore
<u>“MOF”</u>	:	Ministry of Finance
<u>“Noteholders”</u>	:	The holders of the Notes.
<u>“Notes”</u>	:	The notes to be issued by the Issuer under the Programme.
<u>“Permanent Global Note”</u>	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, substantially in the form set out in Schedule 3 to the Trust Deed.
<u>“Portfolio”</u>	:	Keppel DC Singapore 1, Keppel DC Singapore 2, Keppel DC Singapore 3, Basis Bay Data Centre, Gore Hill Data Centre, Intellicentre 2 Data Centre, iseek Data Centre, GV7 Data Centre, Cardiff Data Centre, Almere Data Centre, Keppel DC Dublin 1 and Milan Data Centre.

<u>“Pricing Supplement”</u>	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
<u>“Programme”</u>	:	The S\$500,000,000 Multicurrency Medium Term Note Programme of the Issuer.
<u>“Programme Agreement”</u>	:	The Programme Agreement dated 23 June 2017 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Arrangers, as arrangers, and (4) DBS Bank Ltd. and United Overseas Bank Limited, as dealers, as amended, varied or supplemented from time to time.
<u>“Properties”</u>	:	The Portfolio and any future properties to be acquired by Keppel DC REIT.
<u>“Property Funds Appendix”</u>	:	The guidelines for real estate investment trusts issued by MAS as Appendix 6 to the CIS Code, as amended, varied or supplemented from time to time.
<u>“RAP”</u>	:	The recommended accounting practices on financial statements of authorised unit trusts in Recommended Accounting Practice 7 – Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants, as the same may be modified, amended, supplemented, revised or replaced from time to time.
<u>“REIT”</u>	:	Real estate investment trust.
<u>“Securities Act”</u>	:	Securities Act of 1933 of the United States, as amended.
<u>“Series”</u>	:	(1) (In relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
<u>“SFA”</u>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
<u>“SGX-ST”</u>	:	Singapore Exchange Securities Trading Limited.
<u>“Specified Taxable Income”</u>	:	Refers to income ascertained to be chargeable to tax in accordance with the provisions of the ITA, after deduction of allowable expenses and applicable tax allowances, which has been granted tax transparency treatment under Section 43(2A) of the ITA in accordance with the tax ruling issued by the IRAS on the taxation of Keppel DC REIT and its Unitholders.
<u>“sq ft”</u>	:	square feet.

<u>“subsidiary”</u>	: Any company which is for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to Keppel DC REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):
	(1) which is controlled, directly or indirectly, by the Keppel DC REIT Trustee; or
	(2) more than half the interests of which is beneficially owned, directly or indirectly, by the Keppel DC REIT Trustee; or
	(3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies,
	and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by Keppel DC REIT if Keppel DC REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
<u>“Take-Over Code”</u>	: The Singapore Code on Take-Overs and Mergers, as amended or modified from time to time.
<u>“Tax Transparency Ruling”</u>	: The tax ruling issued by the IRAS on the taxation of Keppel DC REIT and its Unitholders in respect of its Specified Taxable Income.
<u>“Temporary Global Note”</u>	: A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
<u>“Tranche”</u>	: Notes which are identical in all respects (including as to listing).
<u>“Trust Deed”</u>	: The trust deed dated 23 June 2017 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time.
<u>“Trustee”</u>	: DBS Trustee Limited.
<u>“Unit”</u>	: One unit representing an undivided interest in Keppel DC REIT.
<u>“United States”</u> or <u>“U.S.”</u>	: United States of America.
<u>“Unitholder”</u>	: A holder of Unit(s).
<u>“Unitholders’ Extraordinary Resolution”</u>	: A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Keppel DC REIT Trust Deed.

<u>“Unitholders’ Ordinary Resolution”</u>	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Keppel DC REIT Trust Deed.
<u>“US\$”</u> or <u>“US dollars”</u>	:	United States dollars.
<u>“S\$”</u> and <u>“cents”</u>	:	Singapore dollars and cents respectively.
<u>“WALE”</u>	:	Weighted average lease expiry.
<u>“%”</u>	:	per cent.

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, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

The Issuer

Keppel DC REIT MTN Pte. Ltd.

Board of Directors	:	Mr Chua Hsien Yang Mr Gwee Wei Yong Andy
Company Secretary	:	Mr Chua Hua Yeow, Kelvin
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditor	:	PricewaterhouseCoopers LLP

The Guarantor

Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT)

Registered Office	:	8 Marina Boulevard #05-02 Marina Bay Financial Centre Tower 1 Singapore 018981
-------------------	---	---

The Keppel DC REIT Manager

Keppel DC REIT Management Pte. Ltd.

Board of Directors	:	Mr Chan Hon Chew Mr Lee Chiang Huat Mr Leong Weng Chee Mr Lim Chin Hu Mr Dileep Nair Mr Richard Teo Cheng Hiang Dr Tan Tin Wee Mr Thomas Pang Thieng Hwi Ms Christina Tan Hua Mui
Company Secretary	:	Mr Chua Hua Yeow, Kelvin
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632

Auditor for Keppel DC REIT	:	<p>KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 (retired with effect from 18 April 2017)</p> <p>PricewaterhouseCoopers LLP 8 Cross Street #17-00 PWC Building Singapore 048424 (appointed with effect from 18 April 2017)</p>
Arrangers of the Programme	:	<p>DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982</p> <p>United Overseas Bank Limited 80 Raffles Place #03-01 UOB Plaza 1 Singapore 048624</p>
Legal Advisors to the Arrangers and the Trustee	:	<p>WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982</p>
Legal Advisors to the Issuer and the Guarantor	:	<p>Allen & Gledhill LLP 1 Marina Boulevard #28-00 Singapore 018989</p>
Issuing and Paying Agent	:	<p>DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838</p>
Agent Bank	:	<p>DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838</p>
Trustee for the Noteholders	:	<p>DBS Trustee Limited 12 Marina Boulevard, Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982</p>

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Keppel DC REIT MTN Pte. Ltd.
Guarantor	:	Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT).
Arrangers	:	DBS Bank Ltd. and United Overseas Bank Limited
Dealers	:	DBS Bank Ltd. and United Overseas Bank Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent	:	DBS Bank Ltd.
Agent Bank	:	DBS Bank Ltd.
Trustee	:	DBS Trustee Limited
Description	:	S\$500,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S\$500,000,000 or such other amount as may be determined pursuant to the Programme Agreement.
Purpose	:	The Issuer will lend the net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) to the Keppel DC REIT Trustee. The net proceeds of an issuance of Notes will be used by the Keppel DC REIT Trustee towards (a) financing or refinancing acquisitions and/or investments of Keppel DC REIT and any development or enhancement works initiated by the Keppel DC REIT Trustee or any trust, fund or entity in which the Keppel DC REIT Trustee has an interest, (b) on-lending to any trust, fund or entity in which the Keppel DC REIT Trustee has an interest, (c) financing the general working capital purposes and capital expenditure requirements of the Group and (d) refinancing the borrowings of the Group.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in US dollars, Singapore dollars or such other currency as the Issuer and the relevant Dealer(s) may so agree.

Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	<p>Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.</p> <p>Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).</p>
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

- Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrears on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (in the case of Hybrid Notes denominated in Singapore dollars), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Form and Denomination of Notes : The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.
- Custody of the Notes : Notes may be cleared through CDP or Euroclear and/or Clearstream, Luxembourg. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
- Status of the Notes and Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) of the Notes) unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.

The obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) of the Notes) unsecured obligations of the Guarantor ranking *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Redemption upon Termination of Keppel DC REIT : In the event that Keppel DC REIT is terminated in accordance with the provisions of the Keppel DC REIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Keppel DC REIT.

Redemption upon De-listing of Keppel DC REIT : In the event that Keppel DC REIT is unable to maintain its listing on the SGX-ST, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes.

Redemption for Taxation Reasons : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (as defined in the Conditions) or, if so specified on the face of the Note and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders, at their redemption amount together with interest accrued to (but excluding) the date fixed for redemption, if:

- (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

- (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Negative Pledge

: So long as any of the Notes remains outstanding neither the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor will procure that no Principal Subsidiary (as defined in the Conditions) will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any freely transferable securities (as defined below) issued by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT or to secure any guarantee of or indemnity of the Issuer, the Guarantor or any subsidiary of Keppel DC REIT in respect of any freely transferable securities, unless, at the same time or prior to such Security being given, the obligations of the Issuer and the Guarantor under the Notes and the Trust Deed (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially prejudicial to the interests of the Noteholders, or as shall be approved by way of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of the Conditions:

- (1) "**freely transferable securities**" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market, having an original maturity of more than 365 days from its date of issue; and
- (2) "**Security**" does not include any general lien in respect of any debt securities issued by a specified purposes company (*tokutei mokuteki kaisha*) incorporated under the Asset Liquidation Law (*shisan no ryudouka ni kansuru houritsu*) of Japan.

Provided that nothing in Condition 3 of the Notes:

- (i) shall prohibit or restrict the creation by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT of any Security upon (A) any property or assets acquired, purchased or owned or to be acquired, purchased or owned by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT, as the case may be, or (B) any property or assets of any entity acquired, purchased or owned or to be acquired, purchased or owned by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT, as the case may be, for the purpose of securing the payment of any sum due in respect of freely transferable securities or any payment under any guarantee of, or indemnity or other like obligation relating to freely transferable securities, the proceeds of which are to be applied towards financing or refinancing the cost of the acquisition, purchase, development, construction, redevelopment and ownership of such property or assets (including, without limitation, the equipping, alteration or improvement of such property or assets following their redevelopment, development or construction); or
- (ii) shall extend to any Security existing on (A) any property or asset of, or any interests in, any entity at the time the Issuer, the Guarantor or any subsidiary of Keppel DC REIT acquires such entity after the Issue Date (as defined in the Conditions) or (B) any property or asset at the time it is acquired by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT after the Issue Date provided that, in the case of (A) and (B) above, such Security was not created in anticipation of such entity, property or asset being acquired by the Issuer, the Guarantor or the relevant subsidiary (as the case may be); or
- (iii) shall extend to any Security of the Issuer, the Guarantor or any subsidiary of Keppel DC REIT existing as at the Issue Date.

Financial Covenant : The Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes and the Coupons remains outstanding, it will, at all times, ensure that the ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage limit as construed in accordance with the Property Funds Appendix.

For the purposes of the Conditions:

- (1) **“Aggregate Leverage limit”** means the limit set out in paragraph 9.2 of the Property Funds Appendix (or such other equivalent or substitute provision as may be set out in the Property Funds Appendix from time to time);

- (2) “**CIS Code**” means the Code on Collective Investment Schemes issued by the MAS (as revised or amended from time to time);
- (3) “**Consolidated Deposited Property**” means the total assets of the Group based on the audited and unaudited consolidated financial statements of the Group calculated and interpreted in accordance with the recommendations of RAP, having regard to the Property Funds Appendix;
- (4) “**Consolidated Total Borrowings**” means the aggregate of total borrowings and deferred payments (including deferred payments for assets to be settled in cash or in units issued by Keppel DC REIT) of the Group required by the Property Funds Appendix to be taken into account for the purpose of computing its Aggregate Leverage limit;
- (5) “**Property Funds Appendix**” means Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts, as the same may be modified, amended, supplemented, revised or replaced from time to time; and
- (6) “**RAP**” means the recommended accounting practices on financial statements of authorised unit trusts in Recommended Accounting Practice 7 – Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants, as the same may be modified, amended, supplemented, revised or replaced from time to time.

Non-disposal Covenant : Each of the Issuer and the Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it shall not, and (in the case of the Issuer) will ensure that none of its subsidiaries or (in the case of the Guarantor) will ensure that none of the Principal Subsidiaries of Keppel DC REIT will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or, as the case may be, the assets of Keppel DC REIT or the Group nor any part of its assets or, as the case may be, the assets of Keppel DC REIT or the Group which, either alone or when aggregated with all other disposals required to be taken into account under Clause 17(y) of the Trust Deed, is substantial in relation to the assets of the Group taken as a whole, and the disposal of which (either alone or so aggregated) would have a material adverse effect on it or, as the case may be, Keppel DC REIT. The following disposals shall not be taken into account under Clause 17(y) of the Trust Deed:

- (i) any disposal in the ordinary course of business and on normal commercial terms;

- (ii) any disposal of assets which are obsolete, excess or no longer required for the purpose of Keppel DC REIT's business;
- (iii) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis;
- (iv) any disposal by the Issuer or by any Principal Subsidiary to the Issuer or to any other Principal Subsidiary (or to a subsidiary which becomes a Principal Subsidiary following such disposal);
- (v) any exchange of assets for other assets of a similar or superior nature and value and cash; and
- (vi) any disposal which the Trustee or the Noteholders by way of Extraordinary Resolution shall have agreed shall not be taken into account.

- No Merger Covenant : Each of the Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it shall not, unless required by law or with the prior approval of the Trustee or the Noteholders by way of an Extraordinary Resolution, undertake or permit any reorganisation, amalgamation, reconstruction, merger or consolidation with any other company or person, or any other schemes of compromise or arrangement affecting its present constitution ("**Reconstruction Event**"), in each case, other than any Reconstruction Event (i) which is made on solvent terms, (ii) where the Issuer or, as the case may be, the Guarantor remains a surviving entity and (iii) which does not have a material adverse effect on the Issuer, the Guarantor or Keppel DC REIT.
- Events of Default : See Condition 9 of the Notes.
- Taxation : All payments in respect of the Notes and Coupons by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section titled "Singapore Taxation".

- Listing : Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of the Notes and the distribution of offering material relating to the Notes, see the section titled “Subscription, Purchase and Distribution”. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
- Governing Law : The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series are shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended, varied or supplemented from time to time, the “**Trust Deed**”) dated 23 June 2017 made between (1) Keppel DC REIT MTN Pte. Ltd., as issuer (the “**Issuer**”), (2) Perpetual (Asia) Limited (in its capacity as trustee of Keppel DC REIT), as guarantor (the “**Guarantor**”), and (3) DBS Trustee Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 23 June 2017 relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer and the Guarantor have entered into an agency agreement (as amended, varied or supplemented from time to time, the “**Agency Agreement**”) dated 23 June 2017 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”) and agent bank (in such capacity, the “**Agent Bank**”), and (4) the Trustee, as trustee. The Noteholders and the holders of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes (the “**Couponholders**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. **FORM, DENOMINATION AND TITLE**

(a) **Form and Denomination**

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a note that does not bear interest (a “**Zero-Coupon Note**”), a combination of any of the foregoing or any other type of Note (depending upon the Interest and Redemption/Payment Basis shown on its face).
- (iii) Notes are serially numbered and issued with Coupons attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

- (i) Subject as set out below, title to the Notes and the Coupons appertaining thereto shall pass by delivery.
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Note and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Notes is represented by a Global Note and such Global Note is held by CDP, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by CDP).
- (iv) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank and all other agents of the Issuer and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, interest and/or any other amounts in respect of such Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, Agent Bank and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where

the context requires, shall be construed accordingly). Notes which are represented by a Global Note and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg. For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Note shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

- (v) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).
- (vi) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. STATUS AND GUARANTEE

- (a) The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(a)) unsecured obligations of the Issuer. The Notes and Coupons shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.
- (b) The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(a)) unsecured obligations of the Guarantor ranking *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

3. NEGATIVE PLEDGE AND FINANCIAL COVENANT

(a) Negative Pledge

So long as any of the Notes remains outstanding neither the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor will procure that no Principal Subsidiary (as defined below) will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any freely transferable securities (as defined below) issued by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT or to secure any guarantee of or indemnity of the Issuer, the Guarantor or any subsidiary of Keppel DC REIT in respect of any freely transferable securities, unless, at the same time or prior to such Security being given, the obligations of the Issuer and the Guarantor under the Notes and the Trust Deed (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially prejudicial to the interests of the Noteholders, or as shall be approved by way of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

- (1) "**freely transferable securities**" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market, having an original maturity of more than 365 days from its date of issue; and
- (2) "**Security**" does not include any general lien in respect of any debt securities issued by a specified purposes company (*tokutei mokuteki kaisha*) incorporated under the Asset Liquidation Law (*shisan no ryudouka ni kansuru houritsu*) of Japan.

Provided that nothing in this Condition 3:

- (i) shall prohibit or restrict the creation by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT of any Security upon (i) any property or assets acquired, purchased or owned or to be acquired, purchased or owned by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT, as the case may be, or (ii) any property or assets of any entity acquired, purchased or owned or to be acquired, purchased or owned by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT, as the case may be, for the purpose of securing the payment of any sum due in respect of freely transferable securities or any payment under any guarantee of, or indemnity or other like obligation relating to freely transferable securities, the proceeds of which are to be applied towards financing or refinancing the cost of the acquisition, purchase, development, construction, redevelopment and ownership of such property or assets (including, without limitation, the equipping, alteration or improvement of such property or assets following their redevelopment, development or construction);
- (ii) shall extend to any Security existing on (i) any property or asset of, or any interests in, any entity at the time the Issuer, the Guarantor or any subsidiary of Keppel DC REIT acquires such entity after the Issue Date or (ii) any property or asset at the time it is acquired by the Issuer, the Guarantor or any subsidiary of Keppel DC REIT after the Issue Date provided that, in the case of (i) and (ii) above, such Security was not created in anticipation of such entity, property or asset being acquired by the Issuer, the Guarantor or the relevant subsidiary (as the case may be); or

(iii) shall extend to any Security of the Issuer, the Guarantor or any subsidiary of Keppel DC REIT existing as at the Issue Date.

(b) Financial Covenant

The Guarantor has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes and the Coupons remains outstanding, it will, at all times, ensure that the ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage limit as construed in accordance with the Property Funds Appendix.

The financial covenant set out in this Condition 3 shall be tested based on the most recent financial statements delivered pursuant to the Trust Deed.

For the purposes of these Conditions:

- (1) “**Aggregate Leverage limit**” means the limit set out in paragraph 9.2 of the Property Funds Appendix (or such other equivalent or substitute provision as may be set out in the Property Funds Appendix from time to time);
- (2) “**CIS Code**” means the Code on Collective Investment Schemes issued by the MAS (as defined in the Trust Deed, and as revised or amended from time to time);
- (3) “**Consolidated Deposited Property**” means the total assets of the Group based on the audited and unaudited consolidated financial statements of the Group calculated and interpreted in accordance with the recommendations of RAP, having regard to the Property Funds Appendix;
- (4) “**Consolidated Total Borrowings**” means the aggregate of total borrowings and deferred payments (including deferred payments for assets to be settled in cash or in units issued by Keppel DC REIT) of the Group required by the Property Funds Appendix to be taken into account for the purpose of computing its Aggregate Leverage limit;
- (5) “**Property Funds Appendix**” means Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts, as the same may be modified, amended, supplemented, revised or replaced from time to time; and
- (6) “**RAP**” means the recommended accounting practices on financial statements of authorised unit trusts in Recommended Accounting Practice 7 – Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants, as the same may be modified, amended, supplemented, revised or replaced from time to time.

4. RATE OF INTEREST

(I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 4(II)(e)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each

Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(l) to the Relevant Date (as defined in Condition 7(b)).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Note.

(II) INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar

month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an **“Interest Period”**.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore Dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The **“Spread”** is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a).

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the **“Rate of Interest”**.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters

Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

- (C) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select;

- (C) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about the 11:00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore Dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,
- and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading

banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, (subject to any applicable Minimum Rate of Interest) the Rate of Interest in relation to such Interest Period shall be zero.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

- (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
- (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note.

The rate of interest so calculated shall be subject to Condition 4(V)(a).

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, (subject to any applicable Minimum Rate of Interest) the Rate of Interest in relation to such Interest Period shall be zero.

(d) Minimum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 4(II)(b) or Condition 4(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

(e) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for general business in Singapore, (2) (in the case of Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for general business in Singapore and the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 4:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“Euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“Interest Commencement Date” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

“Interest Determination Date” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (**“Reuters”**)) agreed to by the Agent Bank;

“Reference Banks” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the inter-bank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Notes are denominated;

“Relevant Dealer” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“Relevant Financial Centre” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) INTEREST ON HYBRID NOTES

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is

not a business day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

- (ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.
- (iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) ZERO-COUPON NOTES

Where a Note the Interest Basis of which is specified to be Zero-Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) CALCULATIONS

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period (including the first day, but excluding the last day, of such Interest Period). The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer, the Guarantor and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero-Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

5. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero-Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(b) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholder's Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(c) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof, and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(c).

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(d) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(e) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.
- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as determined in accordance with Condition 5(h)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by an

authorised signatory of the Issuer or, as the case may be, an authorised signatory of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisors of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer, the Guarantor or the subsidiaries of Keppel DC REIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor or the subsidiaries of Keppel DC REIT may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer, the Guarantor or the subsidiaries of Keppel DC REIT (as the case may be) be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero-Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of Condition 5(h)(iii), the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 5(h)(ii), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 5(h)(iii) will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Redemption upon Termination of Keppel DC REIT

In the event that Keppel DC REIT is terminated in accordance with the provisions of the Keppel DC REIT Trust Deed (as defined in the Trust Deed), the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Keppel DC REIT.

The Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the termination of Keppel DC REIT.

(j) Redemption upon De-listing of Keppel DC REIT

In the event that Keppel DC REIT is unable to maintain its listing on the SGX-ST (as defined in the Trust Deed), the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes.

The Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the de-listing event.

(k) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor, the subsidiaries of Keppel DC REIT, the Keppel DC REIT Manager or any of the related corporations of the Keppel DC REIT Manager may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) Principal and Interest

Payments of principal (or, as the case may be, Redemption Amounts) and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with a bank in the principal financial centre for that currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

(b) Payments subject to law etc.

Without prejudice to the provisions of Condition 7, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent initially appointed by the Issuer and the Guarantor and its specified office are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and/or the Agent Bank in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that they will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given by the Issuer to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank and the Trustee, without the consent of any Noteholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank and the Trustee may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Noteholders and Couponholders. Any such amendment shall be binding on the Noteholders and Couponholders.

(d) Unmatured Coupons

- (i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three (3) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmaturing Coupons relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to one (1) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. TAXATION

(a) Payment after Withholding

All payments in respect of the Notes and Coupons by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) presented for payment by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident in Singapore for tax purposes or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon; or

- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (iii) presented for payment by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

For the avoidance of doubt, none of the Issuer, the Guarantor and any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

(b) Interpretation

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

The Notes and Coupons shall become void unless presented for payment within three (3) years from the appropriate Relevant Date for payment.

9. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to (but excluding) the date of payment shall immediately become due and payable:

- (a) the Issuer or the Guarantor does not pay any sum in respect of principal or premium payable by it under any of the Notes when due and such default continues for a period of three business days after the due date, or the Issuer or the Guarantor does not pay any sum in respect of interest or other amounts payable by it under any of the Notes when due and such default continues for a period of five business days after the due date;

- (b) the Issuer or the Guarantor fails to perform or observe any one or more of its obligations (other than the payment obligation referred to in Condition 9(a)) under the Trust Deed or any of the Notes and, if the default is in the opinion of the Trustee capable of remedy, it is not remedied within 30 days of the Trustee giving written notice of such default to the Issuer or, as the case may be, the Guarantor;
- (c) any representation or warranty by the Issuer or the Guarantor in any of the Transaction Documents (as defined in the Trust Deed) or any of the Notes or in any document delivered under any of the Transaction Documents or the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if the event resulting in such non-compliance or incorrectness is in the opinion of the Trustee capable of remedy, it is not remedied within 30 days of the Trustee giving written notice of such non-compliance or incorrectness to the Issuer or, as the case may be, the Guarantor;
- (d) (i) any other present or future indebtedness of the Issuer, Keppel DC REIT or any Principal Subsidiary in respect of borrowed money is or is declared to be or is capable of being rendered due and payable before its stated maturity by reason of any event of default or the like (however described) or is not paid when due or, as the case may be, within any applicable grace period; or
 - (ii) the Issuer, Keppel DC REIT or any the Principal Subsidiaries fails to pay, when properly called upon to do so any present or future guarantee of indebtedness for, or indemnity in respect of, any moneys borrowed or raised,

however, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S\$50,000,000;

- (e) the Issuer, Keppel DC REIT or any Principal Subsidiary shall cease or threaten to cease to carry on all or any material part of its business, operations and undertakings as carried on at the date hereof (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency or (iii) which does not materially and adversely affect the ability of the Issuer or, as the case may be, the Guarantor to perform or observe its obligations under the Notes, the Trust Deed or, as the case may be, the Guarantee) or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets (other than permitted pursuant to Clause 17(y) of the Trust Deed);
- (f) any meeting is convened or any petition or originating summons is presented for the winding-up or termination of the Issuer, Keppel DC REIT or any Principal Subsidiary (save and except where (1) any petition, originating summons or step of a frivolous or vexatious nature is contested, dismissed, struck out, stayed or withdrawn within 45 days from the date the petition or originating summons is served on, or the step is taken is brought to the notice of, the Issuer, Keppel DC REIT or the Principal Subsidiary, as the case may be, and (2) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency or (iii) which does not materially and adversely affect the ability of the Issuer or, as the case may be, the Guarantor to perform or observe its obligations under the Notes, the Trust Deed or, as the case may be, the Guarantee) or any step is taken for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, Keppel DC REIT or any Principal Subsidiary or over a material part of the assets of the Issuer, Keppel DC REIT or any Principal Subsidiary;

- (g) the Issuer, Keppel DC REIT or any of the Principal Subsidiaries is (or is deemed by law or a court to be) insolvent, or proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of the creditors of the Issuer, Keppel DC REIT or any Principal Subsidiary, or a moratorium is agreed or declared in respect of or affecting all or any material part of the indebtedness of the Issuer, Keppel DC REIT or any of the Principal Subsidiaries;
- (h) a distress, attachment or execution or other legal process is levied, enforced or sued out upon or against all or a material part of the properties or assets of the Issuer, Keppel DC REIT or any Principal Subsidiary and is not discharged or stayed within 45 days;
- (i) any security on or over the whole or any material part of the assets of the Issuer, Keppel DC REIT or any Principal Subsidiary becomes enforceable;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer, Keppel DC REIT or any Principal Subsidiary;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 16(c) of the Trust Deed is not taken, fulfilled or done, or any decree, resolution, authorisation, approval, consent, filing, registration or exemption necessary for the execution and delivery of the Notes on behalf of the Issuer and the performance of the Issuer's or the Guarantor's obligations under the Notes, the Trust Deed and/or the Guarantee (as the case may be) is withdrawn or modified or otherwise ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with;
- (l) it is or will become unlawful or illegal for the Issuer or the Guarantor to observe, perform or comply with any one or more of its payment or other material obligations under the Notes or any other Transaction Document to which it is a party;
- (m) (i) any Transaction Document to which it is a party or the Notes ceases or is claimed by the Issuer or the Guarantor to cease at any time and for any reason to constitute legal and valid obligations of the Issuer or the Guarantor binding upon it in accordance with its terms; or
 - (ii) any applicable law, directive, order or judgment is enacted, promulgated or entered, the effect of which would be to render any Transaction Document to which the Issuer or the Guarantor is a party unenforceable;
- (n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or which are contested in good faith, and in each case, discharged within 45 days of its commencement) is current or pending against the Issuer, the Guarantor, Keppel DC REIT or any of the Principal Subsidiaries (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the payment or other material obligations of the Issuer and/or the Guarantor under any of the Transaction Documents or any of the Notes or (ii) which has or is reasonably likely to have a material adverse effect on the Issuer, the Guarantor and/or Keppel DC REIT taken as a whole;
- (o) any event occurs which, under the laws of any relevant jurisdiction, has in the Trustee's opinion, an analogous effect to any of the events referred to in Condition 9(f) to (j);

- (p) (i) (1) the Keppel DC REIT Trustee (as defined in the Trust Deed) resigns, retires, ceases to be or is removed or is unable to continue to act as the trustee of Keppel DC REIT; or (2) the ability of the Issuer or the Guarantor to perform its payment or other material obligations under the Transaction Documents to which it is party or any of the Notes is prevented or restricted as a result of matters relating to the Keppel DC REIT Trustee (including but not limited to winding-up or insolvency proceedings involving the Keppel DC REIT Trustee); and (ii) the replacement or substitute trustee of Keppel DC REIT is not appointed in accordance with the terms of the Keppel DC REIT Trust Deed and/or in accordance with the applicable law;
- (q) the Keppel DC REIT Manager is removed pursuant to the terms of the Keppel DC REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the Keppel DC REIT Trust Deed; or
- (r) the Issuer, the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act (as defined in the Trust Deed).

In these Conditions, a reference to “**Principal Subsidiaries**” means any subsidiary of Keppel DC REIT whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary of Keppel DC REIT (the “**transferee**”) then:

- (A) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is Keppel DC REIT) shall thereupon become a Principal Subsidiary; and
- (B) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is Keppel DC REIT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (A) above or which remains or becomes a Principal Subsidiary by virtue of (B) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (AA) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such subsidiary (where consolidated accounts are prepared, consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets of the Group, as shown by such audited consolidated accounts; and (BB) a report by the Auditors (as defined in the Trust Deed) dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 20 per cent. of the total assets of the Group. A report by the Auditors, who shall also be responsible for reviewing any pro-forma accounts required for the above purpose, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

“**subsidiary**” has the meaning ascribed to it in the Trust Deed.

10. ENFORCEMENT

At any time after the Notes shall have become due and payable pursuant to Condition 9, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, and/or to enforce the provisions of the Transaction Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes outstanding or so directed by an Extraordinary Resolution and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

11. MEETING OF NOTEHOLDERS AND MODIFICATIONS

- (a) The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.
- (b) The Trustee or the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 25 per cent. of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (iv) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating Amortised Face Amount, (v) to vary the currency or currencies of payment or denomination of the Notes, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.
- (c) The Trustee may agree without the consent of the Noteholders or Couponholders to (i) any modification of any of the provisions of the Trust Deed or any of the other Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature, or is made to correct a manifest error or to comply with the mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents, which is in the opinion of the

Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, waiver or authorisation shall be notified to the Noteholders as soon as practicable in accordance with Condition 15.

- (d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to the consequences of such exercise for each individual Noteholder or Couponholder or any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.
- (e) These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.
- (f) The Trustee may, without the consent of the individual Noteholders or Couponholders, at any time agree to the substitution in place of the existing Keppel DC REIT Trustee as the Guarantor of another company being either the successor in business of the existing Keppel DC REIT Trustee or the substitution of the existing Keppel DC REIT Trustee as the new trustee of Keppel DC REIT (such substituted company being hereinafter referred to as the **"New Keppel DC REIT Trustee"**), provided that the New Keppel DC REIT Trustee is a trustee that is approved under the Securities and Futures Act, Chapter 289 of Singapore (the **"SFA"**) in respect of the provision of any trust business in connection with any collective investment scheme authorised under the SFA or is a trust corporation and certain other conditions set out in the Trust Deed are being complied with.

12. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 15) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer and/or the Guarantor on demand the amount payable by the Issuer in respect of such Note or Coupon) or otherwise as the Issuer and/or the Guarantor may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “**Notes**” shall be construed accordingly.

14. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER, THE GUARANTOR AND KEPPEL DC REIT

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor or the Group (or any of their respective related corporations) and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, the Guarantor or the Group (or any of their respective related corporations), (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, affairs, status and nature of the Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in this respect thereof.

15. NOTICES

Notices to the Noteholders will be valid if published in a newspaper in the English language of general circulation in Singapore (or, if the holders of any Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication in Singapore will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Notwithstanding any provision herein, in the case where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspapers the delivery of the relevant notice to (subject to the agreement of CDP) CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the first two paragraphs. Any such notice shall be deemed to have been given to the Noteholders on the seventh (7th) day after the day on which the said notice was given to CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer and the Guarantor) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg in such manner as the Issuing and Paying Agent and CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where:

- (a) the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and such notices will be deemed to have been given two days from the date of despatch to the Noteholders; or
- (b) the Notes are listed on the SGX-ST, notices to the holders may be given by way of an announcement through the corporate announcement system administered by the SGX-ST including, but not limited to, the website maintained by the SGX-ST (the “**SGX-ST Corporate Announcement System**”), such notices will be deemed to have been given upon the publication of such notices on the SGX Corporate Announcement System.

16. GOVERNING LAW AND JURISDICTION

- (a) Governing Law: The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) Jurisdiction: The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Coupons and the Guarantee, and accordingly, any legal action or proceedings (“**Proceedings**”) arising out of or in connection with the Trust Deed, the Notes, the Coupons or the Guarantee may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

No person shall have any right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce any term or condition of this Note.

18. LIABILITY OF THE KEPPEL DC REIT TRUSTEE

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, the Noteholders and the Couponholders acknowledge and agree that the Keppel DC REIT Trustee has entered into the Trust Deed only in its capacity as trustee of Keppel DC REIT and not in its personal capacity and all references to the Guarantor or the Keppel DC REIT Trustee in the Trust Deed, the Notes and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Keppel DC REIT Trustee has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee of Keppel DC REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Keppel DC REIT Trustee under the Trust Deed, the Notes and the Coupons is given by the Keppel DC REIT Trustee only in its capacity as trustee of Keppel DC REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the

assets of Keppel DC REIT over which the Keppel DC REIT Trustee has recourse and shall not extend to any personal assets or other assets of the Keppel DC REIT Trustee or any assets held by the Keppel DC REIT Trustee as trustee of any other trust (other than Keppel DC REIT) including but not limited to assets held by the Keppel DC REIT Trustee as trustee for the account of parties other than Keppel DC REIT. Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Keppel DC REIT Trustee under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to Keppel DC REIT (and shall not extend to the Keppel DC REIT Trustee's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Keppel DC REIT Trustee or otherwise.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes or the Coupons, it is hereby agreed that the Keppel DC REIT Trustee's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Keppel DC REIT Trustee and there shall be no recourse against the shareholders, directors, officers or employees of the Keppel DC REIT Trustee for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes or Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Keppel DC REIT Trustee or otherwise.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Keppel DC REIT Trustee whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes or the Coupons shall be brought against the Keppel DC REIT Trustee in its capacity as trustee of Keppel DC REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Keppel DC REIT Trustee or otherwise.
- (d) The provisions of this Condition 18 shall apply, *mutatis mutandis*, to any notices, certificates or other documents which the Guarantor issues under or pursuant to the Trust Deed and the Notes as if expressly set out in such notices, certificates or documents and shall survive the termination or rescission of the Trust Deed and the Notes.

KEPPEL DC REIT MTN PTE. LTD.

History and background

The Issuer was incorporated under the Companies Act on 22 May 2017. It is a wholly-owned subsidiary of the Keppel DC REIT Trustee and its principal activity is the provision of treasury services for and on behalf of Keppel DC REIT.

Since its incorporation, the Issuer has not engaged in any material activities other than the establishment of the Programme and the authorisation of documents and agreements referred to in this Information Memorandum to which it is or will be a party.

Registered office

The registered office of the Issuer is 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

Shareholding and capital

As at the date of this Information Memorandum, the issued share capital of the Issuer is S\$1.00 comprising one ordinary share. The issued share capital of the Issuer is held by the Keppel DC REIT Trustee.

The Issuer has no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but unissued (including term loans), guarantees or material contingent liabilities, as at the date of this Information Memorandum.

Directors

As at the date of this Information Memorandum, the directors of the Issuer are:

Name	Business Address
Mr Chua Hsien Yang	230 Victoria Street #05-08 Bugis Junction Towers Singapore 188024
Mr Gwee Wei Yong Andy	230 Victoria Street #05-08 Bugis Junction Towers Singapore 188024

KEPPEL DC REIT

Overview

Keppel DC REIT is a Singapore-domiciled real estate investment trust established on 17 March 2011. Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre REIT listed in Asia on the SGX-ST. Its market capitalisation as at the Latest Practicable Date is approximately S\$1.43 billion.

Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate related assets, with an initial focus on Asia Pacific and Europe. As at 31 March 2017, Keppel DC REIT had a portfolio valued at approximately S\$1.40 billion, comprising 12 data centres strategically located in key data centre hubs. The Portfolio excludes the REIT's forward purchase of maincubes Data Centre which is under construction by the vendor in Offenbach am Main, Germany and which is expected to complete in 2018.

Keppel DC REIT's data centre properties in Asia Pacific include Keppel DC Singapore 1, Keppel DC Singapore 2 and Keppel DC Singapore 3 in Singapore; Basis Bay Data Centre in Cyberjaya, Malaysia; Intellicentre 2 Data Centre and Gore Hill Data Centre in Sydney, Australia; and isseek Data Centre in Brisbane, Australia.

In Europe, Keppel DC REIT owns GV7 Data Centre in London, United Kingdom; Cardiff Data Centre in Cardiff, United Kingdom; Keppel DC Dublin 1 in Dublin, Republic of Ireland; Milan Data Centre in Milan, Italy; and Almere Data Centre in Almere, the Netherlands.

Keppel DC REIT is managed by Keppel DC REIT Manager, which is 50% owned by Keppel Capital and 50% owned by Keppel T&T. Keppel Capital is a premier asset manager in Asia with assets under management of approximately S\$25 billion in real estate, infrastructure and data centre properties in key global markets. Keppel T&T is a provider of integrated services and solutions for logistics and data centres. Its data centre division owns, acquires, develops and manages high-availability data centres.

Under the Property Funds Appendix, Keppel DC REIT is allowed to borrow up to a maximum of 45.0% of the value of its deposited properties. As at 31 March 2017, the Group's gross borrowings (including deferred payments if applicable) amounted to approximately S\$434.5 million and the Group's aggregate leverage was 27.9%¹.

¹ Aggregate leverage was computed based on gross borrowings as a percentage of the Deposited Property, both of which do not take into consideration the finance lease liabilities pertaining to land rent commitments for isseek Data Centre and Keppel DC Dublin 1. Taking into consideration finance lease liabilities pertaining to land rent commitments, the aggregate leverage would be 29.4%.

Key Information on the Properties

The table below sets out key information on the Properties as at 31 March 2017.

Asia Pacific

Property	Keppel DC Singapore 1 ("KDC SGP 1")	Keppel DC Singapore 2 ("KDC SGP 2")	Keppel DC Singapore 3 ("KDC SGP 3")	Basis Bay Data Centre	Gore Hill Data Centre	Intellience 2 Data Centre	iseek Data Centre
Address	25 Serangoon North Avenue 5, Singapore 554914	25 Tampines Street 92, Singapore 528877	27 Tampines Street 92, Singapore 528878	No. 4710, Jalan Cyber Point 5, Zone Flagship Cyberjaya, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia	5 Broadcast Way (South Gate) Artarmon, New South Wales 2064, Australia	17 – 23 Talavera Road, Macquarie Park New South Wales 2113, Australia	2 Cycas Lane, Brisbane Airport, Queensland 4009, Australia
Land Title	Leasehold (Expiring 30 September 2025, with option to extend by 30 years)	Leasehold (Expiring 31 July 2021, with option to extend by 30 years)	Leasehold (Expiring 31 January 2022, with option to extend by 30 years)	Freehold	Freehold	Freehold	Leasehold (Expiring 29 June 2040, with option to extend by 7 years)
Ownership Interest	100%	100%	90%	99%	100%	100%	100%
Land Area (sq ft)	78,928	53,820	53,815	64,809	72,032	215,612	41,559
Gross Floor Area (sq ft)	225,945	106,726	133,878	88,600	127,283	–	28,955
Attributable Lettable Area (sq ft)	109,721	37,098	49,433	48,193	90,955	87,930	12,389
Number of Clients⁽¹⁾	19	4	2	1	3	1	1
Lease Type	Keppel lease/ Colocation	Keppel lease/ Colocation	Keppel lease/ Colocation	Double-net lease (Fully fitted)	Triple-net lease (Shell & core)/ Colocation	Triple-net lease (Shell & core)	Double-net lease (Fully fitted)
Facility Manager	Keppel DC Singapore 1 Ltd. ⁽²⁾	Keppel DC Singapore 2 Pte. Ltd. ⁽⁴⁾	Keppel DCS3 Services Pte. Ltd. ⁽⁵⁾	–	iseek-KDC Services Pty Limited ⁽⁶⁾	–	–
Occupancy Rate	87.3%	100%	100%	100%	100%	100%	100%
Carrying Value (\$mil)⁽³⁾	279.0	176.0	228.1	35.4	221.4	49.6	35.0

Property	Keppel DC Singapore 1 ("KDC SGP 1")	Keppel DC Singapore 2 ("KDC SGP 2")	Keppel DC Singapore 3 ("KDC SGP 3")	Basis Bay Data Centre	Gore Hill Data Centre	Intellilcentre 2 Data Centre	iseek Data Centre
Description	KDC SGP 1 is situated within the Serangoon North Industrial Estate, some 10.5 km north of the city centre. The property is well served by expressways and arterial roads, which provide efficient linkages to the city centre, the airport and other parts of the island.	KDC SGP 2 is situated within the Tampines Industrial Park A, some 12 km from the city centre. The property is well served by major roads and expressways, which provide efficient links to the city centre, the airport and other parts of the island.	KDC SGP 3 is located adjacent to Keppel DC Singapore 2 in Tampines. It is well served by major roads and expressways, providing clients with good accessibility to the city centre, the airport and other parts of the island. Built to energy-efficient specifications, the facility is equipped with redundant power and cooling infrastructure to meet high powered rack requirements.	Basis Bay Data Centre is located in the township of Cyberjaya, Malaysia, which features a science park and is a key part of the Multimedia Super Corridor in Malaysia. The Multimedia Super Corridor covers 750km ² and is equipped with world-class physical infrastructure as well as a next-generation 2.5 to 10GB multimedia network. The township was planned to provide comprehensive infrastructure with a principal emphasis on its enterprise and office development as the catalyst for the growth of information and communications technology enterprises and the multimedia industry in Malaysia.	Gore Hill Data Centre is located within Gore Hill Technology Park in Australia, a mixed use commercial and technology area located approximately 9km northwest of Sydney's central business district. The property is located along one of Sydney's main power and data arteries, allowing access to large, secure power sources and multiple carrier networks. The Gore Hill Expressway, M2, M5 and M7 motorways are all easily accessible, giving excellent transport connectivity to many other parts of greater Sydney.	Intellilcentre 2 Data Centre is a carrier-neutral data centre that is located within the Macquarie Park in Australia, about 12km from the central business district and is well served by all major telecommunication carriers, with ample network capacity available. Macquarie Park is a research and business park in Sydney with a concentration of companies in the communications and information technology sectors. It is set on over 200ha of commercial land and is the second largest commercial office region in New South Wales after Sydney's central business district.	iseek Data Centre is located in the Export Park Precinct of Brisbane Airport in Australia, a locality comprising five distinct development areas, as well as a commercial and lifestyle precinct on approximately 600ha of land. Sitting on elevated land, iseek Data Centre is situated away from flood prone areas and in close proximity to secure power sources. The data centre is purpose-built to serve clients that have high power density requirements.

Europe

Property	GV7 Data Centre	Cardiff Data Centre	Almere Data Centre	Keppel DC Dublin 1	Milan Data Centre	maincubes Data Centre (under development)
Address	7 Greenwich View Place, Millharbour Road, London E14 9NN, United Kingdom	Ty Cynnal, Dunleavy Drive, Celtic Gateway, Cardiff CF110SW, United Kingdom	Rondebeltweg 62 'Sallandsekan't Business Park, Almere, the Netherlands	Unit 4031 – 4033 Citywest Business Park Co Dublin, Republic of Ireland	Via Bisceglie 71, 73 and 75, Milan, Italy	Goethering 29, Offenbach am Main, Germany
Land Title	Leasehold (Expiring 28 September 2183)	Freehold	Freehold	Leasehold (Expiring 11 April 2041)	Freehold	Freehold
Ownership Interest	100%	100%	100%	100%	100%	100%
Land Area (sq ft)	N.A. ⁽⁷⁾	279,864	85,358	218,236	128,791	60,235
Gross Floor Area (sq ft)	34,848	–	–	125,044	–	–
Attributable Lettable Area (sq ft)	24,972	79,439	118,403	68,118	165,389	126,800
Number of Clients⁽¹⁾	1	1	1	12	1	1
Lease Type	Triple-net lease (Fully fitted)	Triple-net lease (Shell & Core)	Double-net lease (Fully fitted)	Colocation	Double-net lease (Shell & Core)	Triple-net lease (Fully-fitted)
Facility Manager	–	–	–	–	–	–
Occupancy Rate	100%	100%	100%	55.9%	100%	100% (upon legal completion)
Carrying Value (\$mil)⁽³⁾	67.2	60.1	135.6	80.1	52.6	127.3

Property	GV7 Data Centre	Cardiff Data Centre	Alimere Data Centre	Keppel DC Dublin 1	Milan Data Centre	maincubes Data Centre (under development)
<p>Description</p> <p>GV7 Data Centre is located in Greenwich View Place, London, and is approximately 750m South of Canary Wharf, East London. The facility is located within a secured estate which primarily houses data centres and office accommodation services.</p> <p>As a result of excellent fibre optic connectivity, Greenwich View Place has established itself as a data centre hub with many of the operators offering high connectivity services.</p>	<p>Cardiff Data Centre is located in Cardiff, the capital city of Wales in the United Kingdom. Strategically situated within the Celtic Gateway Business Park, the facility is approximately 4km from the Cardiff city centre and is well served by major modes of transportation.</p>	<p>Alimere Data Centre is located in the Sallandsekaant business estate, in the city of Alimere, the Netherlands. The property is located approximately 50km from Schiphol airport and 135km from Rotterdam harbour.</p> <p>Sallandsekaant business estate is targeted at users of logistics properties and has several distribution centres with well-known names establishing a presence there. The city is well connected by a network of motorways including the A1, A6 and A27 which link to various other cities and parts of the Netherlands. There are also public bus lines servicing the business estate.</p>	<p>Keppel DC Dublin 1 is located in the Citywest Business Campus, a prime suburban industrial/commercial location in Dublin. It is approximately 14km southwest of Dublin City Centre and situated south of Junction Three of the N7 National Road. The Citywest Business Campus is located south of the N7 Dublin-Limerick Road via its dedicated interchange and is now home to over 130 companies, with an overall focus on technological innovation. In recent years, the area has secured a number of new occupiers. The Citywest Business Campus also makes provision for high specification industrial properties in a low density park environment.</p>	<p>Keppel DC REIT's data centre in Milan is located approximately 8km away from the Milan city centre. The facility is well connected and easily accessible via the Milan Metro system.</p>	<p>maincubes Data Centre, a fully fitted data centre, is currently being developed in Offenbach am Main, Germany. The site is located about 10km from Frankfurt and is strategically located within the data centre hub across Frankfurt and Offenbach.</p> <p>The data centre hub where maincubes Data Centre is located comprises stand-alone data centres as well as data centre campuses owned by international and domestic colocation operators.</p>	

Notes:

- (1) Clients refer to those contracted under service level agreements with Keppel DC REIT and/or its subsidiaries with the exceptions of Keppel DC Singapore 1, Keppel DC Singapore 2 and Keppel DC Singapore 3 where clients refer to those who contracted with Keppel DC Singapore 1 Ltd., Keppel DC Singapore 2 Pte. Ltd. and Keppel DCS3 Services Pte. Ltd. respectively.
- (2) Keppel DC REIT outsources facility management of Keppel DC Singapore 1 to Keppel DC Singapore 1 Ltd. Keppel DC Singapore 1 Ltd. is a wholly-owned subsidiary of Keppel Data Centres Holding Pte Ltd, a joint venture company held indirectly by Keppel T&T and Keppel Land Limited ("**Keppel Land**") in the proportion of 70% and 30% respectively.
- (3) Carrying values of the respective investment properties are based on most recent independent valuations and do not include finance lease liabilities pertaining to land rent commitments capitalised for isseek Data Centre and Keppel DC Dublin 1, at the exchange rate of S\$1.00 = A\$0.953, S\$1.00 = £0.566, S\$1.00 = RM3.108, S\$1.00 = €0.660 as at 31 March 2017.
- (4) Keppel DC REIT outsources facility management of Keppel DC Singapore 2 to Keppel DC Singapore 2 Pte. Ltd. Keppel DC Singapore 2 Pte. Ltd. is a wholly-owned subsidiary of Keppel Data Centres Holding Pte Ltd, a joint venture company held indirectly by Keppel T&T and Keppel Land in the proportion of 70% and 30% respectively.
- (5) Keppel DC REIT outsources facility management of Keppel DC Singapore 3 to Keppel DCS3 Services Pte. Ltd. Keppel DCS3 Services Pte. Ltd. is a wholly-owned subsidiary of Keppel Data Centres Holding Pte Ltd, a joint venture company held indirectly by Keppel T&T and Keppel Land in the proportion of 70% and 30% respectively.
- (6) Keppel DC REIT outsources facility management to isseek-KDC Services Pty Limited in respect of the colocation space in Gore Hill Data Centre. isseek-KDC Services Pty Limited is 60% owned by Keppel T&T and 40% owned by isseek Pty Ltd.
- (7) For GV7 Data Centre, neither the lease nor the registered title of the Property refers, nor are they required to refer, to the land area of the Property.

COMPETITIVE STRENGTHS

The competitive strengths of Keppel DC REIT are as follows:

(1) Unique exposure to high growth data centre industry

(a) First pure-play data centre REIT listed in Asia

Keppel DC REIT is the first pure-play data centre REIT listed in Asia on the SGX-ST. As at 31 March 2017, Keppel DC REIT had a portfolio valued at approximately S\$1.40 billion, comprising 12 quality data centres strategically located across Asia Pacific and Europe, namely in Singapore, Malaysia, Australia, the United Kingdom, the Netherlands, the Republic of Ireland and Italy.

With a portfolio of assets across Asia Pacific and Europe and the Keppel DC REIT Manager's established track record, Keppel DC REIT is poised to capture the potential of the data centre industry propelled by global trends and the rapid growth of data creation and storage needs. Due to the mission-critical nature of data centres, clients are generally reluctant to relocate data centres and would seek established partners who can provide quality service and support their long-term growth plans.

(b) Strong growth in data creation and storage needs

The underlying growth drivers remain healthy with the continued growth in data creation and data storage requirements, as well as the move towards outsourcing and away from owning data centres.

The expanding demands of the digital economy and massive-scale cloud providers are expected to drive the next wave of growth of the data centre industry. The main contributors include (i) the growing adoption of cloud computing owing to the growth in e-commerce and online shopping, amongst others, (ii) increasing compliance and regulatory requirements on data security and (iii) increasing outsourcing of data centre requirements.

(i) Growth in cloud computing

The shift towards cloud computing is a key driver of data centre demand. Cloud providers, such as Google and Amazon in the U.S., and Baidu, Alibaba and Tencent in China, have significantly increased their colocation spending to support the massive rise in usage of their cloud platforms. Looking ahead, many of these players see considerable growth in future years and in emerging technologies. Cloud and internet platforms have revolutionised a number of industries, all of which require huge data centre space. Examples of emerging technologies include the Internet of Things, Virtual Reality, Artificial Intelligence and 5G mobile.

(ii) Increasing compliance and regulatory requirements on data security

As a result of increasing compliance and regulatory requirements across various industries including the banking, financial services and healthcare industries, data storage users increasingly demand secure data centre facilities with reliable long-term access and on-demand retrieval capabilities. Certain regulations require organisations to store a broader range of data for a longer duration, or impose stringent requirements on the types of security features data centres should have. Consequently, the demand for professionally managed, high specification data centres is expected to grow.

(iii) Increasing outsourcing of data centre requirements

There has been an increasing trend towards outsourcing data centre requirements to third party providers for the following reasons:

- **Cost effectiveness:** Data centres require large upfront costs to construct. It is often more cost effective and capital efficient for organisations to tap on experienced data centre providers to meet their needs for colocation and managed hosting services;
- **Users focusing on their core competencies:** Owning and managing data centres may not be core competencies for many organisations. A growing number of organisations are realising the challenges of managing data centre infrastructure in-house as they often lack the process knowledge and skills to ensure data availability and security. By outsourcing their data centre requirements, organisations can focus on their core business; and
- **Changing needs:** An organisation's needs can change and grow quickly. Third party providers are able to provide flexible, on-demand and customised solutions faster than in-house options.

(c) High barriers to entry for the data centre industry

The data centre industry generally has high barriers to entry. As set out below, these include (i) substantial upfront costs and technical expertise required, (ii) clients' preference for data centre providers with a proven track record and (iii) stringent selection of suitable data centre sites.

- (i) Substantial upfront costs and technical expertise required:** Data centres are designed to high technical standards. Substantial upfront capital is required for data centres with power and cooling equipment, as well as redundancy. In addition, specialised technical expertise, knowledge and an intricate understanding of industry developments and clients' requirements are critical in designing, developing and operating energy-efficient data centres;
- (ii) Clients' preference for data centre providers with a proven track record:** Given the mission-critical nature of data centre operations, clients have a preference for data centre providers with a proven track record. Clients are often wary of new data centre providers and of being the first mover to a new data centre site. New entrants to the data centre industry often lack the ability to cross-sell across different countries, and may not be able to provide clients with secondary sites for disaster recovery and support to primary sites; and
- (iii) Stringent selection of suitable data centre sites:** It is difficult to identify suitable sites for data centres due to factors such as availability of land with access to power and fibre connectivity. In addition, sites should have minimal risk factors such as low risk of flooding or natural disasters. Locations that possess such characteristics are limited and in high demand. They may require planning/zoning approvals, which may not be readily available and would be expensive to procure.

(2) Quality portfolio of data centres

(a) Geographically diversified across key data centre hubs

The Keppel DC REIT Portfolio is strategically located across nine cities in Asia Pacific and Europe. The properties in the Portfolio are supported by (i) advanced data centre infrastructure (including fibre connectivity), (ii) secure power capacity, (iii) government support, (iv) access to major transportation nodes and (v) proximity to corporate clients and local demand.

(b) High technical specifications

The Portfolio comprises quality data centres which have been designed and built to attract blue chip clients. Keppel DC REIT’s clients include leading IT firms, telecommunications companies, financial institutions and established multinational corporations. The data centres in the Portfolio were designed with redundant power and cooling systems to provide the necessary resilience required by these clients for mission-critical operations.

(c) Balanced portfolio

The Portfolio comprises a good mix of fully fitted as well as shell and core assets with stable long leases, and colocation assets which provide diversity in terms of client profile and lease expiry.

The fully fitted and shell and core assets typically have lower operational requirements with the majority of property-related expenses borne by clients, while colocation arrangements involve service level commitments to meet clients’ customised needs and therefore command higher rental rates. These service level commitments typically include the required power, cooling, physical security of the premises and fire protection to provide an optimal physical environment for clients to house their data servers and racks.

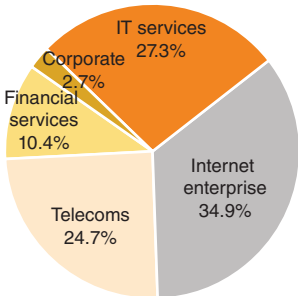
(3) Quality client base and favourable lease profile

(a) Strong and diverse client base

Keppel DC REIT’s global clientele remains well-diversified across high value-added fast growing sectors such as internet enterprise, information technology services, telecommunications and financial services. The internet enterprise sector contributed about 34.9% of rental income for Keppel DC REIT in March 2017 while clients from the information technology services sector represented about 27.3%. The remainder were from the telecommunications, financial services and corporate sectors which contributed 24.7%, 10.4% and 2.7% respectively.

Rental income breakdown by trade sector¹

For the month of March 2017



¹ Based on the colocation agreements and lease agreements with clients of the Properties, treating the Keppel leases on a pass-through basis to the underlying clients.

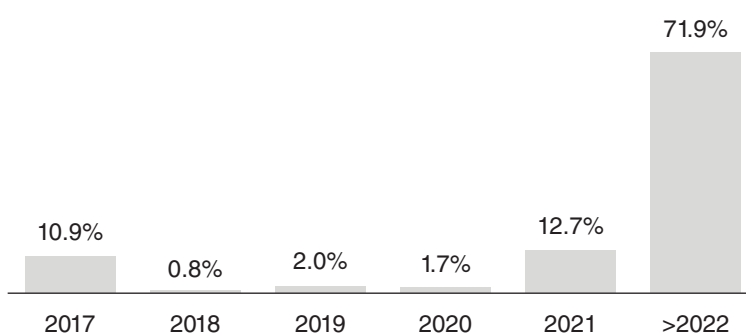
(b) Favourable lease expiry profile

Keppel DC REIT's proactive leasing and marketing strategy led to a healthy portfolio occupancy rate of 95.1% as at 31 March 2017. Of the 12 assets in Keppel DC REIT's Portfolio, 10 assets were fully leased as at 31 March 2017.

The Portfolio's long WALE of 9.2 years (by leased lettable area as at 31 March 2017) provides income stability for Keppel DC REIT. Keppel DC REIT's lease expiry profile was also well-staggered with 71.9% of the Portfolio's total leased lettable area expiring after 2021. Not more than 12.7% of the Portfolio's leased lettable area would be up for renewal in any particular year before 2022, underpinning the long-term stability of the Portfolio.

Lease expiry profile (by leased lettable area)

As at 31 March 2017



(4) Opportunities for growth

Keppel DC REIT intends to grow the Portfolio by undertaking acquisitions with the objective of providing long-term growth. Apart from pursuing third-party acquisition opportunities, Keppel DC REIT can tap on the potential pipeline of assets from the Sponsor and Iseek Communications, as well as co-investment opportunities under the enlarged asset management platform of Keppel Capital.

(5) Conservative capital structure

(a) Financial strength and flexibility

Keppel DC REIT's aggregate leverage remained low at 27.9%¹ as at 31 March 2017, well below the 45% leverage limit imposed by the MAS. This provides Keppel DC REIT with a comfortable debt headroom and financial flexibility to pursue growth opportunities. The average annualised cost of debt was at approximately 2.2% per annum while the weighted average debt tenor was 2.9 years. Interest coverage ratio was 11.6 times.

The healthy balance sheet supports Keppel DC REIT's capital requirements and is also a key consideration in the clients' choice of data centres. Given the mission-critical nature of data centres, clients seek stable and financially-strong partners which can support their long-term data centre requirements and growth plans.

¹ Aggregate leverage was computed based on gross borrowings as a percentage of the Deposited Property, both of which do not take into consideration the finance lease liabilities pertaining to land rent commitments for Iseek Data Centre and Keppel DC Dublin 1. Taking into consideration finance lease liabilities pertaining to land rent commitments, the aggregate leverage would be 29.4%.

(b) Prudent capital management approach

The Keppel DC REIT Manager has also been consistently adopting a prudent capital management approach to mitigate the effects of interest rate and foreign currency fluctuations since the REIT's listing. This approach has proven to be beneficial amidst market volatility. As at 31 March 2017, interest rates of the long-term loans have been substantially locked in with interest rate swaps, while Keppel DC REIT's forecasted foreign-sourced distribution has been hedged up to the second half of 2018 with foreign currency forward contracts. There is also natural hedging in place with borrowings in currencies that match the corresponding investments.

(6) Committed sponsor and REIT manager with proven track record

Keppel T&T, which is listed on the SGX-ST, is the sponsor of Keppel DC REIT. Keppel T&T is a provider of integrated services and solutions for logistics and data centres. Its data centre division owns, acquires, develops and manages high-availability data centres with over a decade of track record and technical expertise established in this industry. The Sponsor has granted rights of first refusal to Keppel DC REIT for its income generating data centre assets.

The Keppel DC REIT Manager has established a track record in sourcing and acquiring data centre assets in key data centre hubs across Asia Pacific and Europe. The Keppel DC REIT Manager's industry knowledge and network provide a competitive advantage in terms of identifying and acquiring data centre assets that will complement the REIT's Portfolio.

In 2016, 50% of the Sponsor's interest in the Keppel DC REIT Manager was consolidated under Keppel Capital, along with Keppel REIT Management Limited, Alpha Investment Partners Limited ("**Alpha**") and Keppel Infrastructure Fund Management Pte. Ltd. With the consolidation, Keppel DC REIT stands to benefit from the enlarged asset management platform as a member of Keppel Capital. Synergies derived from the enhanced operational efficiencies and the access to a larger pool of accredited investors will place the Keppel DC REIT Manager in a stronger position to source for deals accretive to Keppel DC REIT's Portfolio, as well as explore co-investment opportunities through Keppel Capital.

Keppel T&T remains committed to supporting Keppel DC REIT's growth as its sponsor with a 50% interest in the Keppel DC REIT Manager. The Keppel DC REIT Manager will be able to continue leveraging the Sponsor's development expertise, operational capabilities and track record in this industry.

GROWTH STRATEGIES

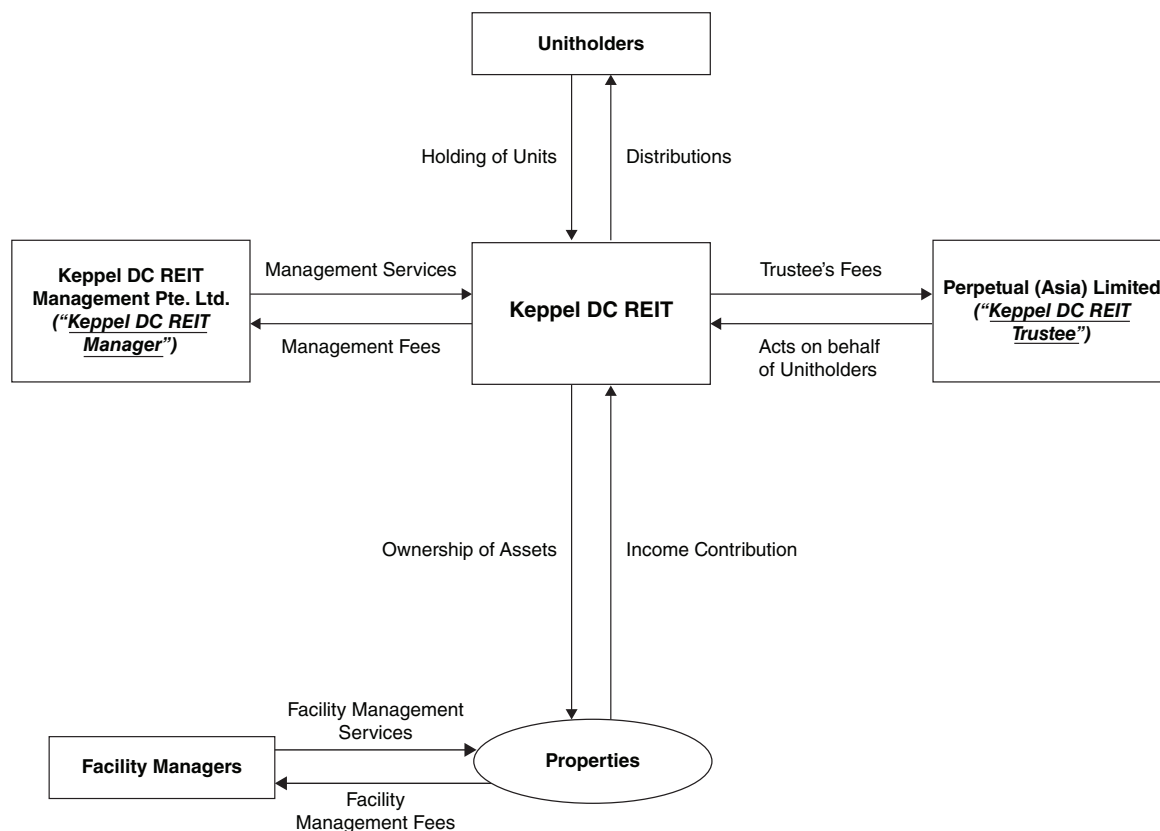
The Keppel DC REIT Manager employs a three-pronged strategy to capture the growth potential of the data centre industry and deliver sustainable returns to investors:

- **Focused investment strategy** – The Keppel DC REIT Manager will remain committed to acquiring quality income-producing data centre properties that enhance total return with the objective of long-term income and capital growth. The Keppel DC REIT Manager aims to:
 - pursue strategic growth opportunities that complement the Portfolio and drive long-term sustainability;
 - build a geographically diversified portfolio with well-staggered lease expiries to enhance income stability; and
 - maintain an optimal mix of fully fitted as well as shell and core assets with stable long-term leases, and colocation assets which are diversified in terms of client profile and lease term.
- **Proactive asset management** – The Keppel DC REIT Manager will actively manage Keppel DC REIT's Properties to increase returns from its Properties. The Keppel DC REIT Manager aims to:
 - optimise returns from the Portfolio by managing existing leases proactively and engaging prospective clients;
 - develop new opportunities with good understanding of global clientele's requirements and leveraging established networks;
 - manage property expenses prudently to maximise net property income; and
 - review the Properties continuously and identify opportunities to enhance the existing assets and create further value.
- **Prudent capital management** – The Keppel DC REIT Manager will endeavour to maintain a strong and robust balance sheet to support Keppel DC REIT's growth, as well as enhance stability of Keppel DC REIT's distributions by utilising appropriate hedging strategies. The Keppel DC REIT Manager aims to:
 - employ an optimal mix of debt and equity in financing acquisitions to maximise returns while maintaining financial flexibility;
 - utilise appropriate hedging strategies to mitigate effects of interest rate and foreign currency fluctuations, thereby achieving the best risk-adjusted returns and ensuring stability of distributions;
 - diversify sources of funding and spread out debt maturity profile to reduce concentration risks;
 - negotiate favourable credit facilities and terms to fund business operations; and
 - monitor risk exposure closely to ensure effectiveness of policies against evolving market conditions.

STRUCTURE OF KEPPEL DC REIT

Organisation structure

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.



The Keppel DC REIT Trustee

The trustee of Keppel DC REIT is Perpetual (Asia) Limited. It is a company incorporated in Singapore and is ultimately owned by Perpetual Limited, which is one of the largest trustees in Australia and is listed on the Australian Securities Exchange.

Perpetual (Asia) Limited holds a trust business licence under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services. Perpetual (Asia) Limited acts as trustee to Singapore-listed REITs and private unit trusts, custodian to private equity funds and bond trustee to institutional and retail bond issues.

As at the Latest Practicable Date, the Keppel DC REIT Trustee has a paid-up capital of S\$8,474,811 and its place of business is located at 16 Collyer Quay, #26-02, Singapore 049318. The Keppel DC REIT Trustee is independent of the Keppel DC REIT Manager.

Powers, duties and obligations of the Keppel DC REIT Trustee

The Keppel DC REIT Trustee's powers, duties and obligations are set out in the Keppel DC REIT Trust Deed. The powers and duties of the Keppel DC REIT Trustee include:

- acting as trustee of Keppel DC REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Keppel DC REIT with a Related Party (as defined in the Keppel DC REIT Trust Deed) of the Keppel DC REIT Manager or Keppel DC REIT are conducted on normal commercial terms, are not prejudicial to the interests of Keppel DC REIT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;
- holding the assets of Keppel DC REIT on trust for the benefit of the Unitholders in accordance with the Keppel DC REIT Trust Deed; and
- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Keppel DC REIT.

The Keppel DC REIT Trustee has covenanted in the Keppel DC REIT Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Keppel DC REIT Trustee may (on the recommendation of the Keppel DC REIT Manager) and subject to the provisions of the Keppel DC REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Keppel DC REIT Trustee may, subject to the provisions of the Keppel DC REIT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers or service providers, including a Related Party of the Keppel DC REIT Manager on an arm's length basis and on normal commercial terms, in relation to the project management, development, leasing, lease management, marketing, facility management, purchase or sale of, *inter alia*, any of real estate assets and real estate-related assets.

Subject to the Keppel DC REIT Trust Deed and the Property Funds Appendix, the Keppel DC REIT Manager may direct the Keppel DC REIT Trustee to borrow or raise money or obtain other financial accommodation for the purposes of Keppel DC REIT, both on a secured and unsecured basis.

The Keppel DC REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Keppel DC REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Take-Over Code, any tax ruling and all other relevant laws. It must retain Keppel DC REIT's assets, or cause Keppel DC REIT's assets to be retained, in safe custody and cause Keppel DC REIT's accounts to be audited. Pursuant to the Keppel DC REIT Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Entity of the Keppel DC REIT Trustee) in relation to the whole or any part of Keppel DC REIT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of Keppel DC REIT.

Any liability incurred and any indemnity to be given by the Keppel DC REIT Trustee shall be limited to the assets of Keppel DC REIT over which the Keppel DC REIT Trustee has recourse, provided that the Keppel DC REIT Trustee has acted without fraud, gross negligence, wilful default, breach of any provisions of the Keppel DC REIT Trust Deed or breach of trust by the Keppel DC REIT Trustee. The Keppel DC REIT Trust Deed contains certain indemnities in favour of the Keppel DC REIT Trustee under which it will be indemnified out of the assets of Keppel DC REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and replacement of the Keppel DC REIT Trustee

The Keppel DC REIT Trustee may retire or be replaced under the following circumstances:

- The Keppel DC REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Keppel DC REIT Trust Deed).
- The Keppel DC REIT Trustee may be removed by notice in writing to the Keppel DC REIT Trustee by the Keppel DC REIT Manager:
 - if the Keppel DC REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel DC REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Keppel DC REIT Trustee;
 - if the Keppel DC REIT Trustee ceases to carry on business;
 - if the Keppel DC REIT Trustee fails or neglects after reasonable notice from the Keppel DC REIT Manager to carry out or satisfy any material obligation imposed on the Keppel DC REIT Trustee by the Keppel DC REIT Trust Deed;
 - if a Unitholders' Extraordinary Resolution is passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Keppel DC REIT Trust Deed, and of which not less than 21 days' notice has been given to the Keppel DC REIT Trustee and the Keppel DC REIT Manager, shall so decide; or
 - if the MAS directs that the Keppel DC REIT Trustee be removed.

Termination of the REIT

Under the provisions of the Keppel DC REIT Trust Deed, the duration of Keppel DC REIT shall end on:

- the date on which Keppel DC REIT is terminated by the Keppel DC REIT Manager in such circumstances as set out under the provisions of the Keppel DC REIT Trust Deed as described below; or
- the date on which Keppel DC REIT is terminated by the Keppel DC REIT Trustee in such circumstances as set out under the provisions of the Keppel DC REIT Trust Deed as described below.

The Keppel DC REIT Manager may in its absolute discretion terminate Keppel DC REIT by giving notice in writing to all Unitholders and the Keppel DC REIT Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the Keppel DC REIT Manager impracticable or inadvisable for Keppel DC REIT to exist;
- if the net asset value of the Deposited Property shall be less than S\$50.0 million after the end of the first anniversary of the date of the Keppel DC REIT Trust Deed or any time thereafter; and
- if at any time Keppel DC REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, Keppel DC REIT may be terminated by the Keppel DC REIT Trustee by notice in writing in any of the following circumstances:

- if the Keppel DC REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel DC REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Keppel DC REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Keppel DC REIT Trustee fails to appoint a successor manager in accordance with the provisions of the Keppel DC REIT Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the Keppel DC REIT Trustee impracticable or inadvisable for Keppel DC REIT to exist; and
- if within the period of three months from the date of the Keppel DC REIT Trustee expressing in writing to the Keppel DC REIT Manager the desire to retire, the Keppel DC REIT Manager shall have failed to appoint a new trustee in accordance with the provisions of the Keppel DC REIT Trust Deed.

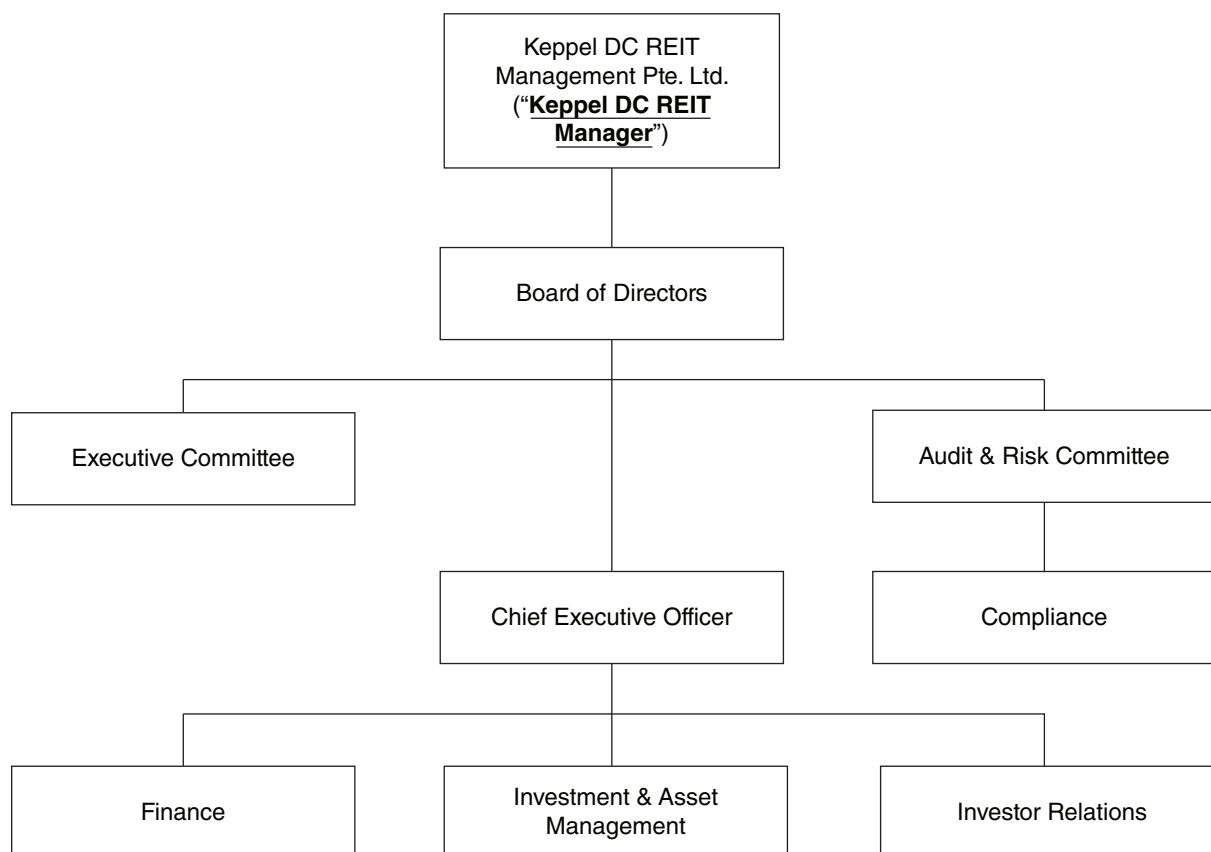
The decision of the Keppel DC REIT Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Keppel DC REIT Trustee shall be under no liability on account of any failure to terminate Keppel DC REIT pursuant to the paragraph above or otherwise. The Keppel DC REIT Manager shall accept the decision of the Keppel DC REIT Trustee and relieve the Keppel DC REIT Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of Keppel DC REIT, the Keppel DC REIT Trustee shall, subject to any authorisations or directions given to it by the Keppel DC REIT Manager or the Unitholders pursuant to the Keppel DC REIT Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of Keppel DC REIT in accordance with the Keppel DC REIT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Keppel DC REIT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in Keppel DC REIT.

The Keppel DC REIT Manager

The Keppel DC REIT Manager, Keppel DC REIT Management Pte. Ltd., is incorporated in Singapore under the Companies Act and has a paid-up capital of S\$3,000,000. Its principal place of business is 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024. The Keppel DC REIT Manager is 50% owned by Keppel Capital and 50% owned by Keppel T&T.

Reporting Structure of the Keppel DC REIT Manager



Roles and responsibilities of the Keppel DC REIT Manager in relation to the management of Keppel DC REIT

The Keppel DC REIT Manager has general powers of management over the assets of Keppel DC REIT. The Keppel DC REIT Manager's main responsibility is to manage the assets and liabilities of Keppel DC REIT for the benefit of Unitholders. The Keppel DC REIT Manager manages the assets of Keppel DC REIT with a focus on generating rental income and enhancing asset value over time so as to maximise the returns from the investments, and ultimately the distributions and total returns to Unitholders.

The primary role of the Keppel DC REIT Manager is to set the strategic direction of Keppel DC REIT and make recommendations to the Keppel DC REIT Trustee on the acquisitions to, and divestments from, Keppel DC REIT's portfolio of assets, as well as enhancement of the assets of Keppel DC REIT, in accordance with its stated investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Keppel DC REIT Manager. The Keppel DC REIT Manager is also responsible for the risk management of Keppel DC REIT.

The Keppel DC REIT Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for Keppel DC REIT, at arm's length.

The Keppel DC REIT Manager may require the Keppel DC REIT Trustee to borrow on behalf of Keppel DC REIT (upon such terms and conditions as the Keppel DC REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Keppel DC REIT Manager considers, among others, that such borrowings are necessary or desirable in order to enable Keppel DC REIT to meet any liabilities or to finance the acquisition of any property. However, the Keppel DC REIT Manager must not direct the Keppel DC REIT

Trustee to incur a borrowing if to do so would cause Keppel DC REIT's total borrowings and deferred payments to exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

Other functions and responsibilities of the Keppel DC REIT Manager include:

- developing a business plan for Keppel DC REIT with a view to maximising the distributable income of Keppel DC REIT;
- acquiring, selling, leasing, licensing, entering into colocation arrangements for the use of colocation space or otherwise dealing with any real estate in furtherance of the investment policy and prevailing investment strategy that the Keppel DC REIT Manager has for Keppel DC REIT;
- supervising and overseeing the management of the Properties (including lease and facility management, systems control, data management and business plan implementation);
- undertaking regular individual asset performance analysis and market research analysis;
- managing the finances of Keppel DC REIT, including accounts preparation, capital management, co-ordination of the budget process, forecast modeling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
- ensuring compliance with the applicable provisions of the Companies Act, the SFA and all other relevant legislation of Singapore, the Listing Manual, the CIS Code (including the Property Funds Appendix), the tax rulings issued by the IRAS on taxation of Keppel DC REIT and its Unitholders;
- managing regular communications with Unitholders; and
- supervising the facility managers who perform day-to-day facility management functions (including leasing, accounting, budgeting, marketing, promotion, facility management, maintenance and administration) for the Properties, pursuant to the facility management agreements signed for the respective properties.

Retirement or removal of the Keppel DC REIT Manager

The Keppel DC REIT Manager shall have the power to retire in favour of a corporation recommended by the Keppel DC REIT Manager and approved by the Keppel DC REIT Trustee to act as the manager of Keppel DC REIT.

Also, the Keppel DC REIT Manager may be removed by notice given in writing by the Keppel DC REIT Trustee if:

- the Keppel DC REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel DC REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Keppel DC REIT Manager;
- the Keppel DC REIT Manager ceases to carry on business;
- the Keppel DC REIT Manager fails or neglects after reasonable notice from the Keppel DC REIT Trustee to carry out or satisfy any material obligation imposed on the Keppel DC REIT Manager by the Keppel DC REIT Trust Deed;

- the Unitholders by a Unitholders' Ordinary Resolution duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Keppel DC REIT Trust Deed, with no Unitholder (including the Keppel DC REIT Manager and its Related Parties) being disenfranchised, vote to remove the Keppel DC REIT Manager;
- for good and sufficient reason, the Keppel DC REIT Trustee is of the opinion, and so states in writing such reason and opinion, that a change of the Keppel DC REIT Manager is desirable in the interests of the Unitholders; or
- the MAS directs the Keppel DC REIT Trustee to remove the Keppel DC REIT Manager.

Where the Keppel DC REIT Manager is removed on the basis that a change of the Keppel DC REIT Manager is desirable in the interests of the Unitholders, the Keppel DC REIT Manager has a right under the Keppel DC REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the Keppel DC REIT Manager, the Keppel DC REIT Trustee and all Unitholders. For the avoidance of doubt, nothing in the foregoing shall prevent the Keppel DC REIT Manager from being removed if the Unitholders by a Unitholders' Ordinary Resolution duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Keppel DC REIT Trust Deed, with no Unitholder (including the Keppel DC REIT Manager and its Related Parties) being disenfranchised, vote to remove the Keppel DC REIT Manager.

Directors and Management of the Keppel DC REIT Manager

Directors of the Keppel DC REIT Manager

The board of directors of the Keppel DC REIT Manager (the "**Board**") is entrusted with the responsibility for the overall management of the Keppel DC REIT Manager. The following table sets forth certain information regarding the directors of the Keppel DC REIT Manager:

Name	Position
Mr Chan Hon Chew	Chairman, 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 Richard Teo Cheng Hiang	Independent Director
Dr Tan Tin Wee	Independent Director
Mr Thomas Pang Thieng Hwi	Non-Executive Director
Ms Christina Tan Hua Mui	Non-Executive Director

Information on the business and working experience of the Directors is set out below:

Mr Chan Hon Chew is the Chairman, Non-Executive Director and Chairman of the Executive Committee of the Keppel DC REIT Manager.

Mr Chan is currently the Chief Financial Officer of Keppel Corporation, a position he has held since February 2014, and he is responsible for the financial functions of the Keppel Corporation Limited group of companies ("**Keppel Group**"), including managing capital, finance, treasury, taxation as well as legal matters.

Prior to joining Keppel Corporation, Mr Chan was with Singapore Airlines Limited ("**SIA**") from October 2003 where his last held position was Senior Vice President of Finance. As Senior Vice President of Finance, Mr Chan was responsible for a diverse range of functions including investor relations, corporate accounting and reporting, treasury, risk management and insurance. He was also involved in SIA's strategic planning process and had represented SIA as a director on the boards of various companies including Tiger Airways and Virgin Atlantic Airways Limited.

Prior to joining SIA, Mr Chan was Assistant General Manager for Finance and Corporate Services at Wing Tai Holdings Limited where he oversaw all financial matters as well as tax, legal and corporate secretarial functions from 1998 to 2003.

Mr Chan was elected to the Council of the Institute of Singapore Chartered Accountants in July 2013.

Mr Chan holds a Bachelor of Accountancy (Honours) from the National University of Singapore. He is also qualified as a Chartered Accountant with the Institute of Chartered Accountants in Australia and the Institute of Singapore Chartered Accountants, and as a Chartered Financial Analyst.

Mr Lee Chiang Huat is an Independent Director and Chairman of the Audit and Risk Committee of the Keppel DC REIT Manager.

Mr Lee has more than 30 years of experience in accounting, audit and finance.

Mr Lee was the Chief Financial Officer of the Nor Offshore Limited Group from April to December 2010 and was responsible for finance activities relating to accounting, auditing, financial planning, taxes, treasury, investor relations, human resource, administration and management information systems. Prior to that, from December 1980 to March 2010, Mr Lee was with Singapore Petroleum Company Limited ("**SPC**"). He joined SPC as a financial analyst and was promoted to the position of Chief Financial Officer in September 2000 where he was responsible for the accounting, reporting, tax, treasury, information technology, investor relations and regulatory compliance functions. From December 1979 to December 1980, Mr Lee was a credit analyst with a major US banking corporation and was responsible for the evaluation of the creditworthiness of corporate customers.

Since April 2012, Mr Lee has been an Independent Director of Keppel REIT Management Limited, the manager of Keppel REIT.

Mr Lee holds a Bachelor of Business Administration from the University of Singapore (now part of the National University of Singapore), a Master of Business Administration from the University of New South Wales as well as a Master of Social Science (Applied Economics) from the National University of Singapore.

Mr Leong Weng Chee is an Independent Director of the Keppel DC REIT Manager.

Mr Leong has more than 30 years of experience in the real estate industry.

From 2012 to 2013, Mr Leong was Chief Executive Officer – Real Estate of OUE Ltd, a real estate development, investment and hotel management company listed on the SGX-ST, where he was responsible for its property investments and development projects. From 2007 to 2011, he was with SC Global Developments Ltd, a real estate developer, as Director and was responsible for ideas, strategy and branding/communications. From 2006 to 2007, Mr Leong was Chief Executive Officer of Cambridge Industrial Trust Management Ltd, the manager of Cambridge Industrial Trust, a SGX-ST listed REIT focused on industrial properties and he oversaw the listing of Cambridge Industrial Trust in July 2006. From 2003 to 2006, Mr Leong was the Managing Director for Developments at SC Global Developments Ltd, where he was responsible for the entire value-chain of real estate developments of the company.

Mr Leong holds a Bachelor of Architecture (Honours) from the National University of Singapore and a Master in Design Studies (Finance, Law and Real Estate) from Harvard University.

Mr Lim Chin Hu is an Independent Director of the Keppel DC REIT Manager.

Mr Lim has over 30 years of experience in the information technology industry.

Mr Lim is Managing Partner of Stream Global Pte. Ltd. He was formerly CEO of Frontline Technologies Corp. Ltd, a SGX-ST listed company before it was acquired and privatised in March 2008. Mr Lim was with Hewlett-Packard Singapore Pte. Ltd. in the 1980s and held various management positions in Singapore and South East Asia. He was with Sun Microsystems Inc (now known as Oracle Inc) in the 1990s and was Managing Director of Sun Singapore. He was also Corporate Director, Partners & Channels for Sun Microsystems in Asia Pacific & Japan.

Mr Lim currently serves on the board of Kulicke & Soffa Industries Inc, a semiconductor equipment manufacturer listed in NASDAQ. He also sits on the board of Citibank Singapore Limited, Heliconia Capital Management Limited, G-Able (Thailand) Ltd and Eastern Health Alliance Pte Ltd. He is a member of the Infocommunications Media Development Authority of Singapore's Data Protection Advisory Committee and Singapore Exchange Ltd's Listing Advisory Committee.

Mr Lim holds a Diploma in Electrical and Electronics Engineering from Ngee Ann Polytechnic and a Bachelor of Science from La Trobe University in Australia.

Mr Dileep Nair is an Independent Director of the Keppel DC REIT Manager.

Mr Nair has more than 30 years of experience in governance and public service. His experience includes both stints in the Singapore Government civil service and the United Nations secretariat.

Mr Nair's last appointment with the Ministry of Foreign Affairs was as High Commissioner to the Republic of Ghana. Prior to that, he was appointed the Ambassador to the Lao People's Democratic Republic from 2011 to 2013 and the Consul-General to the Emirate of Dubai from 2006 to 2010. Before joining the Ministry of Foreign Affairs, Mr Nair was the Under-Secretary-General for Internal Oversight Services at the United Nations from 2000 to 2005. From 1997 to 2000, Mr Nair was Chief Executive Officer of the Post Office Savings Bank of Singapore; when the bank was acquired by the Development Bank of Singapore in 1998, Mr Nair stayed on as Managing Director. Before he left the civil service to join the Post Office Savings Bank of Singapore, Mr Nair was Deputy Secretary of the Ministry of Trade and Industry before holding the position of Deputy Secretary of the Ministry of Defence. Mr Nair started his long civil service career in 1974 at the Housing Development Board, before joining the Administrative Service and being appointed Deputy Director and then Director in the MOF.

Mr Nair was awarded the Public Service Medal (Silver) in 1994.

Mr Nair holds a Bachelor of Engineering from McGill University and a Master in Public Administration from Harvard University.

Mr Richard Teo Cheng Hiang is an Independent Director of the Keppel DC REIT Manager.

Mr Teo has more than 30 years of experience in managing funds in senior fiduciary positions in the Government of Singapore Investment Corporation and for large blue chip financial institutions and ultra-high net worth individuals. His experience extends across North America, Europe and Asia where he was responsible for funds, investment and asset management, corporate restructuring of companies, asset turn-around and repositioning and value creation for the shareholders. From 2005 to 2010, Mr Teo was with Pacific Star Group. As President (Asset Management), he successfully built a strong asset management team with more than US\$3 billion in assets under management. He later led the Private Clients and REIT Management business of Pacific Star Group where he was responsible for business development in Europe and Asia focusing on Asian business and investments.

Prior to that, Mr Teo spent 18 years from 1988 to 2005 with GIC Real Estate. His highest position was Executive Vice President and he was part of the pioneer team that built GIC Real Estate into one of the top 10 largest global real estate organisations. From 1982 to 1988, after completing his tertiary education under the prestigious Colombo Plan Scholarship program, Mr Teo served his bond as an Executive Architect in the Public Works Department and Singapore Changi Airport Development.

Mr Teo is currently an independent director of the managers of Viva Industrial Trust, a stapled trust listed on the SGX-ST, focused on business park and industrial assets.

Mr Teo holds a Bachelor of Science and a Bachelor of Architecture (First Class Honours) from the University of Newcastle under the Colombo Plan (Australia) Scholarship program. He subsequently obtained a Master of Business Administration from the National University of Singapore.

Dr Tan Tin Wee is an Independent Director of the Keppel DC REIT Manager.

Dr Tan has more than 25 years of experience in academia, the biomedical, Internet technology and bioinformatics sectors.

Dr Tan is currently the Director of the National Supercomputing Centre of Singapore (NSCC) and Chairman of the A*STAR Computational Resource Centre. He is on secondment from the Department of Biochemistry at the National University of Singapore where he has been carrying out bioinformatics research for the past 27 years. He has recently built a national petascale supercomputer and pioneered award winning projects on international supercomputer interconnections using InfiniBand, as well as helped a Singapore fish farm produce a fish vaccine and developed a machine learning system for predicting influenza virus tropism. For the past 20 years, he has been involved widely in the information and communication technology sector. For his wide ranging industry contributions in the Internet, he was inducted into the World Technology Network in 2000 and the inaugural Internet Hall of Fame in 2012. Besides pioneering key Internet technologies in Singapore, from Gopher, Web, multilingual Internet, VRML, multicasting, CERTs, internationalised domain names, his achievements included the founding and board leadership of many international, regional and national organisations including the Multilingual Internet Names Consortium and the International Forum for IT in Tamil, where he has been a key pioneer of the Internationalised Domain Name system of the Internet.

In the 90s until recently, as a bioinformatics pioneer, he was also founder of the Singapore Bioinformatics Centre (BIC), Asia Pacific Bioinformatics Network (APBioNet), and nurtured the International Conference on Bioinformatics for 15 years. He has served on the board of the International Society for Computational Biology and Association for Medical and Bioinformatics Singapore, where he has promoted education in Internet and bioinformatics technologies respectively. He was also an early pioneer in 2000s of free online bioinformatics education including online problem-based learning in the S* Alliance. He has been accorded numerous awards for these contributions.

He has been involved in a number of university spin-offs including Pacific Internet, I-DNS.net International, and has served as Master of Eusoff Hall and Fellow of Sheares Hall at the National University of Singapore. Dr Tan also previously served as a member of the Scientific Advisory Board of Eu Yan Sang International Ltd, the VWO Capabilities Fund panel of the National Council of Social Service and as Focal Point of the ASEAN SubCommittee on Biotechnology (SCB), and more recently to date, the SubCommittee on Infrastructure and Resource Development (SCIRD). Dr Tan is currently an academic advisory board member for Nanyang Polytechnic and the Management Development Institute of Singapore (MDIS).

Dr Tan holds a Bachelor of Arts (Natural Sciences) from Trinity College, University of Cambridge, a Masters in Applied Molecular Biology and Biotechnology from University College London under the Trinity College Traveling Studentship award and a Degree of Doctor of Philosophy in Medicine from the University of Edinburgh under the UK Overseas Research Award.

Mr Thomas Pang Thieng Hwi is a Non-Executive Director of the Keppel DC REIT Manager.

Mr Pang is currently an executive director and the Chief Executive Officer of Keppel T&T, a position he has held since July 2014. Prior to that, from June 2010 to June 2014, he was Chief Executive Officer of Keppel Infrastructure Fund Management Pte. Ltd., the trustee-manager of Keppel Infrastructure Trust ("**KIT**"), where he was responsible for working with the board to determine the strategy for KIT. During his tenure, KIT delivered steady financial results. In addition, the management augmented one of the properties in its portfolio with Singapore's largest solar photovoltaic installation.

Mr Pang joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd, during which he assisted in Keppel Offshore & Marine's expansion into Japan, Indonesia, China, Qatar and Azerbaijan, as well as the establishment of Keppel Offshore & Marine Technology Centre.

Prior to that, he was an investment manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Thomas Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995, where he was responsible for local enterprise development.

Mr Pang holds a Master of Arts (Honourary Award) and a Bachelor of Arts (Engineering) from the University of Cambridge.

Ms Christina Tan is a Non-Executive Director of the Keppel DC REIT Manager.

Ms Christina Tan is the CEO of Keppel Capital and Managing Director of Alpha.

Keppel Capital is the Keppel Group's asset management arm, which includes the asset managers Keppel REIT Management Limited, Keppel Infrastructure Fund Management Pte. Ltd., the Keppel DC REIT Manager and Alpha. Ms Tan is a founding member of Alpha, and has been actively involved in all phases of the firm's development since 2003. As Managing Director, she sits on the Investment Committee for all Alpha-managed funds and is instrumental in developing as well as implementing the portfolio strategy for all the funds.

Ms Tan has over 20 years of expertise and experience in investing and fund management across the US, Europe and Asia. She previously served as the Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US\$1 billion in real estate funds. Prior to that, she was the Treasury Manager with Chartered Industries of Singapore, managing the group's cash positions and investments. Ms Tan started her career with Ernst & Young before joining the Government of Singapore Investment Corporation.

Ms Tan holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a CFA[®] charterholder.

Management of the Keppel DC REIT Manager

The executive officers of the Keppel DC REIT Manager are entrusted with the responsibility for the daily operations of the Keppel DC REIT Manager. The following table sets forth information regarding the executive officers:

Name	Position
Mr Chua Hsien Yang	Chief Executive Officer
Mr Gwee Wei Yong Andy	Head of Finance
Ms Anthea Lee Meng Hoon	Head of Investment & Asset Management

Information on the business and working experience of the executive officers is set out below:

Mr Chua Hsien Yang is the Chief Executive Officer of the Keppel DC REIT Manager.

Mr Chua has extensive experience in real estate funds management and the hospitality industries, with more than 15 years of experience in mergers and acquisitions, real estate investments, fund management, business development and asset management in the real estate sector within the Asia Pacific region.

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

From January 2006 to April 2008, Mr Chua was with Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust, as Director of Business Development and Asset Management. From October 2001 to December 2005, Mr Chua was with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management where he was responsible for the business development and asset management activities of the group-owned properties.

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

Mr Andy Gwee is the Head of Finance of the Keppel DC REIT Manager.

Mr Gwee has more than 16 years of experience in the accounting, finance and auditing industry.

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

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

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

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

Ms Anthea Lee is the Head of Investment and Asset Management of the Keppel DC REIT Manager.

Ms Lee has more than 19 years of experience in real estate investment, business development, asset management and project management.

Prior to joining the Keppel DC REIT Manager, she was Vice President, Investment, at Keppel REIT Management Limited, the manager of Keppel REIT, managing regional investments and divestments since the year of Keppel REIT's listing. Before joining the Keppel Group, she was with JTC Corporation and Ascendas Land, where she was responsible for business development, asset management and project management of industrial and business park facilities and development for approximately 10 years.

Ms Lee graduated with a Bachelor of Science (Estate Management), Second Class Honours (Upper Division) from the National University of Singapore and a Master of Science (International Construction Management) from Nanyang Technological University.

SELECTED FINANCIAL INFORMATION OF KEPPEL DC REIT

The following tables present summary consolidated financial information of the Group as at and for the periods indicated.

The summary consolidated financial information as at 31 December 2015 and 2016 and for the years then ended has been derived from the Group's consolidated financial statements for the year ended 31 December 2016 that have been audited by KPMG LLP, and should be read in conjunction with such published audited consolidated financial statements and the notes thereto.

The summary consolidated financial information as at 31 March 2017 and for the three months ended 31 March 2016 and 31 March 2017 has been derived from the Group's unaudited financial statements announcement for the three months ended 31 March 2017, and should be read in conjunction with such published unaudited financial statements announcement and the notes thereto. Such consolidated financial information included in this Information Memorandum has not been audited nor reviewed by the Group's auditors. Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The consolidated financial position and consolidated results of the Group's operations for the three months ended 31 March 2017 should not be taken as an indication of the expected financial position and results of the Group's operations for the full year ending 31 December 2017.

Consolidated Statements of Total Return

	Unaudited 1Q 2017 (S\$'000)	Unaudited 1Q 2016 (S\$'000)	Audited FY 2016 (S\$'000)	Audited FY 2015 (S\$'000)
Gross revenue	32,224	24,771	99,139	102,462
Property operating expenses	(3,380)	(3,585)	(8,203)	(15,590)
Net property income	28,844	21,186	90,936	86,872
Finance income	359	324	1,293	321
Finance costs	(3,451)	(3,083)	(12,768)	(11,710)
Trustee fees	(54)	(45)	(180)	(180)
Manager's base fee	(1,714)	(1,356)	(5,563)	(5,011)
Manager's performance fee	(957)	(695)	(3,070)	(3,262)
Net realised gains on derivatives	800	640	1,776	771
Other trust (expenses)/income	1,369	(1,476)	(744) ⁽¹⁾	360 ⁽¹⁾
Net income	25,196	15,495	71,680	68,161
Net change in fair value of investment properties	–	–	(13,994)	41,879
Total return for the period before tax	25,196	15,495	57,686	110,040
Tax expenses	(1,695)	(866)	(6,743)	(5,577)
Total return for the period after tax	23,501	14,629	50,943	104,463
Total return attributable to:				
Unitholders	22,932	14,621	50,937	104,424
Non-controlling interest(s)	569	8	6	39
Total return for the period	23,501	14,629	50,943	104,463

Note:

- (1) Included audit fees of S\$261,000 in FY2016 (S\$257,000 in FY2015) and valuation fees of S\$276,000 in FY2016 (S\$181,000 in FY2015), which were disclosed separately in the audited consolidated financial statements.

Balance Sheets

	Unaudited 1Q 2017 (S\$'000)	Unaudited 1Q 2016 (S\$'000)	Audited FY 2016 (S\$'000)	Audited FY 2015 (S\$'000)
Non-current assets				
Investment properties	1,452,531	1,103,738	1,225,938	1,102,685
Deposit	12,730	13,113	12,920	12,744
Intangible assets	3,506	–	3,999	–
Derivative financial assets	878	981	1,685	4,200
Deferred tax assets	61	337	145	312
Total non-current assets	1,469,706	1,118,169	1,244,687	1,119,941
Current assets				
Trade and other receivables	48,106	48,219	38,691	53,060
Derivative financial assets	1,843	1,198	1,663	1,009
Cash and cash equivalents	94,627	29,707	297,958	37,161
Total current assets	144,576	79,124	338,312	91,230
Total assets	1,614,282	1,197,293	1,582,999	1,211,171
Current liabilities				
Loans and borrowings	3,197	33,769	6,655	33,643
Derivative financial liabilities	780	23	499	139
Trade and other payables	41,048	18,097	27,990	17,785
Total current liabilities	45,025	51,889	35,144	51,567
Non-current liabilities				
Loans and borrowings	462,684	339,675	464,034	338,337
Derivative financial liabilities	2,504	2,473	2,148	1,721
Deferred tax liabilities	14,031	6,300	7,805	6,058
Total non-current liabilities	479,219	348,448	473,987	346,116
Total liabilities	524,244	400,337	509,131	397,683
Net assets	1,090,038	796,956	1,073,868	813,488
Represented by:				
Unitholders' funds	1,065,914	796,575	1,073,525	813,114
Non-controlling interest(s)	24,124	381	343	374
Units in issue ('000)	1,090,038	796,956	1,125,210	882,977
Net asset value per Unit (S\$)	0.946	0.902	0.954	0.921

Consolidated Statement of Cash Flows

	Unaudited 1Q 2017 (S\$'000)	Unaudited 1Q 2016 (S\$'000)	Audited FY 2016 (S\$'000)	Audited FY 2015 (S\$'000)
Cash flows from operating activities				
Total return for the financial period	23,501	14,629	50,943	104,463
Adjustments for:				
Tax expenses	1,695	866	6,743	5,577
Finance income	(359)	(324)	(1,293)	(321)
Finance costs	3,451	3,083	12,768	11,710
Amortisation of an intangible asset	493	–	509	–
Net change in fair value of investment properties	–	–	13,994	(41,879)
Management fees paid in Units	2,189	84	264	47
	30,970	18,338	83,928	79,597
Changes in working capital:				
– Trade and other receivables	8,020	4,689	(5,480)	(20,178)
– Trade and other payables	(4,731)	1,334	(1,522)	(4,548)
Cash generated from operations	34,259	24,361	76,926	54,871
Income tax paid	(419)	(53)	(1,180)	(160)
Net cash from operating activities	33,840	24,308	75,746	54,711
Cash flows from investment activities				
Acquisition of interest in an investment property	(196,643)	–	(110,914)	(43,595)
Acquisition of intangible asset	–	–	(4,508)	–
Rental top up received	–	–	4,508	–
Additions to investment properties	(2,025)	–	(5,457)	(7,702)
Capital expenditure on investment properties	–	(150)	(4,352)	(308)
Net cash used in investment activities	(198,668)	(150)	(120,723)	(51,605)
Cash flows from financing activities				
Proceeds from issuance of Units	–	–	279,497	–
Proceeds from bank borrowings	–	655	188,808	74,577
Payment of financing transaction costs	–	–	(192)	(106)
Repayment of bank borrowings	(3,238)	–	(92,557)	(17,758)
Finance costs paid	(3,216)	(3,257)	(11,891)	(10,803)
Distributions paid to Unitholders	(31,506)	(28,962)	(58,458)	(31,432)
Dividends paid to non-controlling interests	(8)	(6)	(31)	(38)
Repayment of amount due to a related corporation	–	–	–	(1,712)
Payment of transaction costs relating to fund-raising	(2)	–	(3,186)	(3,548)
Net cash from financing activities	(37,970)	(31,570)	301,990	9,180
Net increase/decrease in cash and cash equivalents	(202,798)	(7,412)	257,013	12,286
Cash and cash equivalents at beginning of the period	293,959	37,161	37,161	25,537
Effect of exchange rate fluctuations on cash held	11	(42)	(215)	(662)
Cash and cash equivalents at end of period	91,172	29,707	293,959	37,161
Cash and cash equivalent balances	94,627	29,707	297,958	37,161
Less: Rental top up received in advance held in a designated account	(3,455)	–	(3,999)	–
Cash and cash equivalents per Consolidated Statement of Cash Flows	91,172	29,707	293,959	37,161

Review of Performance for FY2016 vs FY2015

Gross rental income for FY 2016 was S\$97.2 million, a decrease of S\$3.5 million or 3.5% from FY2015 of S\$100.7 million. At Keppel DC Dublin 1, there was lower rental income arising from a client downsizing its requirements in 1Q 2016 as well as the absence of the initial recognition gain recorded in 1Q 2015 for the straight-lining of rental income. At Almere Data Centre, there was also a one-off non-cash downward adjustment for the straight-lining of rental income in 3Q 2016. There was a drop in the variable income at Keppel DC Singapore 1 and Keppel DC Singapore 2 due to lower recurring and power revenue. In addition, overseas contribution declined due to the depreciation of AUD, GBP and MYR against SGD. These were partially offset by contribution from Intellicentre 2 Data Centre, Milan Data Centre and Cardiff Data Centre. Other income was S\$2.0 million arising mainly from power revenue charged to clients, as well as the rental top up income provided by the vendor of a newly acquired overseas asset.

For FY 2016, the impact of lower gross revenue was offset by savings in property operating expenses of S\$8.2 million, a decrease of S\$7.4 million or 47.4%, as compared to FY 2015. This was largely due to a one-off refund of 2015 property tax in 3Q 2016 before the associated consultancy fees paid in relation to the appeal and taxes due to revisions in the annual value of the investment properties in Singapore, as compared to the higher property taxes that were incurred during 2015. Lower repairs and maintenance and other property-related costs from the colocation assets also contributed to the lower property expenses.

As a result, net property income of S\$90.9 million for FY 2016 was S\$4.0 million or 4.7% higher than FY 2015.

Total return after tax for FY 2016 was S\$50.9 million, contributed by net fair value loss of S\$14.0 million in the investment properties from valuations performed by independent valuers as at 31 December 2016 (2015: net fair value gains of S\$41.9 million) and deferred tax liabilities of S\$3.0 million (2015: S\$1.8 million) provided on fair value gains for the property in the Netherlands.

Excluding the fair value changes and deferred tax, the total return after tax for FY 2016 was S\$67.9 million, an increase of S\$3.6 million or 5.6% as compared to FY 2015 of S\$64.3 million. This was mainly due to higher net property income, higher finance income, higher realised gains on settlement of foreign exchange contracts and lower other expenses. These were partially offset by lower net unrealised foreign exchange gains, higher finance costs, higher manager's fees and higher current tax expenses as compared to FY 2015.

Review of Performance for 1Q 2017 vs 1Q 2016

Gross rental income for 1Q 2017 was S\$31.6 million, an increase of S\$7.0 million or 28.6% from 1Q 2016 of S\$24.6 million. The higher rental income was mainly contributed by the acquisition of the 90% interest of Keppel DC Singapore 3, Milan Data Centre and Cardiff Data Centre as well as the appreciation of AUD against SGD. At Keppel DC Dublin 1, there was lower rental income arising from a client downsizing its requirements in 1Q 2016. There was a drop in the variable income from Keppel DC Singapore 1 and Keppel DC Singapore 2 due to lower recurring and power revenue. In addition, overseas contribution declined due to the depreciation of GBP, EUR and MYR against SGD. Other income was S\$0.6 million arising mainly from the rental top up income as well as *ad hoc* service revenue charged to clients.

Property operating expenses for 1Q 2017 was S\$3.4 million, a decrease of S\$0.2 million or 5.7% from 1Q 2016 of S\$3.6 million. This was largely due to lower property tax expenses at Keppel DC Singapore 1 and Keppel DC Singapore 2 and lower repairs and maintenance costs incurred at Keppel DC Dublin 1, partially offset by the property-related expenses for Keppel DC Singapore 3.

As a result, net property income of S\$28.8 million for 1Q 2017 was S\$7.6 million or 36.1% higher than 1Q 2016.

Total return after tax for 1Q 2017 was S\$23.5 million, an increase of S\$8.9 million or 60.6% as compared to 1Q 2016 of S\$14.6 million. This was mainly due to higher net property income, higher net unrealised foreign exchange gains and higher realised gains on settlement of foreign exchange contracts. These were partially offset by higher finance costs, higher manager's fees, other expenses and higher current tax expenses arising from Keppel DC Singapore 3, Milan Data Centre and Cardiff Data Centre as compared to 1Q 2016.

RISK FACTORS

Prior to making an investment decision with respect to the Notes, all prospective investors and purchasers should carefully consider all of the information contained in this Information Memorandum, including the risk factors set out below and the financial statements and related notes. The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the businesses of the Issuer, the Guarantor, Keppel DC REIT or the Group or any of their respective properties or any decision to purchase, own or dispose of the Notes. Additional risk factors which the Issuer, the Guarantor or the Keppel DC REIT Manager is currently unaware of may also impair Keppel DC REIT's business, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of Keppel DC REIT or the Group could be materially and adversely affected. In such cases, the ability of the Issuer, the Guarantor or Keppel DC REIT to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

Limitations of this Information Memorandum

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Keppel DC REIT Manager, any of the Dealer(s) or the Arrangers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor, Keppel DC REIT's subsidiaries or associates, the Keppel DC REIT Manager, any of the Dealer(s) or the Arrangers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, the Guarantor, Keppel DC REIT and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

This Information Memorandum does not purport to contain all information that a prospective investor of the Notes may require in investigating the matters or the parties referred to above, prior to making an investment in the Notes.

Risks associated with an investment in Notes

Absence of secondary market for the Notes

The Notes have no established trading market when issued. There is no assurance that an active trading market for the Notes will develop, or as to the liquidity or sustainability of any such market, the ability of Noteholders or the price at which Noteholders will be able to sell their Notes. If an active market for the Notes fails to develop or be sustained, the value of the Notes could fall. If an active trading market were to develop, the Notes could trade at prices that may be lower than the initial offering price of the Notes. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment categories of investors. These types of Notes generally have a more limited secondary market and more price volatility than conventional debt securities.

Fluctuation of the market value of the Notes

The value of the Notes may fluctuate as a result of various factors, including: (i) the market for similar securities, (ii) general economic, political or financial conditions and (iii) Keppel DC REIT's financial condition, results of operations and future prospects. Adverse economic developments, in Singapore as well as countries in which Keppel DC REIT and/or subsidiaries and/or associates of Keppel DC REIT operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of Keppel DC REIT, its subsidiaries and/or associates.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Performance of contractual obligations by the Issuer and the Guarantor is dependent on other parties

The ability of the Issuer and the Guarantor to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of their obligations to make payments in respect of the Notes, the Issuer and the Guarantor may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders.

A change in Singapore law which governs the Notes may adversely affect Noteholders

The Notes are governed by Singapore law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Notes.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System (as defined below)

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with or registered in the name of, or in the name of a nominee of, a common depository for Euroclear and/or Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a “**Clearing System**”). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and/or Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the respective Global Notes to take enforcement action against the Issuer following an Event of Default (as defined in the Trust Deed) under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Noteholders may be subject to tax in Singapore and other jurisdictions

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition of the Notes. See the section titled “Singapore Taxation” for certain Singapore tax consequences.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the Transactions Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held,

(ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders and (iii) the substitution in place of the existing Keppel DC REIT Trustee as the Guarantor of another company being either the successor in business of the existing Keppel DC REIT Trustee or the substitution of the existing Keppel DC REIT Trustee as the new trustee of Keppel DC REIT in the circumstances described in Condition 11 of the Notes. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments, but rather as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Notes may be issued at a substantial discount or premium

The market value of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable rate notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those securities that do not include those features.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, Noteholders generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Noteholders should consider reinvestment risk in light of other investments available at that time.

Enforcement of Guarantee

Noteholders should note that the Guarantee is issued by the Keppel DC REIT Trustee and not Keppel DC REIT as the latter is not a legal entity. Noteholders should note that under the terms of the Guarantee, Noteholders may only have recourse to the assets of Keppel DC REIT and not the Keppel DC REIT Trustee personally nor any other assets held by it as trustee of any trust (other than Keppel DC REIT) and there shall be no recourse against the shareholders, directors, officers or employees of the Keppel DC REIT Trustee. Further, Noteholders do not have direct access to the assets of Keppel DC REIT but may only have recourse to such assets through the Keppel DC REIT Trustee and if necessary seek to subrogate to the Keppel DC REIT Trustee's right of indemnity out of the trust properties, and accordingly, any claim to such assets is derivative in nature. A Noteholder's right of subrogation therefore could be limited by the Keppel DC REIT Trustee's right of indemnity. Noteholders should also note that such right of indemnity of the Keppel DC REIT Trustee may be lost by virtue of fraud, gross negligence, wilful default, breach of any provisions of the Keppel DC REIT Trust Deed or breach of trust by the Keppel DC REIT Trustee. In this regard, the Trust Deed, the Programme Agreement, the Agency Agreement and the Notes (the "**Relevant Documents**") provide that any liability of or indemnity given by the Keppel DC REIT Trustee under the Relevant Documents is limited to the assets of Keppel DC REIT over which the Keppel DC REIT Trustee has recourse and shall not extend to any personal assets of the Keppel DC REIT Trustee (other than the assets of Keppel DC REIT) or any assets held by the Keppel DC REIT Trustee as trustee for any trusts (other than Keppel DC REIT).

Legal risk factors may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before taking action on behalf of Noteholders

In certain circumstances (pursuant to Condition 10), the Trustee at its discretion may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be bound to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly. In addition, Noteholders should note that under the Trust Deed, the Trustee has the right, upon the provision of prior notice and if it has reasonable grounds to believe that an Event of Default is likely to occur or would have occurred, to inspect the accounting and other records of the Group on a consolidated basis (but not the accounting and other records of each subsidiary).

The Notes are subject to mandatory redemption in the event of termination of Keppel DC REIT

In the event that Keppel DC REIT is terminated in accordance with the provisions of the Keppel DC REIT Trust Deed, the Issuer shall redeem all of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

The Notes are subject to mandatory redemption in the event of the delisting of Keppel DC REIT

In the event that Keppel DC REIT is unable to maintain its listing on the SGX-ST, the Issuer shall redeem all of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

The Notes and the Guarantee are not secured

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) of the Notes) unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) of the Notes) unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Accordingly, on a winding-up or termination of the Issuer and/or Keppel DC REIT at any time prior to maturity of any Notes, the Noteholders will not have recourse to any specific assets of the Issuer, Keppel DC REIT or any of their related entities (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance that there would be sufficient value in the assets of the Issuer or Keppel DC REIT, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Singapore taxation risk

The Notes to be issued under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be "qualifying debt securities" for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the section titled "Singapore Taxation" of this Information Memorandum.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Risks relating to investing in real estate

There are general risks attached to investments in real estate

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which Keppel DC REIT operates);
- the financial condition of clients;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by Keppel DC REIT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;

- changes in the relative popularity of data centre property types¹ and locations leading to an oversupply of space or a reduction in client demand for a particular type of data centre property in a given market;
- competition among data centre property owners for clients which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases and colocation arrangements or re-let space as existing leases and colocation arrangements expire;
- inability to collect rents from clients on a timely basis or at all due to bankruptcy or insolvency of the clients or otherwise;
- insufficiency of insurance coverage or increases in insurance premiums;
- increases in the rate of inflation;
- inability of the facility managers to provide or procure the provision of adequate maintenance and other services;
- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flows for the maintenance of, and improvements to, the Properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the Keppel DC REIT Manager;
- the attractiveness of the Properties to current and potential clients;
- the cost of regulatory compliance;
- ability to rent out the Properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of Keppel DC REIT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in the jurisdictions in which the Properties are located, which may adversely affect the financial condition of Keppel DC REIT.

1 "data centre property types" refers to the different types of data centres which are typically categorised by the technical specifications of the data centre.

Keppel DC REIT may be adversely affected by the illiquidity of real estate investments

Keppel DC REIT'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 involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect Keppel DC REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. Keppel DC REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Keppel DC REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on Keppel DC REIT's financial condition and results of operations.

The Properties may be subject to increase in direct expenses and other operating expenses

Keppel DC REIT's performance could be adversely affected if direct expenses and other operating expenses increase (save for such expenses which Keppel DC REIT is not responsible for pursuant to the lease and colocation arrangements) without a corresponding increase in revenue.

Factors which could lead to an increase in expenses include, but are not limited to, the following:

- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies, laws or regulations;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, the Properties which need to be rectified;
- increase in insurance premiums; and
- increase in cost of utilities.

Any of the above factors could have a material adverse effect on the financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT's ability to make payments on the Notes is dependent on the financial position of the subsidiaries holding the Properties

In order to make payments on the Notes, Keppel DC REIT has to rely on the receipt of dividends, interests or repayments (where applicable) from the subsidiaries holding the Properties. There can be no assurance that these subsidiaries will have sufficient revenue, profits and cash in any future period to pay dividends, pay interest or make repayments.

The level of revenue, distributable profits or reserves of the subsidiaries available to pay dividends, pay interest or make repayments may be affected by a number of factors including, among other things:

- their respective business and financial positions;
- the availability of distributable profits;
- sufficiency of cash flows received by the subsidiaries from the Properties;
- applicable laws and regulations which may restrict the payment of dividends by the subsidiaries;
- operating losses incurred by the subsidiaries in any financial year;
- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the subsidiaries may distribute dividends;
- changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations in respect of statutory reserves required to be maintained) in the jurisdictions in which the subsidiaries are located;
- potential onshore tax and/or legal liabilities through investing in the subsidiaries; and
- the terms of agreements to which the subsidiaries are, or may become, a party to.

Keppel DC REIT may be unable to comply with the conditions for various tax exemptions and/or tax rulings obtained, or the tax exemptions and/or tax rulings may no longer apply

Keppel DC REIT has obtained the Tax Transparency Ruling and the Foreign Sourced Income Tax Exemption Ruling (collectively, the "**Tax Rulings**") under which tax transparency and tax exemption in respect of certain income derived by Keppel DC REIT and/or its wholly-owned Singapore resident subsidiaries, comprising KDCR Australia Pte. Ltd., KDCR Ireland Pte. Ltd., KDCR Netherlands 1 Pte. Ltd., KDCR Netherlands 2 Pte. Ltd., KDCR Netherlands 4 Pte. Ltd., KDCR GVP Pte. Ltd. and KDCR UK Pte. Ltd., and the 90.0% interest in Keppel DC Singapore 3 LLP (collectively, the "**Singapore Subsidiaries**"), KDC SGP 1, KDC SGP 2 and the Properties owned by Keppel DC REIT which are located outside Singapore have been granted on stipulated terms and conditions. The Tax Rulings are subject to Keppel DC REIT and its Singapore Subsidiaries satisfying the stipulated conditions. They may also be revoked either in part or in whole or the terms may be reviewed and amended by the IRAS and MOF at any time. Further, the Tax Rulings are granted based on the facts represented to the IRAS and MOF and where such facts turn out to be different from those represented to the IRAS and MOF, or where there is a subsequent change in the tax laws or interpretation thereof, the Tax Rulings may not apply.

If either or both of the Tax Rulings are revoked or if Keppel DC REIT and its Singapore Subsidiaries are unable to comply with the terms thereof, the tax transparency and/or tax exemption may not apply, in which case, Keppel DC REIT and its Singapore Subsidiaries' tax liability may be affected which in turn could affect the ability to make payment on the Notes.

Risks relating to the Properties

The Properties may require significant capital expenditure periodically and Keppel DC REIT may not be able to secure funding

The Properties may require periodic capital expenditure, refurbishment, renovation for improvements and development in order to remain competitive or income-producing. Keppel DC REIT may not be able to fund capital expenditure solely from cash provided from its operating activities and Keppel DC REIT may not be able to obtain additional equity or debt financing on favourable terms or at all. If Keppel DC REIT is not able to obtain such financing, the marketability of such Properties may be affected and this may adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT's assets might be adversely affected if the Keppel DC REIT Manager and the facility managers of the Properties do not provide adequate management and maintenance

As the clients of Keppel DC REIT rely on the proper functioning of the facilities and infrastructure of the Properties for their business operations, should the Keppel DC REIT Manager and the facility managers of the Properties fail to provide adequate management and maintenance, the attractiveness of the Portfolio to such clients might be adversely affected and this may result in a loss of clients, which may have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT may suffer material losses in excess of insurance proceeds or Keppel DC REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

In addition, certain types of risks (such as war risk, terrorism and losses caused by contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Any insurance coverage taken out by Keppel DC REIT or its subsidiaries may also be subject to limits and any damage or loss suffered by Keppel DC REIT may exceed such insured limits.

Should an uninsured loss or a loss in excess of insured limits occur, including loss caused by vandalism or resulting from breaches of security at one of the Properties, Keppel DC REIT could be required to pay compensation and/or suffer loss of capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property. Keppel DC REIT may also be liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of the Properties and collection of rental income or otherwise result in adverse impact on the financial condition of Keppel DC REIT

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining data centre properties and

the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the Properties may suffer from some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to the Properties may lead to a significant disruption to the business and operation of the Properties and, together with the foregoing, may impose unbudgeted costs on Keppel DC REIT and result in an adverse impact on the financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT could incur significant costs or liability related to environmental matters

Keppel DC REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, Keppel DC REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate issues relating to contamination, air pollution, noise pollution or dangerous goods may expose Keppel DC REIT to liability or materially and adversely affect its ability to sell or let out the real property or to borrow using the real property as collateral. Accordingly, if the Properties are affected by contamination or other environmental effects not previously identified and/or rectified, Keppel DC REIT risks prosecution by environmental authorities and may be required to incur unbudgeted capital expenditures to remedy such issue and the financial positions of Keppel DC REIT's clients may be adversely impacted, affecting their ability to trade and to meet their leasing and colocation obligations.

The due diligence exercise on the Properties, leases, buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies and any losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flows

There is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. Such defects or deficiencies may require significant capital expenditure or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on Keppel DC REIT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of data centre properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Keppel DC REIT may be subject to unknown or contingent liabilities related to properties or businesses that it has acquired or may acquire, which may result in damages and investment losses

Assets and entities that Keppel DC REIT has acquired or may acquire in the future may be subject to unknown or contingent liabilities for which Keppel DC REIT may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities for clean-up or remediation of environmental conditions, claims of clients, vendors or other persons dealing with the acquired entities, tax liabilities and other liabilities whether incurred in the ordinary course of business or otherwise. In the future Keppel DC REIT may enter into transactions with limited

representations and warranties or with representations and warranties that do not survive the closing of the transactions, in which event Keppel DC REIT would have no or limited recourse against the sellers of such properties. While Keppel DC REIT typically requires the sellers to indemnify it with respect to breaches of representations and warranties that survive the closing of the transactions, such indemnification is often limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that Keppel DC REIT will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that Keppel DC REIT may incur with respect to liabilities associated with properties and entities acquired may exceed Keppel DC REIT's expectations. Any of these matters could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

The Properties may face increased competition from other properties

The Properties are, and may be, located in areas where other competing properties are present and new properties may be developed which may compete with the Properties. Furthermore, notwithstanding that certain Properties have been granted exclusivity by the landlord as the only permitted data centre facility within a geographical area, such exclusivity is only for a specified period of time. The income from and the market value of the Properties will be dependent on the ability of the Properties to compete against other data centre properties. If competing properties are more successful in attracting and retaining clients, the income from the Properties could be reduced, which may have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

The appraisals of the Properties are based on various assumptions and the price at which Keppel DC REIT is able to sell a Property in the future may be different from the market value of the Property

There can be no assurance that the assumptions relied on are accurate measures of the market, and the values of the Properties may be evaluated inaccurately. The independent valuers appointed in respect of the Properties may have included a subjective determination of certain factors relating to the Properties such as their relative market positions, financial and competitive strengths, and physical condition and, accordingly, the valuation of the Properties may be subjective.

The valuation of any of the Properties does not guarantee a sale price at that value at present or in the future. Hence, the price at which Keppel DC REIT may sell a Property may be lower than its purchase price.

Keppel DC REIT may face significant expenditure if a client fails to remove its equipment and restore its space to the original state

Many of Keppel DC REIT's clients have invested significant amounts installing client-specific infrastructure within their data centre space. If a client fails to restore its space to the original condition at the end of its lease or colocation term, or if it becomes insolvent during its lease or colocation term and Keppel DC REIT is unable to recoup the costs of restoring the space to its pre-let condition, Keppel DC REIT may incur significant costs to make the space reusable for new clients and lose out on the revenues from the space if it does not re-let it.

The Properties or a part of them may be acquired compulsorily by the respective governments in the countries in which such Properties are located

Keppel DC REIT's Portfolio comprises properties which are located in countries in Asia Pacific and Europe and future properties may be located in other jurisdictions. Under the laws and regulations of each country, there may be various circumstances under which the respective governments of each country are empowered to acquire some of the Properties.

In the event that the compensation paid for the compulsory acquisition of a Property of Keppel DC REIT is less than the market value of the Property, such compulsory acquisitions would have an adverse effect on the revenue of Keppel DC REIT and the value of its Portfolio.

Some of the Properties are held under a lease which contain provisions, or where the relevant landlord may impose conditions, in each case, that may have an adverse effect on the business, financial condition and results of operations of Keppel DC REIT

Some of these conditions may include:

- the landlord has a right to re-enter such Properties and terminate the state lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the relevant state lease;
- the Keppel DC REIT Trustee may be required to surrender free of cost to the landlord portions of such Properties that may be required in the future for certain public uses, such as roads, drainage, railways, rapid transit systems and other public improvements; and
- there are restrictions against the demise, assignment, mortgage, letting, subletting or underletting or granting a licence or parting with or sharing the possession or occupation of the whole or part of such Properties without first obtaining the landlord's prior written consent.

In addition, the landlords of such leases may impose additional conditions which may have an adverse effect on the business, financial condition and results of operations of Keppel DC REIT and some of these may include:

- granting the landlord a right of first refusal in the case of a sale; and
- prohibition against sale during an initial period of the lease (or the levying of an additional fee if there is a sale during an initial period of the lease) or a minimum occupation period for anchor clients.

These conditions could have an impact on Keppel DC REIT's ability to acquire or dispose of Properties which are subject to such leases.

The following are certain examples of such conditions:

*iseek Data Centre is held pursuant to a sub-lease granted by Brisbane Airport Corporation Pty Limited ("**BAC**")*

BAC has been granted a lease (the "**Airport Lease**") from the Commonwealth of Australia of the land comprising the Export Park Precinct of Brisbane Airport (of which the iseek Data Centre is a part). iseek Data Centre is in turn held pursuant to a sub-lease (the "**BAC Lease**") granted by BAC.

Under the BAC Lease, BAC has a right to require Keppel DC REIT to surrender its interest as tenant under the BAC Lease in the event that BAC requires the premises for the operation and function of the Brisbane Airport. In such an event, Keppel DC REIT may be faced with relocation costs if there is an alternative space available or be entitled to compensation if there is not, where such compensation could be less than the amount of cost or loss to Keppel DC REIT incurred as a result of such surrender.

The BAC Lease may also be terminated in certain circumstances, including:

- if a person other than BAC is given control of the Brisbane Airport; and
- if the Airport Lease is terminated (including by the Commonwealth of Australia if BAC breaches certain provisions of the Airport Lease).

In the event the BAC Lease is terminated, it would adversely affect Keppel DC REIT's business, revenue, financial condition, results of operations and the value of its Portfolio.

Future redevelopment risk at Gore Hill Data Centre

Gore Hill Data Centre is part of a "community title scheme". Among other things, this means that the use of Gore Hill Data Centre is regulated by certain statutes, regulatory instruments and by-laws relating to community schemes generally and also the specific community scheme for Gore Hill Data Centre. There is a restriction on use which affects the entire community title scheme of which Gore Hill Data Centre forms a part, including Gore Hill Data Centre. Specifically, no building or structure is permitted on land in the community title scheme except:

- dividing fences;
- buildings and structures constructed by an owner in compliance with its obligations under any conditions for development imposed by the local municipal authority; and
- other structures approved by the local municipal authority.

While Gore Hill Data Centre site is currently fully developed, these requirements may affect Keppel DC REIT's ability to redevelop Gore Hill Data Centre.

In addition, Gore Hill Data Centre is in the vicinity of a heritage item, as identified by the applicable environmental planning instrument. Therefore, before granting consent to development on Gore Hill Data Centre land, the local municipal authority may require an assessment of the effect the proposed development may have on the heritage significance of the heritage item concerned, and this may affect Keppel DC REIT's ability to redevelop the land in the future.

*The facilities management agreement for Basis Bay Data Centre may be terminated upon Basis Bay Services MSC Sdn Bhd ("**Basis Bay Services**") ceasing to be sole lessee of Basis Bay Data Centre or the termination of the Basis Bay Lease*

In the event that Basis Bay Services ceases to be the sole lessee of Basis Bay Data Centre (and subject to the right of first refusal to continue as facility manager granted to Basis Bay Services as explained below) or the master lease agreement entered into by Basis Bay Capital Management Sdn Bhd ("**Basis Bay Capital Management**") with Basis Bay Services in relation to the Basis Bay Data Centre as amended by the supplemental master lease agreement entered into or in connection with the share sale agreement entered into by the Keppel DC REIT Trustee and E-Basis Bay Sdn Bhd ("**Basis Bay Vendor**", and the share sale agreement the "**2014 Basis Bay Share Sale Agreement**") ("**Basis Bay Lease**") is terminated for any reason whatsoever, the

facilities management agreement for Basis Bay Data Centre will be terminated without prejudice to Basis Bay Services' right to any outstanding sums payable by Basis Bay Capital Management (which is a subsidiary of Keppel DC REIT) in respect of the prescribed services provided.

However, pursuant to the supplemental agreement to the Basis Bay Lease, in the event that Basis Bay Services ceases to be the sole lessee of Basis Bay Data Centre, Basis Bay Services will be given a right of first refusal to continue as the facility manager of Basis Bay Data Centre on substantially the same terms and conditions as the existing facilities management agreement or to submit a bid before any open tender exercise is commenced. In event that Basis Bay Services does not exercise its right of first refusal, Basis Bay Capital Management may appoint another facility manager by way of open tender and Basis Bay Services may decide to submit its bid. If Basis Bay Services' bid is the lowest, Basis Bay Capital Management is obliged to appoint Basis Bay Services as the new facility manager of Basis Bay Data Centre; however, certain terms may be modified, including the fees payable by Basis Bay Capital Management for the facility management services performed (which would otherwise have been performed without charge if Basis Bay Services had remain the sole lessee of the Basis Bay Data Centre) and there is no assurance that the new facilities management agreement will not be on less advantageous terms to Keppel DC REIT. If Basis Bay Services ceases to perform the facility management services, Basis Bay Capital Management may have difficulty appointing a suitable and reliable candidate to take over as facility manager of Basis Bay Data Centre to service the underlying sub-clients occupying the Basis Bay Data Centre.

Keppel DC REIT holds certain Properties on leasehold title

Keppel DC REIT may not be able to renew its lease of Properties held on leasehold titles when their terms expire, for example if the landlord intends or has agreed to pull down and rebuild, or to reconstruct the premises, and has planning permission for the works or if for any reason the creation of a new lease would not be consistent with good estate management or where renewal options are revoked as a result of a breach by Keppel DC REIT of the relevant lease. In addition, Keppel DC REIT's leasehold titles to its Properties may not be able to be registered if the landlord has not registered its lease title. It may not be possible to carry out comprehensive searches to find out if there are third-party interests in the Properties, burdens and/or rights arising prior to the date of Keppel DC REIT's leases to the Properties and which rank in priority to Keppel DC REIT's interests in such leases. If there are any such third-party interests burdens and/or rights affecting the Properties and they are successfully asserted by such third-party or its successors in title, the use or occupation of the Properties might be affected and this may have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

The Almere Data Centre is leased to Borchveste Almere B.V. ("Borchveste") pursuant to the Ground Lease

Pursuant to the deed of transfer dated 17 April 2013 between Borchveste and KDCR Almere B.V. in respect of the transfer of Almere Data Centre, Borchveste transferred the title of Almere Data Centre to KDCR Almere B.V. which is a wholly-owned subsidiary of Keppel DC REIT while retaining a right of leasehold, also known as a ground lease (the "Ground Lease"), in favour of itself. The Ground Lease is established for a maximum period of twenty years with no option to renew or extend and will therefore by operation of law end ultimately on 17 April 2033.

The transfer of Almere Data Centre and the establishment of the Ground Lease is in acknowledgement that Borchveste already has an existing underlying lease arrangement with the underlying client dated 6 December 2007, pursuant to which Borchveste designed and built the data centre for the purpose of leasing it to the underlying client, and pursuant to which Borchveste leased the data centre to the underlying client for an initial period of twenty years as from 1 September 2008 therefore ending on 31 August 2028. For the avoidance of doubt, the Ground Lease and the underlying lease agreement are two separate lease arrangements with different

end dates. With the Ground Lease in place, the lease with the underlying client becomes conceptually similar to a sub-lease, with Borchveste being (i) the leasehold client of KDCR Almere B.V. and (ii) the landlord to the underlying client; the underlying client being essentially the sub-client.

In the event that the underlying client exercises its option to extend or renew the underlying lease, Borchveste will as from 31 August 2028 thereafter, no longer be bound by any obligation under the Ground Lease, the lease agreement with the underlying client and/or any new lease agreement. KDCR Almere B.V. will be obliged to fulfil all obligations arising from the lease agreement of Borchveste with the underlying client and/or any new lease agreement as if it were the landlord on the same terms thereof, and shall indemnify Borchveste for possible claims of third parties (including the underlying client) and for any costs and claims charged to or imposed on Borchveste thereof and there can be no assurance that such indemnity amounts would not adversely affect the business, financial condition and results of operations of Keppel DC REIT.

In addition, pursuant to the terms of the Ground Lease and as required by a mandatory article of the Dutch Civil Code, KDCR Almere B.V. is able to terminate the Ground Lease only if, *inter alia*, Borchveste does not pay the ground rent for two consecutive years.

Risks relating to Keppel DC REIT's business and operations

Keppel DC REIT is dependent on its significant clients and any breach by the significant clients of their obligations under the leases and/or colocation arrangements or the loss of such significant clients may have an adverse effect on the business, financial condition and results of operations of Keppel DC REIT

Many factors, including the financial position of the clients, the ability of such significant clients to compete with their competitors, material losses suffered by such clients in excess of insurance proceeds and consequences of recent global economic conditions, may cause Keppel DC REIT's clients to experience a downturn in their businesses or otherwise experience a lack of liquidity, which may weaken their financial conditions and result in them failing to make timely rental payments or them defaulting under their leases and/or colocation arrangements. If any client defaults or fails to make timely rent payments, Keppel DC REIT may experience delays in enforcing its rights as landlord, may not succeed in recovering rent at all and may incur substantial costs in protecting its investment. Furthermore, Keppel DC REIT will not be receiving any security deposit from its clients.

In addition, Keppel DC REIT's financial condition, results of operations and capital growth may be adversely affected by the decision of one or more of such significant clients to not renew its lease and/or colocation arrangement or terminate its lease and/or colocation arrangement before it expires. These significant clients may terminate their leases and/or colocation arrangements giving only a short notice period or may terminate without cause. If a key client or a significant number of clients terminate their leases and/or colocation arrangements or do not renew their leases and/or colocation arrangements at expiry, it may be difficult to secure replacement clients at short notice. In addition, the amount of rent and the terms on which lease and colocation arrangement renewals and new leases and colocation arrangements are agreed may be less favourable than the current leases and colocation arrangements. Therefore, the loss of key clients or a significant number of clients in any one of Keppel DC REIT's Properties or future acquisitions could result in periods of vacancy, which could adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT is subject to the risk of non-renewal, non-replacement or early termination of leases and colocation arrangements and a number of Keppel DC REIT's colocation arrangements are for a remaining term of approximately three years or less, which exposes the Properties to contract expiries each year

Keppel DC REIT has entered into leases with clients for some Properties (in particular, those Properties with a single client) which contain provisions which allow the client to terminate the lease or adjust the rent in certain circumstances. For example:

- Basis Bay Services may terminate the Basis Bay Lease or adjust the rental where there is acquisition by the relevant government authorities of the Property or part thereof; and
- Borchveste may terminate the lease in respect of Almere Data Centre unilaterally in the event that the lease agreement between Borchveste and the underlying client ends and the underlying client has not exercised the option to renew the underlying lease.

If clients choose not to renew their leases or colocation arrangements at the end of their term or if certain clients exercise the rights of early termination contained in their leases and colocation arrangements and replacement clients cannot be found in a timely manner and on terms acceptable to the Keppel DC REIT Manager, there is likely to be a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

In addition, if the Ground Lease is terminated prior to the end of its term, KDCR Almere B.V. will have to pay additional real estate transfer tax in the Netherlands as it will be deemed to “acquire” the Ground Lease for the remaining period up to the end of the term of the Ground Lease, which could materially and adversely affect the business, financial condition and results of operations of Keppel DC REIT.

The Sponsor holds 50.0% of the shares of the Keppel DC REIT Manager and the facility managers of some of the Properties are subsidiaries of the Sponsor. There may be potential conflicts of interest between Keppel DC REIT, the Keppel DC REIT Manager, these facility managers and the Sponsor

The Sponsor is engaged in the investment in, and the development and management of, *inter alia*, real estate which is wholly or partially used for data centre purposes.

The Sponsor may exercise influence over the activities of Keppel DC REIT through the Keppel DC REIT Manager, which is 50.0% owned by the Sponsor. The facility managers of some of the Properties are subsidiaries of the Sponsor. There can be no assurance that such facility manager will not favour properties that the Sponsor has in its own property portfolio over those owned by Keppel DC REIT when providing services to Keppel DC REIT. This could lead to lower occupancy rates and/or lower the rental income of the Properties as a whole.

Due to the pass-through nature of certain leases, Keppel DC REIT will effectively bear the obligations of such leases to their underlying end-clients while not having a direct contractual relationship with these underlying end-clients

Certain leases of Keppel DC REIT are essentially pass-through arrangements whereby a significant portion of the rent payable to Keppel DC REIT by the respective clients of the lease granted by Keppel DC REIT over KDC SGP 1 (the “**KDC SGP 1 Lease**”), the lease granted by Keppel DC REIT over KDC SGP 2 (the “**KDC SGP 2 Lease**”) and the lease granted by Keppel DC REIT over KDC SGP 3 (the “**KDC SGP 3 Lease**”) (collectively, the “**Keppel Lessees**”) is made up of fixed and variable rents based on the earnings before interest, taxes, depreciation and amortisation (after deducting the fixed rent and operating expenses) derived from the underlying end-clients whom the lessees have entered into colocation arrangements with. Accordingly,

notwithstanding that Keppel DC REIT does not have a direct contractual relationship with these underlying end-clients in relation to the provision of the data centre space, if there is a breach of the underlying colocation arrangements between the lessees and the underlying end-clients, for example due to a failure to meet the requisite service level commitments, the lessees may have to grant rental rebates or service credits ("**Client Service Credits**") to the underlying end-clients. Such Client Service Credits cannot be determined upfront as these are triggered by "downtime" suffered by the end-client under each colocation arrangement. This will adversely affect the variable rent that is payable to Keppel DC REIT by the lessees due to the pass-through nature of such leases. Further, Keppel DC REIT will be required to indemnify the lessees for losses suffered or incurred by the lessees (even for events that are not due to any act or fault of Keppel DC REIT) under the underlying colocation arrangements and leases, if there are successful claims brought about by the underlying end-clients against the lessees.

Keppel DC REIT is very much dependent on the facility managers for such leases to provide adequate services to essentially meet the obligations of Keppel DC REIT to the underlying end-clients due to the pass-through nature of these leases.

In the event a lessee (or any replacement facility managers for such Property) fails to adequately provide the services to essentially meet the obligations of Keppel DC REIT to the underlying end-clients, or in the event the facility management agreement is terminated and the replacement facility manager is not in place in a timely fashion, this will adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT does not have any direct contractual relationship with the underlying end-clients of Keppel DC Singapore 1, Keppel DC Singapore 2 and Keppel DC Singapore 3 (the "Singapore Properties") and its ability to take over the underlying colocation arrangements may be limited in the event of a default by the Keppel Lessees

Keppel DC REIT does not have any direct contractual relationship with the underlying end-clients of the Singapore Properties. In the event of a default by a Keppel Lessee, and the KDC SGP 1 Lease, the KDC SGP 2 Lease or the KDC SGP 3 Lease is terminated or if either the KDC SGP 1 Lease, the KDC SGP 2 Lease or the KDC SGP 3 Lease is not renewed upon their expiry, Keppel DC REIT will need to take an assignment or novation of the underlying colocation arrangements with the end-clients. However the assignment/novation may be subject to consents being obtained from the underlying end-clients to the extent that the underlying colocation arrangements contain a restriction against assignability by a Keppel Lessee. As such, Keppel DC REIT may require some time to take such assignment/novation of the underlying colocation arrangements and this will adversely affect the business, financial condition and results of operations of Keppel DC REIT.

The amount Keppel DC REIT may borrow is limited, which may affect the operations of Keppel DC REIT

Under the Property Funds Appendix, Keppel DC REIT is permitted to borrow up to 45.0% of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

Keppel DC REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that Keppel DC REIT decides to incur additional borrowings in the future, Keppel DC REIT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to Keppel DC REIT's existing Portfolio or in relation to Keppel DC REIT's acquisitions to expand its Portfolio;

- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting Keppel DC REIT's ability to incur further borrowings; and
- shortage of cash flows (including with respect to distributions) which Keppel DC REIT might otherwise be able to resolve by borrowing funds.

Keppel DC REIT may face risks associated with debt financing and the debt covenants which could limit or affect Keppel DC REIT's operations

Keppel DC REIT is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet the required payments of principal and interest under such financing. Keppel DC REIT may not be able to meet all of its obligations to repay any future borrowings through its cash on hand. Keppel DC REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

If Keppel DC REIT defaults under any debt financing facilities extended to it, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

Keppel DC REIT may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. While Keppel DC REIT is not subject to covenants that may limit or otherwise adversely affect its operations as at the Latest Practicable Date, the terms of any refinancing undertaken in the future may contain such covenants and other covenants which may also restrict Keppel DC REIT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or require Keppel DC REIT to maintain certain financial ratios. The triggering of any of such covenants may have an adverse impact on Keppel DC REIT's financial condition.

Keppel DC REIT's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expenses relating to such refinanced indebtedness would increase, thereby adversely affecting Keppel DC REIT's cash flows and have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

As a condition for tax transparency treatment, Keppel DC REIT is required to distribute at least 90.0% of its taxable income (after deduction of applicable expenses) (failing which Keppel DC REIT would be liable to pay tax on its taxable income) and may face liquidity constraints

As a condition for tax transparency treatment, Keppel DC REIT is required to distribute at least 90% of its taxable income to Unitholders, failing which Keppel DC REIT would be liable to pay tax on its taxable income (after deduction of applicable expenses).

If Keppel DC REIT's taxable income (after deduction of applicable expenses) is greater than its cashflow from operations, it may have to borrow funds to meet ongoing cashflow requirements in order to distribute at least 90.0% of its taxable income to Unitholders (after deduction of applicable expenses) since it may not have any reserves to draw on. Keppel DC REIT's ability to borrow is, however, limited by the Property Funds Appendix.

Failure to make such distributions to Unitholders would put Keppel DC REIT in breach of the terms for tax transparency treatment and Keppel DC REIT would be liable to pay income tax. This may in turn have an adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

If the Keppel DC REIT Manager's capital market services licence for REIT management ("CMS Licence") is cancelled or the authorisation of Keppel DC REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of Keppel DC REIT will be adversely affected

The CMS Licence issued to the Keppel DC REIT Manager is subject to conditions unless otherwise cancelled. If the CMS Licence of the Keppel DC REIT Manager is cancelled by the MAS, the operations of Keppel DC REIT will be adversely affected, as the Keppel DC REIT Manager would no longer be able to act as the manager of Keppel DC REIT.

Keppel DC REIT was authorised as a collective investment scheme on 5 December 2014 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of Keppel DC REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

The Keppel DC REIT Manager may not be able to successfully implement its investment strategy for Keppel DC REIT

There is no assurance that the Keppel DC REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand the Portfolio at any specified rate or to any specified size. The Keppel DC REIT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

Keppel DC REIT faces active competition in acquiring suitable properties. Keppel DC REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

Even if Keppel DC REIT were able to successfully acquire property or investments, there is no assurance that Keppel DC REIT will achieve its intended return on such acquisitions or investments.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, property development companies and private investment funds. There is no assurance that Keppel DC REIT will be able to compete effectively against such entities.

If Keppel DC REIT is unable to locate and secure quality or suitable sites for additional data centres on commercially acceptable terms, Keppel DC REIT's ability to grow its business may be limited

Keppel DC REIT's growth is partially dependent on locating and securing suitable income-producing data centres that meet Keppel DC REIT's strict specifications. These specifications include, but are not limited to, sourcing sites free from seismic activity and sub-surface contamination, storm potential and various topographical considerations, further requirements in terms of proximity to international network routes, access to a significant supply of high voltage electrical power, the ability to sustain heavy floor loading and an adequate supply of sufficiently educated labour to operate and maintain the site. Properties with these specifications may be scarce in Keppel DC REIT's target markets. If Keppel DC REIT is unable to identify and acquire

data centres that meet such requirements on commercially acceptable terms on a timely basis for any reason, including competition from other companies seeking similar sites with greater financial resources than Keppel DC REIT, its rate of growth may be substantially impaired.

Acquisitions may not yield the returns expected, resulting in disruptions to Keppel DC REIT's business and straining of management resources

Keppel DC REIT's external acquisition growth strategy and its asset selection process may not be successful and may not provide positive returns, which could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Acquisitions may cause disruptions to Keppel DC REIT's operations and divert management's attention away from day-to-day operations.

Keppel DC REIT may be unable to successfully integrate and operate acquired properties, which could have a material adverse effect on Keppel DC REIT

Even if Keppel DC REIT is able to make acquisitions on favourable terms, its ability to successfully integrate and operate them is subject to the following significant risks:

- it may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties, as well as require substantial management time and attention;
- it may be unable to integrate new acquisitions quickly and efficiently, particularly acquisitions of operating businesses or portfolios of properties, into its existing operations;
- acquired properties may be subject to reassessment, which may result in higher than expected property tax payments;
- its client retention and lease renewal risks may be increased; and
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

Any inability to integrate and operate acquired properties to meet Keppel DC REIT's financial, operational and strategic expectations could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

The Keppel DC REIT Manager's strategy to perform asset enhancement initiatives on some of the Properties from time to time may not materialise

The Keppel DC REIT Manager may from time to time perform asset enhancement initiatives on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs, which could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations

Keppel DC REIT's performance depends, in part, upon the continued service and performance of the executive officers of the Keppel DC REIT Manager. These key personnel may leave the employment of the Keppel DC REIT Manager. If any of the above were to occur, the Keppel DC REIT Manager will need to spend time searching for a replacement and the duties which such

executive officers are responsible for may be affected. The loss of any of these individuals could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT may from time to time be subject to legal proceedings and government proceedings

Legal proceedings against Keppel DC REIT and/or its subsidiaries, including those relating to property management and disputes over leases or colocation arrangements, may arise from time to time. There can be no assurance that Keppel DC REIT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the business, financial condition, results of operations or cash flows of Keppel DC REIT.

Keppel DC REIT's subsidiaries are regulated by various government authorities and regulations. If any government authority believes that Keppel DC REIT's subsidiaries or any of their clients are not in compliance with the relevant regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize the Properties, enjoin future action or (in the case of Keppel DC REIT's subsidiaries not being in compliance with the regulations) assess civil and/or criminal penalties against Keppel DC REIT, its subsidiaries, officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations or cash flows of Keppel DC REIT.

Keppel DC REIT is subject to interest rate fluctuations and may engage in interest rate hedging transactions, which can limit gains and increase costs

Keppel DC REIT may enter into interest rate hedging transactions to protect itself from the effects of interest rate volatilities on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of Keppel DC REIT.

Interest rate hedging could fail to protect Keppel DC REIT or adversely affect Keppel DC REIT because among others:

- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs Keppel DC REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised, would reduce the net asset value of Keppel DC REIT if it is due to downward adjustments.

Interest rate hedging activities involve risks and transaction costs, which may reduce overall returns.

Keppel DC REIT faces risks relating to foreign exchange rate fluctuations

Keppel DC REIT's reporting currency for the purposes of its financial statements is Singapore dollars. However, Keppel DC REIT also generates revenues and incurs operating costs in non-Singapore dollar denominated currencies, such as the Australian dollar, Malaysian Ringgit, Euro, and Pound Sterling. Keppel DC REIT recognises foreign currency gains or losses arising from its operations in the period incurred. As a result, currency fluctuations between Singapore dollar and non-Singapore dollar currencies in which Keppel DC REIT does business or proposes

to do business will cause Keppel DC REIT to incur foreign currency translation gains and losses. Keppel DC REIT cannot predict the effects of exchange rate fluctuations upon its future operating results because of the number of currencies involved, the variability of currency exposure and the potential volatility of foreign exchange rates.

Possible change of investment strategies may adversely affect the business, financial condition and results of operations of Keppel DC REIT

The Keppel DC REIT Manager may from time to time amend the investment strategies of Keppel DC REIT if it determines that such a change is in the best interest of Keppel DC REIT and its Unitholders without seeking Unitholders' approval. In the event of a change of investment strategies, the Keppel DC REIT Manager may, subject to the relevant laws, regulations and rules (including the Listing Manual), alter such investment strategies upon the expiry of three years from the 12 December 2014 (being the listing date of Keppel DC REIT), provided that it has given not less than 30 days' prior notice of the change to the Keppel DC REIT Trustee and Unitholders by way of an announcement on the SGX-ST. The methods of implementing Keppel DC REIT's investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Occurrence of any acts of God, natural disasters, war and terrorist attacks may adversely and materially affect the business and operations of the Properties

Acts of God, such as natural disasters, are beyond the control of Keppel DC REIT or the Keppel DC REIT Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. Keppel DC REIT's business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties and hence Keppel DC REIT's income available for distribution.

In addition, physical damage to the Properties resulting from fire, earthquakes, flooding or other acts of God may lead to a significant disruption to the business and operation of the Properties. Should such physical damage to the Properties occur, this may result in a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT and its capital growth.

There is no assurance that Keppel DC REIT will be able to leverage on the Sponsor's experience in the operation of the Properties or the Sponsor's experience in the management of REITs

In the event that the Sponsor decides to transfer or dispose of its Units or its shares in the Keppel DC REIT Manager, Keppel DC REIT may no longer be able to leverage on:

- the Sponsor's experience in the ownership and operation of data centre properties; or
- the Sponsor's financial strength, market reach and network of contacts to further its growth.

This may have a material adverse impact on Keppel DC REIT's financial condition and results of operations.

Keppel DC REIT's investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments

Keppel DC REIT'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 will subject Keppel DC REIT to risks inherent in concentrating on real estate assets. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

Any economic downturn may lead to a decline in occupancy for properties or real estate-related assets in the Portfolio. This will affect Keppel DC REIT's rental income from the Properties, and/or a decline in the capital value of the Portfolio, which will have an adverse impact on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT may grant rights to clients of its Properties which may restrict Keppel DC REIT from freely dealing with such Properties and could adversely affect the marketability of the respective Properties

Keppel DC REIT, through its various subsidiaries, has granted various rights of first refusal or rights of first call/last bid to its clients at certain of its Properties pursuant to the terms of the respective leases and colocation arrangements. The terms of these rights require Keppel DC REIT to first give the respective clients the opportunity to make an offer for the said interest before Keppel DC REIT may dispose of its interest in the various data centres or lease out vacated space in the data centres to third-parties on terms and conditions which are no more favourable than those offered to the clients. In the event that Keppel DC REIT decides to sell or dispose of its interest in these Properties or lease out any vacant space, for commercial reasons or otherwise, such rights may deter potential third-party purchasers or clients from making genuine offers for the Properties and this could adversely affect the marketability of the Properties.

Further, pursuant to the Basis Bay Shareholders' Agreement¹ (as supplemented), Keppel DC REIT has contracted to grant limited tag-along rights to the Basis Bay Vendor, pursuant to which, if Keppel DC REIT proposes to sell its interest in Basis Bay Capital Management to a third-party purchaser, the Basis Bay Vendor has the option, to require Keppel DC REIT to procure, on a best effort basis, the third-party purchaser to also purchase the Basis Bay Vendor's remaining interest. However, if Keppel DC REIT is unable to procure this, it will still be entitled to proceed with the transfer of its interest (but not the 1.0% interest belonging to the Basis Bay Vendor as Keppel DC REIT does not have any drag-along rights). This could affect the marketability of Basis Bay Data Centre as potential third-party purchasers may prefer to acquire the entire interest in Basis Bay Data Centre.

¹ The "**Basis Bay Shareholders' Agreement**" means the supplemental shareholders' agreement entered into on 12 December 2014 in connection with the 2014 Basis Bay Share Sale Agreement by the Keppel DC REIT Trustee, the Basis Bay Vendor and Basis Bay Capital Management to amend and supplement the shareholders' agreement dated 15 June 2012 entered into between the same parties to amend and vary the rights, obligations and commercial expectations of the shareholders of Basis Bay Capital Management to reflect the new shareholding proportion of 1.0% held by the Basis Bay Vendor and 99.0% held by Keppel DC REIT.

Risks relating to the data centre industry

The Asia Pacific and European data centre industry has suffered from over-capacity in the past, and a substantial increase in the supply of new data centre capacity and/or a general decrease in demand for data centre services could have an adverse impact on industry pricing and profit margins

Between 2001 and 2004, the Asia Pacific and European data centre industry suffered from over-capacity due to difficult telecommunications and technology market conditions when the value of many new Internet-based companies fell after a period of significant growth. Many clients contracted to use more space than they needed and in the market downturn following the global financial crisis, the number of Internet-related business failures increased significantly, resulting in high levels of client churn due to the termination or non-renewal of leases and colocation arrangements.

A substantial increase in the supply of new data centre capacity in the Asia Pacific or European data centre market and/or a general decrease in demand, or in the rate of increase in demand, for data centre services could have an adverse impact on industry pricing and profit margins. If there is insufficient demand for data centre services, Keppel DC REIT's business, financial condition and results of operations would be adversely affected.

The Properties depend upon the technology industry and the demand for technology-related real estate

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. A decline in the technology industry or a decline in outsourcing by corporate clients could lead to a decrease in the demand for data centre real estate, which may affect Keppel DC REIT's business and financial condition adversely. Keppel DC REIT is also susceptible to adverse developments in the corporate and institutional data centre and broader technology industries (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, costs of complying with government regulations or increased regulations and other factors) and the technology-related real estate market (such as oversupply of or reduced demand for space).

Amenities and communications and transportation infrastructure near the Properties may be closed, relocated, terminated, delayed or not completed which may in turn adversely impact the demand for data centre space

Data centres are dependent on access to inexpensive power, major population centres and communications networks, including voice, data and fibre optics networks and infrastructure. There is no assurance that amenities and communications and transportation infrastructure near the Properties will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it would adversely impact the accessibility of the relevant Properties and the attractiveness and marketability of the relevant Properties to clients. This may then have an adverse effect on the demand and the rental rates for the relevant Properties and adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Future technological developments may disrupt the economics and infrastructure of data centres

Although Keppel DC REIT attempts to account for technological developments in its planning for new acquisitions and its existing data centres, the introduction of new technologies and their impact on data centres cannot be predicted with certainty. Technological developments may have a disruptive impact on Keppel DC REIT's data centres in a variety of ways, including, but not limited to:

- reduced power requirements with an associated reduction in power utilisation by clients, and the resulting revenues generated by clients.
- enhanced computing power with an associated reduction in physical space and increased power density requirements.
- reduced demand for outsourced, dedicated data centre space given the availability of similarly resilient and secure shared space on the cloud. Potential technological developments include but are not limited to cloud level resiliency. For example, software-enabled cloud environments for storing data could evolve and reduce the requirement for infrastructure-based dedicated data centre storage capacity.

The infrastructure of the Properties may become obsolete and/or breakdown and Keppel DC REIT may not be able to upgrade and/or replace the power, cooling and security systems of the Properties cost-effectively or at all

The markets for the Properties, as well as the industries in which Keppel DC REIT's clients operate, are characterised by rapidly changing technologies, evolving industry standards, frequent new product introductions and changing client demands. Keppel DC REIT's ability to deliver resilient data centre infrastructure to supply redundant power and cooling systems coupled with tight security access are significant factors in the clients' decisions to rent space in the Properties. The data centre infrastructure of the Properties may become obsolete due to the development of new systems to deliver power to, or eliminate heat from, the servers and other client equipment hosted by the Properties. Furthermore, the data centre infrastructure of the Properties may also break down due to wear and tear after a period of time.

Furthermore, potential future regulations that apply to the industries which Keppel DC REIT's clients are in may require these clients to seek specific infrastructure requirements for their data centres that Keppel DC REIT is unable to provide. In such circumstances, Keppel DC REIT could lose some clients or be unable to attract new clients in certain industries, and this would have a material adverse effect on its results of operations and prospects.

The long sales cycle for data centre products could have a material adverse effect on Keppel DC REIT

A client's decision to take up space in one of Keppel DC REIT's data centres typically involves a significant commitment of resources, time-consuming contract negotiations regarding the service level commitments and substantial due diligence on the part of the client regarding the adequacy of Keppel DC REIT's infrastructure and attractiveness of its products and services. As a result, the leasing of data centre space has a long sales cycle. Furthermore, Keppel DC REIT may expend significant time and resources in pursuing a particular sale or client that may not result in any revenue. Keppel DC REIT's inability to adequately manage the risks associated with leasing the space and products within its facilities could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT is primarily focused on the ownership of data centres and any decrease in the demand for data centre space could have a material adverse effect on Keppel DC REIT

The portfolio consists entirely of data centres and it is subject to risks inherent in investments in a single industry. Adverse developments in the data centre market or in the industries in which Keppel DC REIT's clients operate could lead to a decrease in the demand for data centre space or managed services, which could have a greater material adverse effect on Keppel DC REIT than if it owned a more diversified real estate portfolio. The occurrence of such adverse circumstances are likely to impact market rents for and cash flows from Keppel DC REIT's data centre space, which could have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT faces competition, which may decrease or prevent increases of the occupancy and rental rates of its data centres, alter the terms and conditions of future leases and colocation arrangements and result in shorter term rental periods

Keppel DC REIT operates in the data centre industry and competes with numerous owners, operators and developers of data centre properties, many of which own data centres similar to Keppel DC REIT's in the same markets in which its data centres are located. In addition, despite the high barriers to entry for the data centre industry, there is still a risk that Keppel DC REIT may in the future face competition from new entrants into the data centre market, including new entrants who may acquire Keppel DC REIT's current competitors. Keppel DC REIT's competitors and potential competitors may have advantages over it, including pre-existing relationships with current or potential clients, significantly greater financial, marketing and other resources and access to capital which allow them to respond more quickly to new or changing opportunities. If Keppel DC REIT's competitors offer data centre space that its clients or potential clients perceive to be superior to Keppel DC REIT's, or if they offer rental rates substantially below current market rates, or below the rental rates Keppel DC REIT offers, it may lose clients or potential clients or be required to incur costs to improve its properties or reduce its rental rates.

Keppel DC REIT's clients may choose to develop new data centres or expand their own existing data centres, which could result in the loss of one or more key clients or reduce demand for Keppel DC REIT's existing or future data centres, which could have a material adverse effect on its revenues and results of operations

Keppel DC REIT's clients may choose in the future to develop their own new data centres or expand or consolidate into data centres that Keppel DC REIT does not own. In the event that any of Keppel DC REIT's key clients were to do so, it could result in a loss of business or put pressure on pricing. If Keppel DC REIT loses a client, no assurance can be given that it would be able to replace that client at a competitive rate or at all, which could have a material adverse effect on Keppel DC REIT's revenues and results of operations.

Keppel DC REIT could be subject to costs, as well as claims, litigation or other potential liabilities, in connection with risks associated with the security of its data centres

One of Keppel DC REIT's service offerings is its high level of physical security. Many of Keppel DC REIT's clients entrust their key strategic information technology services and applications to Keppel DC REIT due, in part, to the level of security it offers. A party who is able to breach Keppel DC REIT's security could physically damage its and/or its clients' equipment and/or misappropriate either Keppel DC REIT's proprietary information or the information of its clients or cause interruptions or malfunctions in Keppel DC REIT's operations.

There can be no assurance that the security of any of Keppel DC REIT's data centres will not be breached either physically or electronically or that the equipment and information of its clients will not be put at risk. Any security breach could have a serious impact on Keppel DC REIT's

reputation and could prevent clients from choosing Keppel DC REIT's services and lead to clients terminating their leases and colocation arrangements and seeking to recover losses suffered, which could have a material adverse effect on Keppel DC REIT's business, financial condition and results of operations. Keppel DC REIT may incur significant additional costs to protect against physical and electronic security breaches or to alleviate problems caused by such breaches.

Keppel DC REIT's business is dependent on the technical and operational resilience of its infrastructure

The Properties comprise data centres designed to high specifications, with redundant power and cooling distribution paths to ensure minimal downtime and provide specified levels of operational availability. The specific technical and operational risks in maintaining such standards include but are not limited to power surges from the main grid or external factors such as human error. While Keppel DC REIT seeks to manage such risks through multiple layers of redundancy and back-up systems supported by detailed operational procedures and maintenance programmes, no system of risk management can provide absolute assurance against all potential risks. If Keppel DC REIT's data centres were to suffer a serious incident, this could have an impact on the track record and reputation of Keppel DC REIT. Such an incident could result in losses for its clients, reduce clients' confidence in Keppel DC REIT's services and enable its clients to terminate the existing agreements with Keppel DC REIT, impair Keppel DC REIT's ability to attract new clients and retain existing clients and/or result in Keppel DC REIT incurring financial obligations to its clients for breaching the service level commitments it owes to its clients.

Keppel DC REIT is dependent upon third-party suppliers for power and certain other services, and is vulnerable to service failures of its third-party suppliers and to price increases by such suppliers

Keppel DC REIT relies on third-parties to provide power to the Properties, and cannot ensure that these third-parties will deliver such power in adequate quantities, at acceptance prices or on a consistent basis. If the amount of power available is inadequate to support the client requirements, Keppel DC REIT may be unable to satisfy its obligations to its clients or grow its business. In addition, the Properties are susceptible to power shortages and planned or unplanned power outages caused by these shortages. These outages or shortages could be due to lapses by the third-party suppliers. While Keppel DC REIT attempts to limit exposure to power shortages or outages by using redundancy infrastructure systems such as backup generators and uninterrupted power supply in its data centres, no system of risk management can provide absolute assurance against all potential risks. Should any of the foregoing occur, this will adversely affect the business and operations of its clients and result in losses for its clients for which Keppel DC REIT may be liable under the agreements with its clients. In certain jurisdictions (e.g. Ireland) it is market practice for the liability of third-party electricity suppliers to be limited to a capped amount. In the event of a power outage and the failure of back-up generators in respect of Properties located in such jurisdictions, the remedy available against the electrical supplier will be very limited and may not cover the losses sustained by clients of the relevant Property.

Future consolidation and competition in Keppel DC REIT's clients' industries could reduce the number of Keppel DC REIT's existing and potential clients and make Keppel DC REIT dependent on a more limited number of clients

Mergers or consolidations in Keppel DC REIT's clients' industries in the future could reduce the number of Keppel DC REIT's existing and potential clients and make Keppel DC REIT dependent on a more limited number of clients. If Keppel DC REIT's clients merge with or are acquired by other entities that are not Keppel DC REIT's clients, they may discontinue or reduce their use of Keppel DC REIT's data centres in the future. Additionally, some of Keppel DC REIT's clients may

compete with one another in various aspects of their businesses, which places additional competitive pressures on the clients. Any of these developments could have a material adverse effect on the business of Keppel DC REIT.

Risks relating to the jurisdictions which Keppel DC REIT operates in

Keppel DC REIT may be adversely affected by economic conditions in which the Properties are located

An economic decline in the jurisdictions in which the Properties are located could adversely affect Keppel DC REIT's results of operations and future growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. While there have been periods of stability in these markets, the environment has become more unpredictable. The recent volatility in global financial markets has added to the uncertainty about the global economic outlook, and a number of countries are experiencing slowing economic activity. These events have damaged, and may continue to damage, market confidence, and access to and costs of funding, and may slow the activity of our clients and have other impacts on the entities with which we do business. The vulnerable nature of several sovereign nations in Europe and the United States and the associated impact on market conditions have resulted in a tightening of credit markets and wholesale funding conditions and will impinge upon the health of the global financial system.

Furthermore, the slide in oil prices has also resulted in depressed growth in many resource-dependent economies. Economic factors including, without limitation, changes in interest rates and inflation, changes in gross domestic product, economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital could adversely affect the business, financial condition and results of operations of Keppel DC REIT.

These developments could adversely affect Keppel DC REIT insofar as they result in:

- a negative impact on the ability of the clients to pay their rents or fees in a timely manner or continuing their leases or colocation arrangements, thus reducing Keppel DC REIT's cash flows;
- an increase in counterparty risk (being the risk of monetary loss which Keppel DC REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transaction); and/or
- an increased likelihood that one or more of (i) Keppel DC REIT's banking syndicates (if any), (ii) banks or insurers, as the case may be, providing bankers' guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with the Properties or Keppel DC REIT's operations or (iii) Keppel DC REIT's insurers, may be unable to honour their commitments to Keppel DC REIT.

There is also uncertainty as to the outlook of PRC's economy, Britain's exit from the European Union, the interest rate environment in U.S., the decrease in consumer demand and the impact of the global downturn on the economies of the jurisdictions in which the Properties are located. As such, Keppel DC REIT's businesses and operations are exposed to fluctuations in economic and market conditions of these countries and an economic recession in any of these countries and other countries in which the Properties are located might have a material adverse effect on the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT is subject to the laws, regulations, policies and accounting standards in the jurisdictions in which the Properties are located

Keppel DC REIT is subject to laws, regulations (including tax laws and regulations) and policies in the jurisdictions in which the Properties are located, which may increase or change. Measures and policies adopted by these governments and regulatory authorities at national, provincial or local levels, such as government control over property investments, foreign exchange regulations or limitations in foreign investment might adversely impact Keppel DC REIT.

There can be no assurance that any such changes to, or any new, laws, regulations, policies and accounting standards will not materially and adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Governments of the countries in which Keppel DC REIT operates may also seek to promote a stable and sustainable property market by monitoring the property market and adopting measures as and when they deem necessary. These governments may introduce new policies or amend or abolish existing policies at any time and these policies may have retroactive effect. These changes may have a material and adverse impact on the overall performance of the property markets in which Keppel DC REIT operates and thus materially and adversely affect the business, financial condition and results of operations of Keppel DC REIT.

Keppel DC REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs

Keppel DC REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that any new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or Keppel DC REIT specifically.

Keppel DC REIT may suffer higher taxes if any of its subsidiaries are treated as having a taxable presence or permanent establishment outside their place of incorporation and tax residency

If Keppel DC REIT or any of its subsidiaries are considered as having a taxable presence or permanent establishment outside its place of incorporation and place of tax residency, income or gains may be subject to additional taxes which may have an adverse impact on Keppel DC REIT and its subsidiaries' financial conditions.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The Issuer will lend the net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) to the Keppel DC REIT Trustee. The net proceeds of an issuance of Notes will be used by the Keppel DC REIT Trustee towards (a) financing or refinancing acquisitions and/or investments of Keppel DC REIT and any development or enhancement works initiated by the Keppel DC REIT Trustee or any trust, fund or entity in which the Keppel DC REIT Trustee has an interest, (b) on-lending to any trust, fund or entity in which the Keppel DC REIT Trustee has an interest, (c) financing the general working capital purposes and capital expenditure requirements of the Group, (d) refinancing the borrowings of the Group or (e) such other purpose as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Securities and Futures Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and

Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant paying agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines or circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. It should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arrangers nor any other persons involved in the MTN Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

1. *Interest and other payments*

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost” means, in relation to debt securities and qualifying debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee” means, in relation to debt securities and qualifying debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium” means, in relation to debt securities and qualifying debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

As the MTN Programme is wholly arranged by DBS Bank Ltd. and United Overseas Bank Limited, each of which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at the time of establishment of the Programme, any Tranche of the Notes issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 (the “**Relevant Notes**”) would be, pursuant to the ITA, “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Specified Income**”) from the Relevant Notes paid by the Issuer and derived by a holder who is not

resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such operation in Singapore, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Specified Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any Tranche of Relevant Notes, the Relevant Notes of such Tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (b) even though a Tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such Tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person who acquires such Relevant Notes with funds obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the MAS may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the MAS may specify and such other particulars in connection with the qualifying debt securities as the MAS may require), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity date of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such qualifying debt securities; and
 - (ii) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the qualifying debt securities at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a Tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Notes derived by:

- (a) any related party of the Issuer; or
- (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Relevant Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Relevant Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who adopt or are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Relevant Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “*Adoption of FRS 39 treatment for Singapore income tax purposes*”.

3. Adoption of FRS 39 treatment for Singapore income tax purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Noteholders who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Notes.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (the “**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions, including Singapore, have entered into, or have agreed in substance to, intergovernmental agreements with United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager), of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to any thing done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Securities to the public**” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain,

any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

APPENDIX I

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The Board of Directors of the Issuer is set out on page 13 of this Information Memorandum.

EQUITY CAPITAL

2. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the shares are stated in the Constitution of the Issuer.
3. As at the Latest Practicable Date, there are 1,127,075,772 units of Keppel DC REIT in issue.

BORROWINGS

4. The borrowings of Keppel DC REIT as at 31 December 2016 are as disclosed in Appendix II to this Information Memorandum.

WORKING CAPITAL

5. After taking into account its internal resources and available loan facilities, the working capital available to Keppel DC REIT as at the date of this Information Memorandum is sufficient for its present requirements.

CHANGES IN ACCOUNTING POLICIES

6. There has been no significant change in the accounting policies of Keppel DC REIT since its audited financial accounts for the financial year ended 31 December 2016.

LITIGATION

7. There are no final and conclusive judgements against or affecting the Issuer, the Guarantor, Keppel DC REIT or any of the subsidiaries of Keppel DC REIT, the outcome which, in the opinion of the directors, may have or have had (in the case of the Issuer) since the date of its incorporation and (in the case of the Guarantor, Keppel DC REIT or any of the subsidiaries of Keppel DC REIT) during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, the Guarantor, Keppel DC REIT or the Group taken as a whole.

MATERIAL ADVERSE CHANGE

8. There has been no material adverse change in the financial condition or business of the Issuer since the date of its incorporation, or the financial condition or business of Keppel DC REIT or the Group since 31 December 2016.

CONSENTS

9. KPMG LLP, the auditor of Keppel DC REIT (retired with effect from 18 April 2017) and PricewaterhouseCoopers LLP, the auditor of the Issuer and Keppel DC REIT (appointed with effect from 18 April 2017), have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their names and reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

10. Copies of the following documents may be inspected at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of six months from the date of this Information Memorandum:
 - (a) the Constitution of the Issuer;
 - (b) the Trust Deed;
 - (c) the Keppel DC REIT Trust Deed;
 - (d) the letter of consent referred to in paragraph 9 above; and
 - (e) the audited financial statements of Keppel DC REIT for the financial year ended 31 December 2016.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

11. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

APPENDIX II

AUDITED FINANCIAL STATEMENTS OF KEPPEL DC REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The information in this Appendix II has been reproduced from the annual report of Keppel DC REIT for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

Report of the Trustee

For the financial year ended 31 December 2016

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel DC REIT and its subsidiaries during the period covered by these financial statements, set out on pages 87 to 137 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited



Sin Li Choo
Director

Singapore
15 February 2017

Statement by the Manager

For the financial year ended 31 December 2016

In the opinion of the directors of Keppel DC REIT Management Pte. Ltd., the accompanying financial statements of Keppel DC REIT (the "Trust") and its subsidiaries (collectively, the "Group") set out on pages 87 to 137, comprising the Statements of Financial Position for the Group and the Trust and the Consolidated Portfolio Statement of the Group as at 31 December 2016, the Consolidated Statement of Total Return of the Group, the Statements of Movements in Unitholders' Funds of the Group and the Trust and the Distribution Statement and Consolidated Statement of Cash Flows of the Group, and the Notes to the Financial Statements for the year have been drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2016, the consolidated total return of the Group, movements in Unitholders' funds of the Group and the Trust, and distribution statement and consolidated cash flows of the Group for the year ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 17 March 2011 (as amended). At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

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



Christina Tan Hua Mui
Director

Singapore
15 February 2017

Independent Auditors' Report

Unitholders of Keppel DC REIT

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Keppel DC REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position of the Group and the Trust and the Consolidated Portfolio Statement of the Group as at 31 December 2016, the Consolidated Statement of Total Return of the Group, Statements of Movements in Unitholders' Funds of the Group and the Trust and Distribution Statement and Consolidated Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 87 to 137.

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2016 and the portfolio holdings, total return, distributable income, movements in Unitholders' funds and cash flows of the Group and movement in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Notes 4 and 24 to the financial statements)

Risk:

The Group owns a portfolio of investment properties comprising data centres located in Singapore, Malaysia, Australia and four countries in Europe. Investment properties represent the single largest category of assets on the statement of financial position, at \$1,226 million as at 31 December 2016.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.

Our response:

We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation, discount and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration the comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationship between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings:

The Group has a structured process in appointing and instructing valuers, and in reviewing, challenging and accepting their valuations. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data.

The disclosures in the financial statements are appropriate.

Other information

Keppel DC REIT Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the other information. The other information comprises the Statement by the Manager, Key Figures, Group Financial Highlights, Group Quarterly Results, Market Review, Portfolio Review and Financial Review, which we obtained prior to the date of this auditors' report, and the other information in the Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

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

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

Independent Auditors' Report

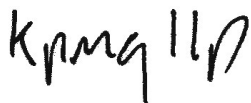
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is David Waller.



KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

15 February 2017

Statements of Financial Position

As at 31 December 2016

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Investment properties	4	1,225,938	1,102,685	455,000	454,000
Investment in subsidiaries	5	–	–	515,724	390,454
Loans to subsidiaries	6	–	–	160,236	156,440
Deposit	7	12,920	12,744	–	–
Intangible assets	8	3,999	–	3,999	–
Derivative financial assets	16	1,685	4,200	642	564
Deferred tax assets	17	145	312	–	–
		1,244,687	1,119,941	1,135,601	1,001,458
Current assets					
Trade and other receivables	9	38,691	53,060	17,102	33,023
Derivative financial assets	16	1,663	1,009	1,663	1,009
Cash and cash equivalents	10	297,958	37,161	273,742	26,707
		338,312	91,230	292,507	60,739
Total assets		1,582,999	1,211,171	1,428,108	1,062,197
Current liabilities					
Loans from a subsidiary	13	–	–	3,123	30,208
Loans and borrowings	14	6,655	33,643	–	–
Trade and other payables	15	27,990	17,785	14,281	7,898
Derivative financial liabilities	16	499	139	499	139
		35,144	51,567	17,903	38,245
Non-current liabilities					
Loans from a subsidiary	13	–	–	436,198	311,640
Loans and borrowings	14	464,034	338,337	–	–
Derivative financial liabilities	16	2,148	1,721	171	361
Deferred tax liabilities	17	7,805	6,058	4	–
		473,987	346,116	436,373	312,001
Total liabilities		509,131	397,683	454,276	350,246
Net assets		1,073,868	813,488	973,832	711,951
Represented by:					
Unitholders' funds	11	1,073,525	813,114	973,832	711,951
Non-controlling interest	21	343	374	–	–
		1,073,868	813,488	973,832	711,951
Units in issue ('000)	12	1,125,210	882,977	1,125,210	882,977
Net asset value per Unit (\$)		0.954	0.921	0.865	0.806

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

Consolidated Statement of Total Return

For the financial year ended 31 December 2016

	Note	Group	
		2016 \$'000	2015 \$'000
Gross revenue	18	99,139	102,462
Property operating expenses		(8,203)	(15,590)
Net property income		90,936	86,872
Finance income		1,293	321
Finance costs	19	(12,768)	(11,710)
Trustee fees		(180)	(180)
Manager's base fee		(5,563)	(5,011)
Manager's performance fee		(3,070)	(3,262)
Audit fees		(261)	(257)
Valuation fees		(276)	(181)
Net realised gains on derivatives		1,776	771
Other trust (expenses)/income		(207)	798
Net income		71,680	68,161
Net change in fair value of investment properties	4	(13,994)	41,879
Total return for the year before tax		57,686	110,040
Tax expenses	20	(6,743)	(5,577)
Total return for the year after tax		50,943	104,463
Total return attributable to:			
Unitholders		50,937	104,424
Non-controlling interest	21	6	39
Total return for the year		50,943	104,463
Earnings per Unit (cents)			
- Basic and diluted	22	5.58	11.83
- Basic and diluted (excluding net change in fair value of investment properties and their related deferred tax impact)	22	7.43	7.28

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

Statement of Movements in Unitholders' Funds

For the financial year ended 31 December 2016

	Note	Unitholders' Funds \$'000	Non-controlling Interest \$'000	Total \$'000
Group				
At 1 January 2016		813,114	374	813,488
Operations				
Total return for the year		<u>50,937</u>	<u>6</u>	<u>50,943</u>
Net increase in net assets resulting from operations		<u>50,937</u>	<u>6</u>	<u>50,943</u>
Unitholders' transactions				
Distributions to Unitholders		(58,458)	–	(58,458)
Net increase in net assets resulting from Unitholders' contribution	12	275,318	–	275,318
Payment of management fees in Units	12	<u>264</u>	<u>–</u>	<u>264</u>
Net increase in net assets resulting from Unitholders' transactions		<u>217,124</u>	<u>–</u>	<u>217,124</u>
Dividends paid to a non-controlling interest		–	(31)	(31)
Hedging reserve				
Movement in hedging reserve		<u>(2,549)</u>	<u>–</u>	<u>(2,549)</u>
Net decrease in hedging reserve		<u>(2,549)</u>	<u>–</u>	<u>(2,549)</u>
Foreign currency translation movement for the year		<u>(5,101)</u>	<u>(6)</u>	<u>(5,107)</u>
At 31 December 2016		<u>1,073,525</u>	<u>343</u>	<u>1,073,868</u>

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

Statement of Movements in Unitholders' Funds

	Note	Unitholders' Funds \$'000	Non-controlling Interest \$'000	Total \$'000
Group				
At 1 January 2015		772,587	441	773,028
Operations				
Total return for the year		104,424	39	104,463
Net increase in net assets resulting from operations		104,424	39	104,463
Unitholders' transactions				
Distributions to Unitholders		(31,432)	-	(31,432)
Payment of management fees in Units	12	47	-	47
Net decrease in net assets resulting from Unitholders' transactions		(31,385)	-	(31,385)
Dividends paid to a non-controlling interest		-	(38)	(38)
Hedging reserve				
Movement in hedging reserve		2,860	-	2,860
Net increase in hedging reserve		2,860	-	2,860
Foreign currency translation movement for the year		(35,372)	(68)	(35,440)
At 31 December 2015		813,114	374	813,488

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

	Note	2016 \$'000	2015 \$'000
Trust			
At 1 January		711,951	669,140
Operations			
Total return for the year		44,195	73,123
Net increase in net assets resulting from operations		44,195	73,123
Unitholders' transactions			
Distributions to Unitholders		(58,458)	(31,432)
Net increase in net assets resulting from Unitholders' contribution	12	275,318	-
Payment of management fees in Units	12	264	47
Net increase/(decrease) in net assets resulting from Unitholders' transactions		217,124	(31,385)
Hedging reserve			
Movement in hedging reserve		562	1,073
Net increase in hedging reserve		562	1,073
At 31 December		973,832	711,951

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Total return for the year		50,943	104,463
Adjustments for:			
Tax expenses		6,743	5,577
Finance income		(1,293)	(321)
Finance costs		12,768	11,710
Amortisation of intangible asset	8	509	–
Net change in fair value of investment properties	4	13,994	(41,879)
Management fees paid in Units		264	47
		83,928	79,597
Changes in working capital:			
Trade and other receivables		(5,480)	(20,178)
Trade and other payables		(1,522)	(4,548)
Cash generated from operations		76,926	54,871
Income tax paid		(1,180)	(160)
Net cash from operating activities		75,746	54,711
Cash flows from investing activities			
Acquisition of investment properties		(110,914)	(43,595)
Acquisition of intangible asset	8	(4,508)	–
Rental top up received		4,508	–
Additions to investment properties	4	(5,457)	(7,702)
Capital expenditure on investment properties	4	(4,352)	(308)
Net cash used in investing activities		(120,723)	(51,605)
Cash flows from financing activities			
Proceeds from issuance of Units	12	279,497	–
Proceeds from bank borrowings		188,808	74,577
Payment of financing transaction costs		(192)	(106)
Repayment of bank borrowings		(92,557)	(17,758)
Finance costs paid		(11,891)	(10,803)
Distributions paid to Unitholders		(58,458)	(31,432)
Dividends paid to a non-controlling interest		(31)	(38)
Repayment of amount due to a related corporation		–	(1,712)
Payment of transaction costs relating to fund-raising		(3,186)	(3,548)
Net cash from financing activities		301,990	9,180
Net increase in cash and cash equivalents		257,013	12,286
Cash and cash equivalents at beginning of the year		37,161	25,537
Effects of exchange rate fluctuations on cash held		(215)	(662)
Cash and cash equivalents at end of the year	10	293,959	37,161
Cash and cash equivalent balances		297,958	37,161
Less: Rental top up received in advance held in a designated account (Note A)		(3,999)	–
Cash and cash equivalents per Consolidated Statement of Cash Flows		293,959	37,161

Note A – Rental top up received in advance held in a designated account

This relates to the rental top up payments received in advance by the Group held in a designated account for the 100% interest in a newly acquired overseas asset.

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

Distribution Statement

For the financial year ended 31 December 2016

	Group	
	2016 \$'000	2015 \$'000
Amount available for distribution to Unitholders at beginning of the year	28,962	2,954
Total return for the year attributable to Unitholders after tax	50,937	104,424
Net tax and other adjustments (Note A)	10,111	(46,984)
Amount available for distribution to Unitholders	90,010	60,394
Distributions to Unitholders:		
Distribution of 3.56 cents per Unit for the period from 12/12/2014 to 30/6/2015	–	(31,432)
Distribution of 3.28 cents per Unit for the period from 1/7/2015 to 31/12/2015	(28,962)	–
Distribution of 3.34 cents per Unit for the period from 1/1/2016 to 30/6/2016	(29,496)	–
	(58,458)	(31,432)
Amount available for distribution to Unitholders at end of the year	31,552	28,962

Note A:

Net tax and other adjustments comprise:

	Group	
	2016 \$'000	2015 \$'000
Trustee's fees	180	180
Rental income adjustment on a straight-line basis	608	(2,360)
Amortisation of capitalised debt costs	357	368
Net fair value losses/(gains) in investment properties	13,994	(41,879)
Unrealised foreign exchange gains	(1,735)	(3,917)
Deferred tax	1,962	2,953
Amortisation of intangible asset	509	–
Other net tax adjustments ⁺	(5,764)	(2,329)
	10,111	(46,984)

+ Net of non-controlling interest

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

Consolidated Portfolio Statement

For the financial year ended 31 December 2016

Description of investment properties	Location	Land tenure	Term of lease*	Remaining term of lease*	Carrying amount at fair value 2016 \$'000	Carrying amount at fair value 2015 \$'000	Percentage of total net assets 2016 %	Percentage of total net assets 2015 %
			(Years)	(Years)				
Fully fitted								
iseek Data Centre ("iseek DC")	Brisbane, Queensland, Australia	Leasehold	37	30	43,905	38,652	4.1	4.8
GV7 Data Centre ("GV7 DC")	Greenwich, London, England	Leasehold	199	166	67,518	82,243	6.3	10.1
Basis Bay Data Centre ("Basis Bay DC")	Cyberjaya, Malaysia	Freehold	Not applicable	Not applicable	34,936	37,461	3.2	4.6
Almere Data Centre ("Almere DC")	Amsterdam, The Netherlands	Freehold	Not applicable	Not applicable	137,660	129,715	12.8	16.0
Shell and core								
Intellicentre 2 Data Centre ("IC2 DC")	Macquarie Park, New South Wales, Australia	Freehold	Not applicable	Not applicable	49,244	47,967	4.6	5.9
Cardiff Data Centre ("Cardiff DC")	Cardiff, United Kingdom	Freehold	Not applicable	Not applicable	60,411	–	5.6	–
Milan Data Centre ("Milan DC")	Milan, Italy	Freehold	Not applicable	Not applicable	53,372	–	5.0	–
Colocation								
Gore Hill Data Centre ("Gore Hill DC")	Artarmon, New South Wales, Australia	Freehold	Not applicable	Not applicable	219,672	202,820	20.5	24.9
Keppel DC Singapore 1 ("KDC SGP 1") (f.k.a. S25)	Serangoon, Singapore	Leasehold	60	38	279,000	275,000	26.0	33.8
Keppel DC Singapore 2 ("KDC SGP 2") (f.k.a. T25)	Tampines, Singapore	Leasehold	60	34	176,000	179,000	16.4	22.0
Keppel DC Dublin 1 ("KDC DUB 1") (f.k.a. Citadel 100 Data Centre)	Dublin, Republic of Ireland	Leasehold	40	24	104,220	109,827	9.7	13.5
Total investment properties at fair value					1,225,938	1,102,685	114.2	135.6
Other assets and liabilities (net)					(152,070)	(289,197)	(14.2)	(35.6)
Total net assets of the Group					1,073,868	813,488	100.0	100.0

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

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

At 31 December 2016, the Group's interests in investment properties amounting to \$1,225.9 million (2015: \$1,102.7 million) are free from encumbrances for debt facilities.

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements of Keppel DC REIT (the "Trust") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2016 were authorised for issue by the Manager on 15 February 2017.

1 General Information

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

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

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

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

The principal activity of the Trust is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate-related assets, with an initial focus on Asia-Pacific and Europe. The principal activities of the subsidiaries are disclosed in Note 5.

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

(a) Trustee's fees

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

(b) Manager's fees

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

- (i) a Base Fee of 0.5% per annum of the value of Deposited Property; and
- (ii) a Performance Fee of 3.5% per annum of the Group's Net Property Income (as defined in the Trust Deed) in the relevant financial year.

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

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

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

Notes to the Financial Statements

1 General Information (continued)

(c) Facility management fees

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

- (i) KDC SGP 1 and KDC SGP 2: facility management fee of 4.0% of EBITDA derived from the underlying end-users (after deducting the fixed rent payable to the Trust and operating expenses incurred for each property);
- (ii) Gore Hill DC: facility management fee of AUD 2.1 million subject to an increase of 4.0% per annum on each anniversary of 10 March 2012, being the commencement date; and
- (iii) KDC DUB 1: facility management fee of EUR 0.9 million for three years commencing from 1 September 2016.

2 Basis of Preparation

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgements

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 4 – Investment Properties and Note 24 – Fair Value of Assets and Liabilities.

3 Significant Accounting Policies

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

3.1 Basis of Consolidation

Business combination

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

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

Subsidiaries

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

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

Loss of control

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

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Trust

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

Notes to the Financial Statements

3 Significant Accounting Policies (continued)

3.2 Foreign Currency

Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of total return, except for the following differences which are recognised in the foreign currency translation reserve in Unitholders' funds, arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in the foreign currency translation reserve in Unitholders' funds are reclassified to the statement of total return);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

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

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

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

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

3.3 Financial Instruments

Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

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

Non-derivative financial liabilities

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

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

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

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

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

3.4 Hedge Accounting

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

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

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

Cash flow hedges

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

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

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

Notes to the Financial Statements

3 Significant Accounting Policies (continued)

3.4 Hedge Accounting (continued)

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 16.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its foreign investment properties in Australia, Europe and Malaysia. Details of the forward currency contracts are disclosed in Note 23.

3.5 Unitholders' Funds

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

3.6 Investment Properties

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return. Rental income from investment properties is accounted for in a manner described in Note 3.11.

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

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

3.7 Intangible Assets

Intangible assets

Intangible assets, which relate to rental top up payments, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation expense is recognised in the statement of total return on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The intangible asset in relation to the rental top up (Note 8) will be amortised over the top up period of 27 months.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.8 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Non-financial assets

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

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

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

3.9 Employee Benefits

Defined contribution plans

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

Short-term employee benefits

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

3.10 Leases

When entities within the Group are lessees of a finance lease

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

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

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

When entities within the Group are lessors of an operating lease

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

Notes to the Financial Statements

3 Significant Accounting Policies (continued)

3.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment.

Rental income

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

3.12 Finance Costs

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

3.13 Finance Income

Interest income is recognised using the effective interest method.

3.14 Income Tax

Current income tax

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

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

Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

Tax transparency

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

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

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

- a) where the beneficial owner is a Qualifying Unitholder, the Trustee and the Manager will make the distributions to such Unitholder without deducting any income tax; and
- b) where the beneficial owner is Qualifying Foreign Non-Individual Unitholder (as defined below), the Trustee and the Manager will undertake to deduct income tax at a reduced rate of 10% from the distributions made up to 31 March 2020, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

- a) an individual;
- b) a company incorporated and tax resident in Singapore;
- c) a Singapore branch of a company incorporated outside Singapore;
- d) a body of persons (excluding company or partnership) incorporated or registered in Singapore, including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act Cap. 333; or
- (e) international organisations that are exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and privileges) Act (Cap. 145).

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

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

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

Notes to the Financial Statements

3 Significant Accounting Policies (continued)

3.14 Income Tax (continued)

Tax exemption

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

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

3.15 Operating Segment

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

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

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

3.16 Key Management Personnel

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

3.17 Provisions

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

3.18 Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is the valuation of investment properties, Notes 4(a) and 24.

3.19 New Standards and Interpretations not Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Trust. Those new standards, amendments to standards and interpretations are set out below.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers*, FRS 109 *Financial Instruments* and FRS 116 *Leases* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.
- FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As FRS 115, FRS 109 and FRS 116, when effective, will change the existing accounting standards and guidance applied by the Group and the Trust in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and Trust. The Group is currently assessing the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.

Notes to the Financial Statements

4 Investment Properties

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 January	1,102,685	1,047,143	454,000	416,733
Acquisitions				
- during the year	110,914	46,637	–	–
- reversal of recoverable from a related corporation ^(a)	12,403	951	12,403	951
- payable to a related corporation ^(a)	5,938	–	5,938	–
	129,255	47,588	18,341	951
Additions	5,457	7,702	–	–
Capital expenditure	4,352	308	2,709	106
Change in fair value	(13,994)	41,879	(20,050)	36,210
Translation differences on consolidation	(1,817)	(41,935)	–	–
At 31 December	1,225,938	1,102,685	455,000	454,000

- (a) Investment properties are stated at fair value based on valuations performed by independent valuers, Savills Valuation And Professional Services (S) Pte. Ltd., DTZ Australia (NSW) trading as Cushman & Wakefield, CIVAS Limited trading as Colliers International, CB Richard Ellis Limited, (2015: Cushman & Wakefield VHS Pte. Ltd., CB Richard Ellis Limited, Colliers International Consultancy & Valuation Pty Ltd, Colliers International New Zealand Limited and IVPS Property Consultant Sdn Bhd (an associate of Cushman & Wakefield)). The external, independent valuers have the appropriate recognised professional qualifications and recent experience in the locations and categories of properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

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

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

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

- (b) On 6 October 2016, the Group completed the acquisition of a 100% interest in the shell and core building of Cardiff DC in Cardiff, United Kingdom.
- (c) On 21 October 2016, the Group completed the acquisition of a 100% interest in the shell and core building of Milan DC in Milan, Italy.
- (d) The adjustment in purchase consideration of the Singapore properties arose from the revision to the property tax payable on KDC SGP 1 and KDC SGP 2 based on indemnities provided by the relevant sale and purchase agreements.
- (e) Investment properties comprise data centres that are held mainly for use by clients under operating leases. As at 31 December 2016, most leases contain an initial non-cancellable period of 5 to 20 years (2015: 5 to 20 years). Subsequent renewals are negotiated with the clients.
- (f) The Group entered into leases in iseek DC and KDC DUB 1 as lessees under finance lease arrangements. The total carrying values of the investment properties were \$148.1 million (2015: \$148.5 million) for iseek DC and KDC DUB 1. Under these arrangements, the Group leased for 20 years to 2030 with two five-year renewal options and 14 years to 2026 with a fifteen-year renewal option respectively.

5 Investment in Subsidiaries

	Trust	
	2016 \$'000	2015 \$'000
Investment in subsidiaries, at cost		
At 1 January	390,454	316,155
Incorporation/acquisition of subsidiaries ^(c)	121,739	30,856
Capitalisation of shareholder loan	–	61,643
Capital injection ^(d)	3,531	–
Capital reduction	–	(18,200)
At 31 December	515,724	390,454

Notes to the Financial Statements

5 Investment in Subsidiaries (continued)

Details of subsidiaries are as follows:

Name of entities	Principal activities	Place of incorporation	Effective equity held by the Trust	
			2016 %	2015 %
<i>Subsidiaries held by the Trust</i>				
KDCR 1 Limited ^(b)	Investment holding	Guernsey	100	100
Boxtel Investment Limited ^(b)	Investment holding	British Virgin Islands	100	100
KDCR GVP Pte. Ltd.	Investment holding	Singapore	100	100
Basis Bay Capital Management Sdn. Bhd.	Investment in real estate properties	Malaysia	99	99
KDCR Netherlands 1 Pte. Ltd.	Investment holding	Singapore	100	100
KDCR Netherlands 2 Pte. Ltd.	Provision of financial and asset management services	Singapore	100	100
KDCR Ireland Pte. Ltd.	Investment holding	Singapore	100	100
Keppel DC REIT Fin. Company Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
KDCR Australia Pte. Ltd. ^(d)	Investment holding	Singapore	100	100
KDCR Netherlands 3 Pte. Ltd. ^(d)	Investment holding	Singapore	100	100
KDCR Netherlands 4 Pte. Ltd. ^(c)	Investment holding	Singapore	100	–
KDCR UK Pte. Ltd. ^(c)	Investment holding	Singapore	100	–
<i>Subsidiary held through Boxtel Investment Limited</i>				
KDCR 2 Limited ^(b)	Investment holding	Guernsey	100	100
<i>Subsidiaries held through KDCR 1 Limited</i>				
KDCR Australia Trust No.1 ^(b)	Investment in real estate properties	Australia	100	100
KDCR Australia 1 Pty Limited ^(b)	Trustee	Australia	100	100

Name of entities	Principal activities	Place of incorporation	Effective equity held by the Trust	
			2016 %	2015 %
<u>Subsidiary held through KDCR Australia Pte. Ltd.</u>				
KDCR Australia Trust ^{(b) (d)}	Investment holding	Australia	100	100
<u>Subsidiary held through KDCR Australia Trust No.1</u>				
iseek Facilities Pty Ltd ^(b)	Data centre services	Australia	100	100
<u>Subsidiaries held through KDCR 2 Limited</u>				
KDCR Australia Trust No.2 ^(b)	Investment in real estate properties	Australia	100	100
KDCR Australia 2 Pty Limited ^(b)	Trustee	Australia	100	100
<u>Subsidiary held through KDCR GVP Pte. Ltd.</u>				
Greenwich View Place Limited ^(b)	Investment in real estate properties	Guernsey	100	100
<u>Subsidiary held through KDCR Netherlands 1 Pte. Ltd.</u>				
KDCR Netherlands B.V. ^(b)	Investment holding	The Netherlands	100	100
<u>Subsidiary held through KDCR Netherlands B.V.</u>				
KDCR Almere B.V. ^(b)	Investment in real estate properties	The Netherlands	100	100
<u>Subsidiary held through KDCR Ireland Pte. Ltd.</u>				
KDCR (Ireland) Ltd ^(a)	Investment in real estate properties and provision of data services and colocation services	Republic of Ireland	100	100
<u>Subsidiary held through KDCR Australia Trust</u>				
KDCR Australia Sub-Trust 1 ^(b)	Investment in real estate properties	Australia	100	100

Notes to the Financial Statements

5 Investment in Subsidiaries (continued)

Name of entities	Principal activities	Place of incorporation	Effective equity held by the Trust	
			2016 %	2015 %
<i>Subsidiary held through KDCR Netherlands 3 Pte. Ltd.</i>				
KDCR Netherlands 3 B.V. ^(b)	Investment in real estate properties	The Netherlands	100	100
<i>Subsidiary held through KDCR UK Pte. Ltd.</i>				
KDCR Cardiff Limited ^{(b)(c)}	Investment in real estate properties	Guernsey	100	–
<i>Subsidiary held through KDCR Netherlands 4 Pte. Ltd.</i>				
KDCR Netherlands 4 B.V. ^{(b)(c)}	Investment holding	The Netherlands	100	–
<i>Subsidiary held through KDCR Netherlands 4 B.V.</i>				
MarLux S.à.r.l. ^{(b)(c)}	Investment holding	Luxemburg	100	–
<i>Subsidiary held through MarLux S.à.r.l.</i>				
B171 SRL ^{(b)(c)}	Investment in real estate properties	Italy	100	–

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

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

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

Incorporation/acquisition of subsidiaries:

- (c) During the year, the Group incorporated KDCR Netherlands 4 Pte. Ltd., KDCR Netherlands 4 B.V., KDCR UK Pte. Ltd. and KDCR Cardiff Limited. The Group acquired MarLux S.à.r.l. and B171 SRL for a total of \$59.9 million in relation to the acquisition of Milan DC. The acquisition was accounted for as an asset acquisition.

Capital injections in 2016:

- (d) In 2016, the Trust injected \$1.5 million into each KDCR Australia Pte. Ltd. and KDCR Australia Trust and \$0.5 million into KDCR Netherlands 3 Pte. Ltd..

6 Loans to Subsidiaries

	Trust	
	2016 \$'000	2015 \$'000
Non-current assets		
Loans to subsidiaries	94,763	92,305
Quasi-equity loans to subsidiaries	65,473	64,135
	160,236	156,440

Loans to subsidiaries are unsecured, interest-bearing and not expected to be repaid within the next 12 months. The interest rates range from 7.10% to 8.00% (2015: 7.10% to 8.00%) per annum.

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

7 Deposit

In 2015, the Group entered into a forward sale and purchase agreement to acquire maincubes Data Centre, in Offenbach am Main, Germany to be constructed by the vendor. Upon signing of the agreement, the Group paid a deposit of EUR 8.4 million (approximately \$12.7 million), being 10.0% of the purchase consideration of EUR 84.0 million.

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

The deposit is interest-bearing at an interest rate of 7.15% (2015: 7.15%) per annum.

8 Intangible Assets

	Group and Trust	
	2016 \$'000	2015 \$'000
At 1 January	-	-
Acquisition	4,508	-
Amortisation	(509)	-
At 31 December	3,999	-

The intangible asset relates to a rental top up provided by the vendor of a newly acquired overseas asset.

Notes to the Financial Statements

9 Trade and Other Receivables

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	5,779	13,190	87	7,438
Deferred lease receivables	23,797	24,587	2,137	1,219
Accrued income	5,564	718	5,195	–
Other receivables	2,039	13,277	1,441	12,610
Dividend receivables from subsidiaries	–	–	–	2,765
Amount due from subsidiaries	–	–	8,213	8,804
Loans and receivables	37,179	51,772	17,073	32,836
Prepayments	1,512	1,288	29	187
	38,691	53,060	17,102	33,023

Trade receivables are repayable within 3 months.

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

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

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

10 Cash and Cash Equivalents

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Bank balances	252,517	31,152	228,301	20,698
Short-term deposits	45,441	6,009	45,441	6,009
Cash and cash equivalents in the statements of financial position	297,958	37,161	273,742	26,707
Less: Rental top up received in advance held in a designated account	(3,999)	–	–	–
Cash and cash equivalents in the consolidated statement of cash flows	293,959	37,161	273,742	26,707

11 Unitholders' Funds

(a) Foreign currency translation reserve

The foreign currency translation reserve attributable to Unitholders comprises:

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

(b) Hedging reserve

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

Capital management

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

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

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45.0% (2015: 35.0%) of the Group's deposited properties. The Group has complied with this requirement for the financial years ended 31 December 2016 and 31 December 2015.

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

	Group	
	2016 \$'000	2015 \$'000
Gross bank borrowings (Note 14)	439,321	341,848
Less: cash and cash equivalents (Note 10)	(297,958)	(37,161)
(1) Net borrowings	141,363	304,687
(2) Total Unitholders' funds and liabilities	1,582,656	1,210,797
Net debt to total funding ratio at end of the year	0.09	0.25

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

Notes to the Financial Statements

12 Units in Issue

	Group and Trust			
	2016		2015	
	No. of Units	\$'000	No. of Units	\$'000
Units in issue:				
At 1 January	882,976,595	802,920	882,930,000	802,873
Issue of Units:				
Payment of management fees in Units	244,519	264	46,595	47
Preferential offering of Units	241,988,877	279,497	–	–
Issue expenses	–	(4,179)	–	–
At 31 December	1,125,209,991	1,078,502	882,976,595	802,920

In 2016, the Trust issued 244,519 new Units to the Manager as payment of 100% of the base fees in respect of Intellicentre 2 Data Centre, Australia for the period from 1 October 2015 to 30 September 2016.

On 14 November 2016, pursuant to the pro-rated Preferential Offering, the Trust issued 241,988,877 new Units at an issue price of \$1.155 per Unit. The new Units were listed on 15 November 2016.

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

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

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

The restrictions on Unitholders include the following:

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

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

13 Loans from a Subsidiary

Trust

The loans from a subsidiary are unsecured, interest-bearing, and have loan maturities of one to five years (2015: one to five years) with interest ranging from 0.85% to 3.44% (2015: 0.85% to 3.44%) per annum.

14 Loans and Borrowings

	Group	
	2016 \$'000	2015 \$'000
Non-current liabilities		
Bank borrowings	436,198	311,640
Capitalised transaction costs of debt financing	(1,030)	(1,195)
	435,168	310,445
Finance lease liabilities	28,866	27,892
	464,034	338,337
Current liabilities		
Bank borrowings	3,123	30,208
Finance lease liabilities	3,532	3,435
	6,655	33,643
Total loans and borrowings	470,689	371,980

Borrowings for the Group denominated in currencies other than the respective entities' functional currencies amounted to \$309.3 million (2015: \$181.6 million). These balances are denominated in Australian Dollar ("AUD"), Euro ("EUR") and British Pound ("GBP").

As at 31 December 2016 and 31 December 2015, the Trust does not have any external loans and borrowings.

Finance lease liabilities

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

	Future minimum lease payments \$'000	Financing costs \$'000	Present value of minimum lease payments \$'000
Group			
2016			
Within one year	3,863	331	3,532
Between one and five years	15,922	5,394	10,528
More than five years	113,122	94,784	18,338
	132,907	100,509	32,398
2015			
Within one year	3,754	319	3,435
Between one and five years	15,457	5,225	10,232
More than five years	115,113	97,453	17,660
	134,324	102,997	31,327

As at 31 December 2016 and 31 December 2015, the Trust does not have any finance lease liabilities.

Notes to the Financial Statements

14 Loans and Borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding financial liabilities are as follows:

	Interest rate per annum (%)	Year of maturity	2016		2015	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
Bank borrowings	0.85 - 3.44 (2015: 0.85 - 3.44)	2017 - 2021 (2015: 2016 - 2020)	439,321	439,321	341,848	341,848
Finance lease liabilities	13.00 - 15.09 (2015: 13.00 - 15.09)	2040 - 2041 (2015: 2040 - 2041)	132,907	32,398	134,324	31,327
			572,228	471,719	476,172	373,175
Trust						
Loans from a subsidiary	0.85 - 3.44 (2015: 0.85 - 3.44)	2017 - 2021 (2015: 2016 - 2020)	439,321	439,321	341,848	341,848

15 Trade and Other Payables

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	1,557	1,915	768	395
Non-trade payables to subsidiaries	–	–	1,779	3,568
Deferred consideration	–	3,042	–	–
Current tax payables	7,184	3,736	330	250
Other payables and accruals	19,249	9,092	11,404	3,685
	27,990	17,785	14,281	7,898

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

Deferred consideration in 2015 related to the remaining amount due to the vendor for the acquisition of an asset that was due and settled in 2016.

As at 31 December 2016 and 31 December 2015, other payables and accruals mainly relate to interest accruals, unearned revenue, accruals for management fees, audit fee, valuation fee and other expenses.

Notes to the Financial Statements

16 Derivative Financial Instruments

	Maturity	Contract/ Notional amount \$'000	Assets \$'000	Liabilities \$'000
Group				
2016				
Current				
Forward exchange contracts	2017	36,952	<u>1,663</u>	<u>(499)</u>
Non-current				
Forward exchange contracts	2018	17,764	<u>642</u>	<u>(171)</u>
Interest rate swaps	2018-2021	361,539	<u>1,043</u>	<u>(1,977)</u>
			<u>1,685</u>	<u>(2,148)</u>
2015				
Current				
Forward exchange contracts	2016	35,229	<u>1,009</u>	<u>(139)</u>
Non-current				
Forward exchange contracts	2017	34,301	564	(361)
Interest rate swaps	2018-2020	298,319	<u>3,636</u>	<u>(1,360)</u>
			<u>4,200</u>	<u>(1,721)</u>
Trust				
2016				
Current				
Forward exchange contracts	2017	36,952	<u>1,663</u>	<u>(499)</u>
Non-current				
Forward exchange contracts	2018	17,764	<u>642</u>	<u>(171)</u>
2015				
Current				
Forward exchange contracts	2016	35,229	<u>1,009</u>	<u>(139)</u>
Non-current				
Forward exchange contracts	2017	34,301	<u>564</u>	<u>(361)</u>

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of respective bank borrowings (Note 14). Under these interest rate swaps, the Group receives the following floating interest equal to S\$ swap offer rate ("SGD SOR"), A\$ bank bill swap bid rate ("AUD BBSW"), Euro interbank offer rate ("EUR EURIBOR") and £ London interbank offer rate ("GBP LIBOR") at specific contracted intervals and pays fixed rates of interest ranging from 1.06% to 3.44% (2015: 1.06% to 3.44%) per annum.

The Group designates these forward currency contracts and interest rate swaps as cash flow hedges. A net unrealised fair value gain of \$701,000 (2015: fair value gain of \$3,349,000) and fair value gain of \$1,635,000 (2015: fair value gain of \$1,073,000) were included in hedging reserve in respect of these contracts for the Group and the Trust respectively.

17 Deferred Taxation

Deferred tax assets and liabilities are attributable to the following:

	Group		Group	
	Assets 2016 \$'000	Liabilities 2016 \$'000	Assets 2015 \$'000	Liabilities 2015 \$'000
Investment properties	–	(14,628)	–	(15,551)
Tax losses carried forward	6,968	–	9,805	–
	6,968	(14,628)	9,805	(15,551)
Offset	(6,823)	6,823	(9,493)	9,493
Deferred tax assets/(liabilities)	145	(7,805)	312	(6,058)

Movement in temporary differences during the year:

	At 1 January \$'000	Recognised in profit or loss \$'000	Exchange difference \$'000	At 31 December \$'000
Group				
2016				
Investment properties	(15,551)	1,104	(181)	(14,628)
Tax losses carried forward	9,805	(3,066)	229	6,968
Net deferred tax (liabilities)/ assets	(5,746)	(1,962)	48	(7,660)
2015				
Investment properties	(10,424)	(5,830)	703	(15,551)
Tax losses carried forward	7,422	2,877	(494)	9,805
Net deferred tax (liabilities)/ assets	(3,002)	(2,953)	209	(5,746)

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

As at 31 December 2016 and 31 December 2015, the Group does not have unrecognised deductible temporary differences in respect of tax losses which can be carried forward and used to offset against future taxable income.

Notes to the Financial Statements

18 Gross Revenue

	Group	
	2016 \$'000	2015 \$'000
Rental income	97,155	100,719
Power related revenue	415	692
Other revenue	1,569	1,051
	99,139	102,462

Power related revenue refers to the recovery of power costs from clients. Other revenue mainly refers to rental top up provided by the vendor of a newly acquired overseas asset and non-recurring service fee charged to clients as stipulated in the lease agreement.

Contingent rent recognised as rental income amounted to \$31.5 million (2015: \$32.6 million).

19 Finance Costs

	Group	
	2016 \$'000	2015 \$'000
Interest expense for bank borrowings	8,098	7,210
Amortisation of:		
- finance lease charges	4,313	4,132
- capitalised transaction costs of debt financing	357	368
	12,768	11,710

20 Tax Expenses

	Group	
	2016 \$'000	2015 \$'000
Current tax expense	4,781	2,624
Deferred tax – origination and reversal of temporary differences	1,962	2,953
	6,743	5,577
Reconciliation of effective tax rate		
Total return before tax	57,686	110,040
Tax calculated using Singapore tax rate of 17% (2015: 17%)	9,807	18,707
Effects of tax rates in foreign jurisdictions	4,462	3,685
Income not subject to tax	(8,502)	(19,300)
Non-deductible expenses	3,945	5,211
Utilisation of previously unrecognised tax benefits	(215)	(236)
Effect of unrecognised temporary differences	1,715	2,108
Tax transparency	(4,469)	(4,598)
	6,743	5,577

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

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

21 Non-controlling Interest

As at 31 December 2016 and 31 December 2015, non-controlling interest in relation to Basis Bay Capital Management Sdn. Bhd. is not significant to both the consolidated statement of financial position and consolidated statement of total return of the Group.

Notes to the Financial Statements

22 Earnings per Unit and Distribution per Unit

(a) Basic and diluted earnings per Unit

The calculation of basic and diluted earnings per Unit is based on the total return for the year and weighted average number of Units during the year:

	Group	
	2016 \$'000	2015 \$'000
Total return attributable to Unitholders	50,937	104,424
Total return attributable to Unitholders (excluding net change in fair value of investment properties and their related deferred tax impact)	67,914	64,290

	Number of Units	
	2016 (^{'000})	2015 (^{'000})
Weighted average number of Units:		
- outstanding during the year	882,938	882,930
- effects of Units issued	30,599	8
Weighted average number of Units during the year	913,537	882,938

	Group	
	2016 \$'000	2015 \$'000
Basic and diluted earnings per Unit (cents)	5.58	11.83
Basic and diluted earnings per Unit (cents) (excluding net change in fair value of investment properties and their related deferred tax impact)	7.43	7.28

(b) Distribution per Unit

The calculation of distribution per Unit for the financial year is based on:

	Group	
	2016	2015
Total amount available for distribution for the year (\$'000)	61,048	57,440
Distribution per Unit (cents)	6.14	6.51

23 Financial Risk Management

Overview

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

Credit risk

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

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

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

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

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

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

Credit risk concentration profile

At the reporting date, approximately 30.4% (2015: 39.9%) of the Group's trade and other receivables were due from related corporations. Concentration of credit risk relating to trade receivables is limited due to Group's varied clients. The underlying clients are engaged in diversified businesses and the credit quality of its trade and other receivables that were not past due or impaired at reporting date is assessed to be of acceptable risks. The Group's most significant client accounts for 34.6% (2015: 31.8%) of the trade receivables carrying amount as at the reporting date.

Liquidity risk

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

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

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

Notes to the Financial Statements

23 Financial Risk Management (continued)

Liquidity risk (continued)

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

	Contractual cash flows (including finance costs)			
	Total \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
Group				
2016				
Non-derivative financial liabilities				
Bank borrowings	(466,581)	(12,236)	(454,345)	–
Finance lease liabilities	(132,907)	(3,863)	(15,922)	(113,122)
Trade and other payables	(27,990)	(27,990)	–	–
	<u>(627,478)</u>	<u>(44,089)</u>	<u>(470,267)</u>	<u>(113,122)</u>
Derivative financial instruments				
Forward foreign exchange contracts				
- Outflow	(49,251)	(31,963)	(17,288)	–
- Inflow	50,894	33,130	17,764	–
	<u>1,643</u>	<u>1,167</u>	<u>476</u>	<u>–</u>
2015				
Non-derivative financial liabilities				
Bank borrowings	(369,976)	(38,383)	(331,593)	–
Finance lease liabilities	(134,324)	(3,754)	(15,457)	(115,113)
Trade and other payables	(17,785)	(17,785)	–	–
	<u>(522,085)</u>	<u>(59,922)</u>	<u>(347,050)</u>	<u>(115,113)</u>
Derivative financial instruments				
Forward foreign exchange contracts				
- Outflow	(62,907)	(31,744)	(31,163)	–
- Inflow	63,983	32,617	31,366	–
	<u>1,076</u>	<u>873</u>	<u>203</u>	<u>–</u>

	Contractual cash flows (including finance costs)			
	Total \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
Trust				
2016				
Non-derivative financial liabilities				
Trade and other payables	(14,281)	(14,281)	-	-
Derivative financial instruments				
Forward foreign exchange contracts				
- Outflow	(49,251)	(31,963)	(17,288)	-
- Inflow	50,894	33,130	17,764	-
	1,643	1,167	476	-
2015				
Non-derivative financial liabilities				
Trade and other payables	(7,898)	(7,898)	-	-
Derivative financial instruments				
Forward foreign exchange contracts				
- Outflow	(62,907)	(31,744)	(31,163)	-
- Inflow	63,983	32,617	31,366	-
	1,076	873	203	-

Notes to the Financial Statements

23 Financial Risk Management (continued)

Market risk

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

Interest rate risk

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

	Group	
	Notional amount 2016 \$'000	Notional amount 2015 \$'000
Fixed rate instruments		
Interest rate swaps	(361,539)	(298,319)
Finance lease liabilities	(32,398)	(31,327)
Variable rate instruments		
Bank borrowings	(439,321)	(341,848)
Interest rate swaps	361,539	298,319

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments:

The Group manages interest risks by using interest rate swaps (Note 16). The details of the interest rates relating to interest-bearing financial liabilities are disclosed in Note 14.

On 31 December 2016 and 31 December 2015, the Group is not exposed to significant floating interest rate risk since its floating rate bank borrowings are substantially hedged with interest rate swaps. The Group has applied hedge accounting in order to manage volatility in profit or loss.

Derivatives assets and liabilities designated as cash flow hedges

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

	Carrying amount \$'000	Expected cash flow \$'000	Within 1 year \$'000	Within 1 to 2 years \$'000	Within 2 to 5 years \$'000
Group					
2016					
Interest rate swaps					
Assets	1,043	947	(1,013)	196	1,764
Liabilities	(1,977)	(1,673)	(1,007)	(725)	59
	<u>(934)</u>	<u>(726)</u>	<u>(2,020)</u>	<u>(529)</u>	<u>1,823</u>
Forward exchange contracts					
Assets	2,305	2,305	1,663	642	–
Liabilities	(670)	(670)	(499)	(171)	–
	<u>1,635</u>	<u>1,635</u>	<u>1,164</u>	<u>471</u>	<u>–</u>
2015					
Interest rate swaps					
Assets	3,636	3,972	(2)	790	3,184
Liabilities	(1,360)	(1,169)	(683)	(475)	(11)
	<u>2,276</u>	<u>2,803</u>	<u>(685)</u>	<u>315</u>	<u>3,173</u>
Forward exchange contracts					
Assets	1,573	1,573	1,009	564	–
Liabilities	(500)	(500)	(139)	(361)	–
	<u>1,073</u>	<u>1,073</u>	<u>870</u>	<u>203</u>	<u>–</u>

Foreign currency risk

The Group operates across multiple jurisdictions and is exposed to various currencies, particularly AUD, EUR and GBP.

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

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

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

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

As at the end of the financial year, the Group and Trust has outstanding forward foreign exchange contracts with notional amounts totalling \$54.7 million (2015: \$69.5 million). The net positive fair value of forward foreign exchange contracts is \$1.6 million (2015: \$1.1 million) comprising assets of \$2.3 million (2015: \$1.6 million) and liabilities of \$0.7 million (2015: \$0.5 million). These amounts are recognised as derivative financial instruments in Note 16.

Notes to the Financial Statements

23 Financial Risk Management (continued)

Foreign currency risk (continued)

Exposure to currency risk:

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

	2016			2015		
	AUD \$'000	EUR \$'000	GBP \$'000	AUD \$'000	EUR \$'000	GBP \$'000
Group						
Trade receivables and other receivables	19,795	5,464	3,073	20,344	19,010	3,414
Unsecured bank borrowings	(91,979)	(131,850)	(85,492)	(86,551)	(69,732)	(25,356)
Trade payables and other payables	(8,632)	(3,946)	(2,583)	(8,378)	(3,990)	(764)
Net statement of financial position exposure	(80,816)	(130,332)	(85,002)	(74,585)	(54,712)	(22,706)
Trust						
Trade receivables and other receivables	7,141	231	–	8,033	–	–
Trade payables and other payables	(215)	(3,704)	(1,692)	(216)	(332)	(1,963)
Loans from a subsidiary	(91,979)	(131,850)	(85,492)	(86,551)	(69,732)	(25,356)
Loans to subsidiaries	131,012	29,224	–	127,614	28,826	–
Net statement of financial position exposure	45,959	(106,099)	(87,184)	48,880	(41,238)	(27,319)

Sensitivity analysis:

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

	Group	
	2016	2015
	\$'000	\$'000
Australian Dollar	8,082	7,459
Euro	13,033	5,471
British Pound	8,500	2,271
	29,615	15,201

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

Notes to the Financial Statements

24 Fair Value of Assets and Liabilities

Determination of fair values

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

Investment properties

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

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

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

Non-derivative financial liabilities

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

Other financial assets and liabilities

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

Fair value hierarchy

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

- Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3:* unobservable inputs for the asset or liability.

Assets and liabilities carried at fair value

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2016				
Derivative financial assets	-	3,348	-	3,348
Investment properties	-	-	1,225,938	1,225,938
	-	3,348	1,225,938	1,229,286
Derivative financial liabilities	-	(2,647)	-	(2,647)
2015				
Derivative financial assets	-	5,209	-	5,209
Investment properties	-	-	1,102,685	1,102,685
	-	5,209	1,102,685	1,107,894
Derivative financial liabilities	-	(1,860)	-	(1,860)
Trust				
2016				
Derivative financial assets	-	2,305	-	2,305
Investment properties	-	-	455,000	455,000
	-	2,305	455,000	457,305
Derivative financial liabilities	-	(670)	-	(670)
2015				
Derivative financial assets	-	1,573	-	1,573
Investment properties	-	-	454,000	454,000
	-	1,573	454,000	455,573
Derivative financial liabilities	-	(500)	-	(500)

There were no transfers between levels of the fair value hierarchy during the years ended 31 December 2016 and 31 December 2015.

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

Notes to the Financial Statements

24 Fair Value of Assets and Liabilities (continued)

Assets and liabilities carried at fair value (continued)

Level 3 fair values

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

Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties – data centres		
Capitalisation approach	Capitalisation rate: 6.00% to 11.00% (2015: 6.85% to 11.88%)	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 6.00% to 12.25% (2015: 7.00% to 12.75%) Terminal yield rate: 6.50% to 12.25% (2015: 5.75% to 20.00%)	The estimated fair value varies inversely against the discount rate and terminal yield rate.

Fair value

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

25 Related Party Transactions

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

Related party transactions

	Group	
	2016 \$'000	2015 \$'000
Fixed rental income from related corporations	8,253	8,012
Variable rental income from related corporations	31,484	32,586
Management base fees to the Manager	(5,563)	(5,011)
Management performance fees to the Manager	(3,070)	(2,824)
Acquisition fees to the Manager	(1,154)	(437)
Facility management fees to related corporations	(3,764)	(3,749)
Adjustment in purchase consideration of Singapore properties to related corporations	(5,938)	–

26 Commitments

Operating lease commitments (as lessor)

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

	Group	
	2016 \$'000	2015 \$'000
Within one year	58,262	61,067
Between one and five years	213,403	183,678
More than five years	307,598	313,649
	579,263	558,394

Operating lease income represents data centre rental receivable from clients.

Finance lease commitments (as lessee)

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

	Group	
	2016 \$'000	2015 \$'000
Within one year	3,863	3,754
Between one and five years	15,922	15,457
More than five years	113,122	115,113
	132,907	134,324

As at 31 December 2016 and 31 December 2015, the Trust does not have finance lease liabilities nor finance lease commitments.

Notes to the Financial Statements

27 Financial Ratios

	Group	
	2016 %	2015 %
Expenses to average net assets ¹		
- including asset management fees	1.34	1.49
- excluding asset management fees	0.30	0.41
	Group	
	2016	2015
Operating expenses ² (\$'000)	25,303	26,962
Operating expenses ² to net asset value as at 31 December (%)	2.36	3.31

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

2 The operating expenses include property expenses, the Manager's management fees, trustee's fees and all other fees and charges paid to interested persons as well as current taxation incurred.

28 Operating Segments

The Group has 11 (2015: 9) investment properties, as described in the consolidated portfolio statement in three reportable segments. The various investment properties are managed separately given the different geographic locations. For each of the investment properties, the Manager reviews internal management reports at least on a quarterly basis.

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

Information about reportable segments

By type of asset

	2016			
	Colocation \$'000	Fully fitted \$'000	Shell and core \$'000	Total \$'000
Gross revenue	68,003	23,057	8,079	99,139
Net property income	60,825	22,790	7,321	90,936
Finance income	282	977	34	1,293
Finance costs	(7,633)	(3,707)	(1,428)	(12,768)
Reportable segment total return before tax	33,334	27,809	2,322	63,465
Unallocated amounts:				
- Finance costs				-
- Other corporate expenses				(5,779)
Total return before tax				57,686
Segment assets	702,552	315,135	353,140	1,370,827
Other unallocated amounts				212,172
Consolidated assets				1,582,999
Segment liabilities	175,144	139,460	191,880	506,484
Other unallocated amounts				2,647
Consolidated liabilities				509,131
Other segment items:				
Net change in fair value of investment properties	(25,239)	8,288	2,957	(13,994)
Capital expenditure/additions	3,532	182	6,095	9,809

Notes to the Financial Statements

28 Operating Segments (continued)

Information about reportable segments

By type of asset (continued)

	2015			
	Colocation \$'000	Fully fitted \$'000	Shell and core \$'000	Total \$'000
Gross revenue	72,991	25,804	3,667	102,462
Net property income	58,409	25,536	2,927	86,872
Finance income	75	209	37	321
Finance costs	(6,426)	(3,442)	(1,810)	(11,678)
Reportable segment total return before tax	79,925	32,094	4,221	116,240
Unallocated amounts:				
- Finance costs				(32)
- Other corporate expenses				(6,168)
Total return before tax				110,040
Segment assets	671,454	320,360	214,148	1,205,962
Other unallocated amounts				5,209
Consolidated assets				1,211,171
Segment liabilities	165,052	139,535	91,236	395,823
Other unallocated amounts				1,860
Consolidated liabilities				397,683
Other segment items:				
Net change in fair value of investment properties	28,490	10,196	3,193	41,879
Capital expenditure	2,099	-	5,911	8,010

By geographical area

	Group	
	2016 \$'000	2015 \$'000
<u>Revenue</u>		
- Singapore	41,176	41,757
- Australia	28,272	26,562
- Ireland	10,915	14,455
- Other countries	18,776	19,688
Total revenue	99,139	102,462
<u>Investment properties</u>		
- Singapore	455,000	454,000
- Australia	312,821	289,439
- The Netherlands	137,660	129,715
- United Kingdom	127,929	82,243
- Other countries	192,528	147,288
Total value of investment properties	1,225,938	1,102,685

Major customer

Revenue of \$55.3 million (2015: \$60.4 million) is derived from 2 separate external clients from Singapore and Australia (2015: Singapore and Australia).

29 Subsequent Events

On 20 January 2017, the Trust completed the acquisition of 90.0% interest in Keppel DC Singapore 3 by way of acquiring 90.0% interest in Keppel DC Singapore 3 Pte. Ltd. for a consideration of approximately \$144.7 million.

APPENDIX III

UNAUDITED FINANCIAL STATEMENTS OF KEPPEL DC REIT FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2017

The information in this Appendix III has been reproduced from the Unaudited Results of Keppel DC REIT for First Quarter Ended 31 March 2017 Announcement and has not been specifically prepared for inclusion in this Information Memorandum nor has it been audited or reviewed by independent auditors of Keppel DC REIT.

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2017**

TABLE OF CONTENTS	
SUMMARY OF KEPPEL DC REIT RESULTS.....	2
INTRODUCTION.....	3
1(A)(i)(ii) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT	4
1(B)(i) BALANCE SHEETS	6
1(B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	8
1(C) CONSOLIDATED STATEMENT OF CASH FLOWS.....	9
1(D)(i) STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS	11
1(D)(ii)DETAIL OF CHANGES IN THE UNITS	14
1(D)(iii)TOTAL NUMBER OF ISSUED UNITS.....	14
1(D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS	14
2 AUDIT.....	14
3 AUDITORS' REPORT	14
4 ACCOUNTING POLICIES	14
5 CHANGES IN ACCOUNTING POLICIES.....	14
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	15
7 NET ASSET VALUE (NAV) / NET TANGIBLE ASSET (NTA) PER UNIT	15
8 REVIEW OF PERFORMANCE	16
10 PROSPECTS	17
11 RISK FACTORS AND RISK MANAGEMENT.....	17
12 DISTRIBUTIONS	19
13 DISTRIBUTION STATEMENT	19
14 INTERESTED PERSON TRANSACTIONS.....	20
15 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1).....	20
CONFIRMATION BY THE BOARD	22

SUMMARY OF KEPPEL DC REIT RESULTS

	1Q 2017 \$'000	1Q 2016 \$'000	+/(-) %
Gross Revenue	32,224	24,771	30.1
Property Expenses	(3,380)	(3,585)	(5.7)
Net Property Income	28,844	21,186	36.1
Distributable Income to Unitholders (DI)¹	21,766	14,747	47.6
Distribution per Unit (DPU) (cents)^{2,3}	1.89	1.67	13.2
Annualised Distribution Yield (%)^{2,3}			
- Based on 1Q 2017 closing price of \$1.200	6.01	5.60	41bps
- Based on 1Q 2016 closing price of \$1.060	6.80	6.34	46bps

Notes:

- 1 Arising from the later completion of Keppel DC Singapore 3 (KDC SGP 3) and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016, the DI included a one-off capital distribution of approximately \$1.7 million (equivalent to 0.15 cents per Unit) and \$1.0 million (equivalent to 0.09 cents per Unit) for the month of December 2016 and for the period from 1 January to 19 January 2017 respectively. Pursuant to the lease agreement entered into for KDC SGP 3, the DI would also include an amount of capital expenditure that had been set aside for KDC SGP 3 (Capex Reserves).
- 2 The DPU was computed based on DI and had excluded the Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the financial period under review.
- 3 Excluding the one-off capital distribution of approximately 0.15 cents per Unit for the month of December 2016 for KDC SGP 3, the DPU would have been 1.74 cents per Unit for the quarter and the adjusted annualised distribution yield would have been 5.88% and 6.66% as compared to closing price of 1Q 2017 and 1Q 2016 respectively.

For details, refer to **Paragraph 1A(i)(ii) - Statement of total return and distribution statement** and **Paragraph 8 - Review of Performance**.

INTRODUCTION

Keppel DC REIT was listed on Singapore Exchange Securities Trading Limited (SGX-ST) on 12 December 2014 (Listing Date).

Keppel DC REIT's strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centres purposes, as well as real estate-related assets, with an initial focus on Asia-Pacific and Europe.

As at 31 March 2017, Keppel DC REIT has a portfolio size of approximately \$1.40 billion. The portfolio comprises 12 high quality well located data centres in Singapore, Malaysia, Australia, the United Kingdom (UK), the Netherlands, Republic of Ireland (Ireland) and Italy.

Asia-Pacific

1)	Keppel DC Singapore 1	(KDC SGP 1)	} (collectively, the Singapore Properties)
2)	Keppel DC Singapore 2	(KDC SGP 2)	
3)	Keppel DC Singapore 3	(KDC SGP 3)	
4)	Basis Bay Data Centre	(Basis Bay DC)	
5)	Gore Hill Data Centre	(Gore Hill DC)	
6)	Intellicentre 2 Data Centre	(IC2 DC)	
7)	iseek Data Centre	(iseek DC)	

Europe

8)	GV7 Data Centre	(GV7 DC)
9)	Cardiff Data Centre	(Cardiff DC)
10)	Almere Data Centre	(Almere DC)
11)	Keppel DC Dublin 1	(KDC DUB 1)
12)	Milan Data Centre	(Milan DC)

In October 2015, Keppel DC REIT announced the forward purchase of maincubes Data Centre which will be developed in Offenbach am Main, Germany, and is expected to be completed in 2018.

The notes below shall be applicable to the relevant paragraphs thereafter:

- 1Q – Refers to the first quarter from 1 January to 31 March 2017 and the corresponding period of the preceding year.
- Nm – Not meaningful

1 UNAUDITED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

The Directors of Keppel DC REIT Management Pte. Ltd., as the manager of Keppel DC REIT, advise the following unaudited results of the Group for the financial period ended 31 March 2017:

1(A)(i)(ii) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT

Performance between 2017 and 2016 results

Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return (Group)

	Note	1Q 2017 \$'000	1Q 2016 \$'000	+ / (-) %
Gross rental income		31,647	24,618	28.6
Other income	1	577	153	>100.0
Gross Revenue		32,224	24,771	30.1
Property operating expenses	2	(3,380)	(3,585)	(5.7)
Net Property Income		28,844	21,186	36.1
Finance income		359	324	10.8
Finance costs	3	(3,451)	(3,083)	11.9
Trustee's fees		(54)	(45)	20.0
Manager's base fee		(1,714)	(1,356)	26.4
Manager's performance fee		(957)	(695)	37.7
Net realised gains on derivatives		800	640	25.0
Other trust income / (expenses)	4	1,369	(1,476)	Nm
Net income / total return for the period before tax		25,196	15,495	62.6
Tax expenses	5	(1,695)	(866)	95.7
Total return for the period after tax		23,501	14,629	60.6
Attributable to:				
Unitholders		22,932	14,621	56.8
Non-controlling interests		569	8	>100.0
		23,501	14,629	60.6

Distribution Statement

Total return for the period attributable to Unitholders		22,932	14,621	56.8
Net tax and other adjustments	6	(1,166)	126	Nm
Income available for distribution	7	21,766	14,747	47.6
Distribution per Unit (cents)	8	1.89	1.67	13.2

Notes (2017 and 2016):

1 In 1Q 2017, higher other income was mainly due to a rental top up provided by the vendor of a newly acquired overseas asset and higher ad hoc service income, partially offset by lower power-related revenue for the recovery of power costs as compared to 1Q 2016.

2 Included as part of the property operating expenses were the following:

	1Q 2017 \$'000	1Q 2016 \$'000
Property-related taxes	(455)	(867)
Facility management costs	(1,484)	(1,276)
Repairs and maintenance	(355)	(534)
Other property-related costs	(1,086)	(908)
	<u>(3,380)</u>	<u>(3,585)</u>

3 Included in finance costs were interest expense, amortisation of debt related transaction costs from borrowings and finance lease charges recognised.

4 Included in other trust income / (expenses) in 1Q 2017 were net higher unrealised foreign exchange gains on the revaluation of borrowings mainly due to the depreciation of EUR and GBP against SGD quarter-on-quarter as compared to 1Q 2016, offset by higher appreciation of AUD against SGD quarter-on-quarter, as well as the amortisation expense of intangible asset.

5 Tax expenses comprised (i) tax in relation to the taxable income that are not accorded full tax transparency treatment, (ii) tax expense of the Group's overseas properties, and (iii) net deferred tax expenses recognised on tax losses carried forward and fair value changes in investment properties.

6 Included in the net tax and other adjustments were the following:

	1Q 2017 \$'000	1Q 2016 \$'000
Trustee's fees	54	45
Rental income adjustment on a straight-line basis	(491)	(366)
Amortisation of capitalised transaction costs	99	89
Unrealised foreign exchange (gains) / losses	(2,417)	1,068
Deferred tax	308	111
Amortisation of an intangible asset	493	-
Capital distribution ⁷	2,705	-
Other net adjustments	(1,917)	(821)
Net tax and other adjustments	<u>(1,166)</u>	<u>126</u>

Included in other net adjustments were dividends and distribution income, finance lease charges, other non-taxable income and non-deductible expenses.

7 Arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016, the DI included a one-off capital distribution of approximately \$1.7 million (equivalent to 0.15 cents per Unit) and \$1.0 million (equivalent to 0.09 cents per Unit) for the month of December 2016 and for the period from 1 January to 19 January 2017 respectively. Pursuant to the lease agreement entered into for KDC SGP 3, the DI would also include an amount of capital expenditure that had been set aside for KDC SGP 3 (Capex Reserves).

Higher DI in the current financial quarter was mainly contributed by KDC SGP 3, which included the one-off capital distribution for KDC SGP 3 for the month of December 2016, as well as lower property expenses in relation to KDC SGP 1, KDC SGP 2 and KDC DUB 1. These were partially offset by lower variable income from KDC SGP 1 and KDC SGP 2, a client downsizing its requirements in KDC DUB 1 in 1Q 2016, higher finance costs and tax expenses arising from contributions from new acquisitions.

8 The DPU was computed based on DI (Note 7) and had excluded the Capex Reserves. No distribution has been declared for the financial period under review.

1(B)(i) BALANCE SHEETS

Balance sheets together with a comparative statement for the end of the immediately preceding financial year

	Note	Group			Trust		
		Actual 31-Mar-17 \$'000	Actual 31-Dec-16 \$'000	+ / (-) %	Actual 31-Mar-17 \$'000	Actual 31-Dec-16 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	1,452,531	1,225,938	18.5	455,040	455,000	0.0
Investment in subsidiaries	2	-	-	-	724,065	515,724	40.4
Loans to subsidiaries	2	-	-	-	160,838	160,236	0.4
Deposit	3	12,730	12,920	(1.5)	-	-	-
Intangible asset	4	3,506	3,999	(12.3)	3,506	3,999	(12.3)
Derivative financial assets	5	878	1,685	(47.9)	430	642	(33.0)
Deferred tax assets	6	61	145	(57.9)	-	-	-
Total non-current assets		1,469,706	1,244,687	18.1	1,343,879	1,135,601	18.3
Current assets							
Trade and other receivables	7	48,106	38,691	24.3	13,833	17,102	(19.1)
Derivative financial assets	5	1,843	1,663	10.8	1,843	1,663	10.8
Cash and cash equivalents		94,627	297,958	(68.2)	47,569	273,742	(82.6)
Total current assets		144,576	338,312	(57.3)	63,245	292,507	(78.4)
TOTAL ASSETS		1,614,282	1,582,999	2.0	1,407,124	1,428,108	(1.5)
Current liabilities							
Loans from a subsidiary		-	-	-	-	3,123	(100.0)
Loans and borrowings	8	3,197	6,655	(52.0)	-	-	-
Trade and other payables	9	41,048	27,990	46.7	12,088	14,281	(15.4)
Derivative financial liabilities	5	780	499	56.3	780	499	56.3
Total current liabilities		45,025	35,144	28.1	12,868	17,903	(28.1)
Non-current liabilities							
Loans from a subsidiary		-	-	-	434,547	436,198	(0.4)
Loans and borrowings	8	462,684	464,034	(0.3)	-	-	-
Derivative financial liabilities	5	2,504	2,148	16.6	117	171	(31.6)
Deferred tax liabilities	6	14,031	7,805	79.8	4	4	-
Total non-current liabilities		479,219	473,987	1.1	434,668	436,373	(0.4)
TOTAL LIABILITIES		524,244	509,131	3.0	447,536	454,276	(1.5)
NET ASSETS		1,090,038	1,073,868	1.5	959,588	973,832	(1.5)
Represented by:							
Unitholders' funds		1,065,914	1,073,525	(0.7)	959,588	973,832	(1.5)
Non-controlling interests	10	24,124	343	>100.0	-	-	-
		1,090,038	1,073,868	1.5	959,588	973,832	(1.5)
Net asset value per Unit (\$)	11	0.946	0.954	(0.8)	0.851	0.865	(1.6)
Aggregate leverage / Deposited properties (%)	12	27.9	28.3	(40bps)	Nm	Nm	Nm

Notes:

- 1 Included in the investment properties were finance leases of \$32.4 million capitalised at the lower of its fair value and the present value of the minimum lease payments for iseek DC and KDC DUB 1.

<u>Investment Properties</u>	<u>Tenure</u>	<u>Carrying Value</u> <u>(\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	279,000
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051 [^]	176,040
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 [^]	228,050
Basis Bay Data Centre	Freehold	35,398
Gore Hill Data Centre	Freehold	221,402
Intellicentre 2 Data Centre	Freehold	49,632
iseek Data Centre	Leasehold, expiring 29 June 2047 [^]	44,251
GV 7 Data Centre	Leasehold, expiring 28 Sept 2183 [^]	67,191
Cardiff Data Centre	Freehold	60,119
Almere Data Centre	Freehold	135,637
Keppel DC Dublin 1	Leasehold, expiring 11 April 2041 [^]	103,223
Milan Data Centre	Freehold	52,588
		1,452,531

[^] Include options to renew between 7 to 30 years

- 2 These related to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries. The increase in investment in subsidiaries was due to the acquisition of 90% interest in KDC SGP 3.
- 3 This related to the 10% deposit made to the vendor upon signing of the forward sale and purchase agreement for the acquisition of maincubes Data Centre in Offenbach am Main, Germany. Completion of the acquisition is subject to the completion of the construction of the data centre by the vendor, expected to be in 2018, as well as satisfaction of other conditions.
- 4 This related to an intangible asset with a finite useful life recognised in relation to a rental top up provided by the vendor of a newly acquired overseas asset. The intangible asset will be amortised on a straight-line basis over the rental top up period of 27 months.
- 5 These related to the fair value of the foreign currency forward contracts entered into in relation to the income from the investment properties in Australia, Europe and Malaysia, and the fair value of interest rate swaps entered into by the Group. These are for hedging purposes.
- 6 These related to the net deferred tax assets and liabilities recognised in different tax jurisdictions that arose on tax losses carried forward and fair value changes in certain investment properties held in Europe and Asia.
- 7 Included in trade and other receivables were accrued rental revenue from the clients. Also included were deferred lease receivables relating to lease income which has been recognised due to the straight-lining of rental revenue in accordance with *FRS 17 Leases*, but not yet received from the clients.
- 8 These related to external bank borrowings of \$434.5 million drawn down (refer to Paragraph 1(B)(ii)), finance lease liabilities recognised for iseek DC and KDC DUB 1 and capitalised debt-related transaction costs.
- 9 Included in trade and other payables were trade creditors, accrued liabilities and deferred other revenue.
- 10 This related to the non-controlling interests' share of net asset value.
- 11 This excluded the non-controlling interests' share of net asset value.
- 12 Aggregate leverage related to the \$434.5 million external borrowings drawn down (refer to Paragraph 1(B)(ii)) and deposited properties refers to the value of the Group's total assets based on the latest valuation defined in the property fund guidelines in the Code on Collective Investment Schemes issued by MAS, without considering finance lease liabilities pertaining to the land rent commitments for iseek DC and KDC DUB 1. If these finance lease liabilities pertaining to land rent commitments were included, the ratio would be 29.4% (31 December 2016: 29.8%).

1(B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES

	Group	
	As at 31 Mar 17 \$'000	As at 31 Dec 16 \$'000
<u>Unsecured borrowings¹</u>		
Amount repayable within one year	-	3,123
Amount repayable after one year	434,547	436,198
	434,547	439,321

Note:

- 1 Keppel DC REIT has obtained unsecured facilities comprising (i) term loan facilities maturing in two to five years (2016: two to five years) amounting to approximately \$434.5 million (2016: \$436.2 million) in SGD, AUD, EUR and GBP currencies and (ii) revolving credit facilities, amounting to a total of \$140.0 million (2016: \$140.0 million).

As at 31 March 2017, the Group had total borrowings of approximately \$434.5 million and unutilised \$140.0 million of facilities to meet its future obligations. The year-to-date all-in average interest rate for borrowings was 2.2% per annum for the financial period ended 31 March 2017.

1(C) CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q 2017 \$'000	1Q 2016 \$'000
Operating activities		
Total return for the financial period	23,501	14,629
Adjustments for:		
Tax expenses	1,695	866
Finance income	(359)	(324)
Finance costs	3,451	3,083
Amortisation of an intangible asset	493	-
Management fees paid in Units	2,189	84
	<u>30,970</u>	<u>18,338</u>
Changes in working capital:		
- Trade and other receivables	8,020	4,689
- Trade and other payables	(4,731)	1,334
Cash generated from operations	<u>34,259</u>	<u>24,361</u>
Income tax paid	(419)	(53)
Net cash from operating activities	<u>33,840</u>	<u>24,308</u>
Cash flows from investing activities		
Acquisition of interest in an investment property (Note A)	(196,643)	-
Additions to investment properties	(2,025)	-
Capital expenditure on investment properties	-	(150)
Net cash used in investing activities	<u>(198,668)</u>	<u>(150)</u>
Cash flows from financing activities		
Proceeds from bank borrowings	-	655
Repayment of bank borrowings	(3,238)	-
Finance costs paid	(3,216)	(3,257)
Distributions paid to Unitholders	(31,506)	(28,962)
Dividends paid to non-controlling interests	(8)	(6)
Payment of transaction costs relating to fund-raising	(2)	-
Net cash used in financing activities	<u>(37,970)</u>	<u>(31,570)</u>
Net decrease in cash and cash equivalents	<u>(202,798)</u>	<u>(7,412)</u>
Cash and cash equivalents at beginning of period	293,959	37,161
Effects of exchange rate fluctuations on cash held	11	(42)
Cash and cash equivalents at end of period	<u>91,172</u>	<u>29,707</u>
Cash and cash equivalent balances	<u>94,627</u>	<u>29,707</u>
Less: Rental top up received in advance held in a designated account (Note B)	(3,455)	-
Cash and cash equivalents per Consolidated Statement of Cash Flows	<u>91,172</u>	<u>29,707</u>

Note A – Acquisition of a 90.0% interest in an investment property

In January 2017, Keppel DC REIT announced that the completion of the proposed acquisition of a 90.0% interest in Keppel DC Singapore 3 Pte. Ltd. (KDSC3PL), which in turns holds KDC SGP 3, located at 27 Tampines Street 92, Singapore 528878 and a business transfer agreement with Keppel DCS3 Services Pte. Ltd. (Facility Manager) was entered into to transfer the employees, contracts and assets for the purpose of providing facility management services of the KDSC3PL to the Facility Manager. This acquisition has been accounted for as an asset acquisition.

Note B - Rental top up received in advance held in a designated account

This related to the rental top up payments received in advance by the Group held in a designated account for the 100% interest in an acquired overseas asset.

Cash flow analysis (1Q 2017 vs 1Q 2016)

Cash generated from operating activities for the quarter was \$33.8 million, \$9.5 million higher than \$24.3 million for the corresponding quarter last year. This was mainly due to higher operational cash inflow and lower working capital requirements during the quarter.

Net cash used in investing activities for the quarter was \$198.7 million. This was mainly due to the completion of the acquisition of the 90.0% interest in KDC SGP 3 during the quarter.

Net cash used in financing activities was \$38.0 million, \$6.4 million higher as compared to \$31.6 million for the corresponding quarter last year. This was mainly due to the higher distribution paid and repayment of borrowings during the quarter.

Usage of proceeds of the Preferential Offering

Further to the announcement dated 20 January 2017 titled "Updates on Use of Proceeds" (the Announcement), the Manager wishes to update on the use of the net proceeds as at 31 March 2017 raised from the Preferential Offering (the Net Proceeds) as follows:

	Amount allocated (as stated in the Announcement) (\$'000)	Reallocation of the use of Net Proceeds (\$'000)	Amount utilised as at 31 March 2017 (\$'000)	Balance of Net Proceeds as at 31 March 2017 (\$'000)
To fully fund the proposed acquisition of 90.0% of the issued share capital in KDCS3PL	208,590	-	(207,277)	1,313
To repay the loan taken up to finance the acquisition of IC2 DC	33,408	-	(33,408)	-
To repay loans, for capital expenditure purposes and/or for future acquisitions	27,362 ¹	-	(26)	27,336
As settlement of purchase price adjustments for KDC SGP 1 and KDC SGP 2	5,938 ¹	-	(5,938)	-
To fund general corporate and/or working capital purposes	20	-	(20)	-
Total Use of Net Proceeds	275,318	-	(246,669)	28,649

Note:

- (1) As announced on 23 January 2017, approximately \$5.9 million have been reallocated from the initial intended use of repaying loans, for capital expenditure purposes and/or for future acquisitions and used instead as settlement of purchase price adjustments due to related corporations, arising from revisions to the property tax payable on KDC SGP 1 and KDC SGP 2, based on indemnities provided by the relevant sale and purchase agreements.

1(D)(i) STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

GROUP

	Note	Unitholders' Funds \$'000	Non-controlling Interests \$'000	Total \$'000
At 1 January 2017		1,073,525	343	1,073,868
Operations				
Total return for the period		22,932	569	23,501
Net increase in net assets resulting from operations		22,932	569	23,501
Unitholders' transactions				
Distributions to Unitholders		(31,506)	-	(31,506)
Payment of management fees in Units	1	2,189	-	2,189
Net decrease in net assets resulting from Unitholders' transactions		(29,317)	-	(29,317)
Acquisition of an interest in a subsidiary	2	-	23,194	23,194
Dividends paid to non-controlling interests		-	(8)	(8)
Hedging Reserve				
Movement in hedging reserve	3	(1,282)	-	(1,282)
Net decrease in hedging reserve		(1,282)	-	(1,282)
Foreign currency translation movement for the period	3	56	26	82
At 31 March 2017		1,065,914	24,124	1,090,038

Note:

- This included the acquisition fees paid in Units in relation to the acquisition of the 90.0% interest in KDC SGP 3.
- In January 2017, Keppel DC REIT announced that the completion of the proposed acquisition of a 90.0% interest in KDCS3PL, which in turn holds KDC SGP 3 and a business transfer agreement with Facility Manager was entered into to transfer the employees, contracts and assets for the purpose of providing facility management services of the KDCS3PL to the Facility Manager. This acquisition has been accounted for as an asset acquisition.
- These other comprehensive income items related to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

1(D)(i) STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

GROUP

	Note	Unitholders' Funds \$'000	Non-controlling Interest \$'000	Total \$'000
At 1 January 2016		813,114	374	813,488
Operations				
Total return for the period		14,621	8	14,629
Net increase in net assets resulting from operations		14,621	8	14,629
Unitholders' transactions				
Distributions to Unitholders		(28,962)	-	(28,962)
Payment of management fees in Units		84	-	84
Net decrease in net assets resulting from Unitholders' transactions		(28,878)	-	(28,878)
Dividends paid to a non-controlling interest		-	(6)	(6)
Hedging Reserve				
Movement in hedging reserve	1	(3,653)	-	(3,653)
Net decrease in hedging reserve		(3,653)	-	(3,653)
Foreign currency translation movement for the period	1	1,371	5	1,376
At 31 March 2016		796,575	381	796,956

Note:

- 1 These other comprehensive income items related to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

1(D)(i) STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

TRUST

	Note	Unitholders' Funds 2017 \$'000	Unitholders' Funds 2016 \$'000
At 1 January		973,832	711,951
Operations			
Total return for the period		15,332	13,725
Net increase in net assets resulting from operations		15,332	13,725
Unitholders' transactions			
Distribution to Unitholders		(31,506)	(28,962)
Payment of management fees in Units	1	2,189	84
Net decrease in net assets resulting from Unitholders' transactions		(29,317)	(28,878)
Hedging Reserve			
Movement in hedging reserve	2	(259)	632
Net (decrease) / increase in hedging reserve		(259)	632
At 31 March		959,588	697,430

Note:

- 1 This included the acquisition fees paid in Units in relation to the acquisition of the 90.0% interest in Keppel DC Singapore 3.
- 2 The other comprehensive income item related to the fair value changes of the cash flow hedges as a result of interest rate swaps entered into by the Trust.

1(D)(ii)DETAIL OF CHANGES IN THE UNITS

GROUP AND TRUST	1 Jan 17 to 31 Mar 17	1 Jan 16 to 31 Mar 16
	No. of Units	No. of Units
Issued Units as at beginning of period	1,125,209,991	882,976,595
Management fees paid in Units	1,814,081	83,418
Issued Units as at end of period	1,127,024,072	883,060,013

1(D)(iii)TOTAL NUMBER OF ISSUED UNITS

Keppel DC REIT did not hold any treasury units as at 31 March 2017 and 31 December 2016.

	As at 31 Mar 17	As at 31 Dec 16
Total number of issued Units	1,127,024,072	1,125,209,991

1(D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS

Not applicable.

2 AUDIT

Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the auditors.

3 AUDITORS' REPORT

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 ACCOUNTING POLICIES

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation have been consistently applied during the current reporting period except that in the current financial year, the Group has adopted new and revised standards and Interpretation of FRS (INT FRS) that are effective for annual period beginning on 1 January 2017.

5 CHANGES IN ACCOUNTING POLICIES

If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

	1Q 2017	1Q 2016
Earnings per Unit (EPU)		
EPU (basic and diluted) (cents)	2.04	1.66
Weighted average number of Units ¹	1,125,895,310	883,033,429
Total return for the period after tax ² (\$'000)	22,932	14,621
Distribution per Unit (DPU)		
DPU³ (cents)	1.89	1.67
Total number of Units in issue at end of period	1,127,024,072	883,060,013
Income available for distribution to Unitholders (\$'000) ⁴	21,766	14,747

7 NET ASSET VALUE (NAV) / NET TANGIBLE ASSET (NTA) PER UNIT

	As at 31 Mar 17	As at 31 Dec 16
NAV² per Unit⁵ (\$)	0.946	0.954
NTA² per Unit⁵ (\$)	0.943	0.951

Notes:

- 1 The weighted average number of Units was based on the issued Units during the financial period in review.
- 2 This excluded the non-controlling interests' share of net asset value / net tangible asset and total return for the period after tax.
- 3 DPU was computed and rounded based on income available for distribution to Unitholders excluding the Capex Reserves and the relevant number of Units entitled to distribution at the end of the financial period. No distribution has been declared for the financial period under review.
- 4 Arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016, the DI included a one-off capital distribution of approximately \$1.7 million and \$1.0 million for the month of December 2016 and for the period from 1 January to 19 January 2017 respectively. The DI would also include KDC SGP 3's Capex Reserves.
- 5 The NAV / NTA per Unit were computed based on the issued Units at the end of the financial period.

8 REVIEW OF PERFORMANCE

Review of the Performance between 2017 and 2016 results

(1Q 2017 vs 1Q 2016)

Gross rental income for 1Q 2017 was \$31.6 million, an increase of \$7.0 million or 28.6% from 1Q 2016 of \$24.6 million. The higher rental income was mainly contributed by the acquisition of the 90.0% interest of KDC SGP 3, Milan DC and Cardiff DC as well as the appreciation of AUD against SGD. At KDC DUB 1, there was lower rental income arising from a client downsizing its requirements in 1Q 2016. There was a drop in the variable income from KDC SGP 1 and KDC SGP 2 due to lower recurring and power revenue. In addition, overseas contribution declined due to the depreciation of GBP, EUR and MYR against SGD. Other income was \$0.6 million arising mainly from the rental top up income as well as ad hoc service revenue charged to clients.

Property operating expenses for 1Q 2017 was \$3.4 million, a decrease of \$0.2 million or 5.7% from 1Q 2016 of \$3.6 million. This was largely due to lower property tax expenses at KDC SGP 1 and KDC SGP 2 and lower repairs and maintenance costs incurred at KDC DUB 1, partially offset by the property-related expenses for KDC SGP 3.

As a result, net property income of \$28.8 million for 1Q 2017 was \$7.6 million or 36.1% higher than 1Q 2016.

Total return after tax for 1Q 2017 was \$23.5 million, an increase of \$8.9 million or 60.6% as compared to 1Q 2016 of \$14.6 million. This was mainly due to higher net property income, higher net unrealised foreign exchange gains and higher realised gains on settlement of foreign exchange contracts. These were partially offset by higher finance costs, higher Manager's fees, other expenses and higher current tax expenses arising from KDC SGP 3, Milan DC and Cardiff DC as compared to 1Q 2016.

10 PROSPECTS

A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The global economy is expected to grow modestly in 2017 and 2018, amidst potential market volatility and policy uncertainties, according to the Organisation for Economic Cooperation and Development's Global Interim Economic Outlook released on 7 March 2017. Against this backdrop, the increasing demands of the digital economy, massive-scale cloud providers and data centre outsourcing requirements will continue to underpin growth opportunities in the data centre industry. With a global client base and the Manager's established track record, Keppel DC REIT is well positioned to tap the potential of the industry.

The Manager remains confident of the data centre market's growth potential although near-term pressure on rental rates is expected with data centre supply coming online in Singapore. The addition of KDC SGP 3 to the REIT's portfolio earlier this year further strengthened the REIT's foothold in Singapore.

The Manager will maintain its focused investment strategy through a combination of proactive asset management and prudent capital management approach to capture value from the data centre industry.

11 RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

Interest rate risk

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

Liquidity risk

The Manager monitors and maintains Keppel DC REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Consideration has been given to funding and expense requirements so as to manage the cash position at any point of time.

11 RISK FACTORS AND RISK MANAGEMENT

Credit risk

Credit risk assessments of prospective clients are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. In addition, the Manager also monitors the property portfolio's client trade sector mix to assess and manage exposure to any potentially volatile trade sector.

Currency risk

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, Europe and Malaysia, and the distributable income and interest income from progressive payments related to such foreign investments. The Group maintains a natural economic hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

Operational risk

Measures have been put in place to ensure sustainability of net property income. These measures include steps taken to negotiate for favourable terms/covenants, manage expenses, and actively monitor rental payments from the clients and continuously evaluate the Group's counter-parties.

In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary. The Manager manages such risks through multiple layers of redundancy and back-up systems supported by detailed operational procedures and maintenance programmes. However, the Manager notes that no system of risk management can provide absolute assurance against all potential risks.

Competition risk

The Manager will actively manage the properties and grow strong relationships with its clients by providing value-added property-related services. Through such active asset management and enhancements, the Manager seeks to maintain high client retention and occupancy levels and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new clients.

The Manager will work with the facility managers (where applicable) to actively manage (i) contract and colocation renewals and (ii) new contracts and colocation arrangements to maintain high client retention levels and minimise vacancy periods. The Manager also intends to leverage on its relationship with existing data centre clients as well as data centre brokers to secure new clients for the Group's new and existing data centre facilities.

12 DISTRIBUTIONS**(a) Current Financial Period reported on**

Any distribution recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Book closure date

Not applicable.

(d) Date payable

Not applicable.

13 DISTRIBUTION STATEMENT

If no distribution has been declared / recommended, a statement to that effect.

Other than as disclosed in Paragraph 12(a), no distribution has been declared / recommended.

14 INTERESTED PERSON TRANSACTIONS

Name of Interested Persons	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000)	
	1Q 2017 \$'000	1Q 2016 \$'000
Keppel Corporation Limited and its subsidiaries		
- Manager's management fees	2,671	-
- Manager's acquisition fees	2,025	-
Keppel Telecommunications & Transportation Ltd and its subsidiaries		
- Purchase consideration in relation to 90.0% interest of KDC SGP 3	206,315	-
- Fixed rental income	57,319	-
- Variable rental income	12,102	7,542
- Manager's management fees	-	2,051
- Facility management fees	15,502	903
- Support services fees	154	137
Perpetual (Asia) Limited		
- Trustee fees	54	45

Keppel DC REIT has not obtained a general mandate from Unitholders for Interested Person Transactions for the financial period under review.

15 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.