



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

**RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS
FOR THE ANNUAL GENERAL MEETING ON 20 APRIL 2022**

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

- (a) Keppel DC REIT’s notice of annual general meeting (“**AGM**”) dated 29 March 2022; and
- (b) the accompanying announcement released on 29 March 2022 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.

The Manager wishes to thank all unitholders of Keppel DC REIT (“**Unitholders**”) who have submitted their questions in advance of the AGM. The Manager’s responses to substantial and relevant questions received from Unitholders shall be published in this announcement. For Unitholders’ ease of reference and reading, the Manager wishes to inform Unitholders that it had summarised and consolidated certain related and similar questions under relevant topic headings, and made editorial amendments to some of the questions to ensure that the meaning of each question is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

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

By Order of the Board

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

Chiam Yee Sheng
Company Secretary
15 April 2022

ANNEX A: RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

No	Questions	Responses
1.	<p>How do rising interest rates impact your bottom line and operations going forward? Would this curtail future investments? What mitigating measures are in place?</p>	<ul style="list-style-type: none"> • As at 31 December 2021, we have hedged 74% of borrowings through floating-to-fixed interest rate swaps, with the remaining unhedged borrowings denominated in Euro. • With the 74% hedge in place, a 100bps rise in interest rates would only affect the remaining 26% unhedged borrowings. A 100bps change would have an approximately 1% impact to FY2021's DPU on a pro forma basis. • We have been taking active steps to manage Keppel DC REIT's interest rate exposure. • Our borrowings are in currencies that correspond to the currency of our investment properties. This natural hedge will mitigate the impact of interest rate hikes since interest rates for different currencies increase at a different pace. We continue to monitor interest costs and will look to hedge new or existing interest rates exposure, where feasible. • Moreover, Keppel DC REIT has access to other sources of funding including a S\$2 billion multicurrency debt issuance programme, of which (i) €50 million in floating rate notes due 10 April 2023 were issued in April 2018, and (ii) another €50 million in floating rate notes due 2026 were issued in February 2019. We also added the availability of perpetual securities to diversify our sources of funding. • We will continue to maintain an optimal mix of debt and equity in financing acquisitions to optimise returns while maintaining financial flexibility.
2.	<p>Could the increase in costs due to inflation be passed on to your clients?</p>	<ul style="list-style-type: none"> • Our contractual agreements differ across assets and lease types. • On a portfolio basis, the built-in income and rental escalations are based on the Consumer Price Index or similar indexation or with fixed rate mechanisms that will serve to mitigate the inflationary impact.
3.	<p>On page 55 of the 2021 Annual Report, there is a component in the P&L and Distribution Statement indicating "Net change in fair value of investment properties" of positive \$151,373,000, of which \$142,050,000 was deducted under "Net tax and other adjustment", could you elaborate on this item?</p>	<ul style="list-style-type: none"> • With reference to page 103 of our 2021 Annual Report, Keppel DC REIT's Group profit after tax attributable to Unitholders after tax in 2021 was \$313,656,000. • To derive the amount available for distribution to Unitholders, we subtracted net tax and other adjustments of \$142,050,000 which pertains to non-cash adjustments excluding non-controlling interest. • Included in this net tax and other adjustments was "Net change in fair value of investment properties (net of non-controlling interests)" of \$146,775,000. This, as compared to the "Net change in fair value of investment properties" of \$151,373,000 shown on page 96 of our 2021 Annual Report in the consolidated statement of profit and loss, was due to the effect of the non-controlling interests from such fair value changes of the relevant investment properties.

No	Questions	Responses
4.	<p>How would the current geopolitical risks affect Keppel DC REIT's overseas investments going forward?</p>	<ul style="list-style-type: none"> • A key geopolitical risk would be the ongoing Russian-Ukraine war. Currently, we do not foresee a material direct impact for our European assets. In terms of our acquisition targets, Eastern Europe has not been and is not a market that we focus on. • While there has been no direct impact to operations to date, we expect that the continued elevated prices for oil and gas could translate into higher electricity costs and increased inflation. The impact of higher electricity costs is however, largely mitigated by the pass-through nature of power usage for our leases. • The sanctions imposed on Russia has exacerbated supply chain issues arising from the COVID-19 pandemic. We continue to monitor the impact of these events on supply chains, the potential rise in shipment costs and extended project timelines. Where feasible, shipment of products from Asia Pacific-based factories will be considered to mitigate the impact. • Market-wise, there could be further volatilities arising from interest rates and foreign currencies but appropriate hedging instruments and/or strategies will be deployed where appropriate. • We will continue to actively monitor the evolving situation to assess any consequential impact.
5.	<p>Why has the share price declined (other than increase in interest rates)?</p>	<ul style="list-style-type: none"> • Since Keppel DC REIT's listing in December 2014, we have continued to deliver consistent and steady growth. Unitholders who have invested in Keppel DC REIT since IPO would have enjoyed a total Unitholding return of over 250% as at 31 March 2022. • During the height of the COVID-19 pandemic in 2020, Keppel DC REIT's Unit price reached a peak of \$3.06. As at 31 March 2022, the Unit price has stabilised within the range of \$2.14 to \$2.73 in the last 52 weeks. This compares with the 52-week range of \$1.34 to \$2.08 in 2019. • Our focus is to deliver long-term sustainable returns to Unitholders through prudent capital and risk management, proactive asset management, as well as grow Keppel DC REIT through accretive acquisitions. • Keppel DC REIT's Unit price is subject to market fluctuations and other external factors. Since the beginning of this year, general macroeconomic trends such as geopolitical tensions/developments, higher inflation and expectations of more aggressive interest rate hikes, have weighed on global market sentiments and economies. Across industries, these macro factors have translated into increased concerns about higher utilities costs and the impact of the Russia-Ukraine war on business operations.

No	Questions	Responses
6.	What is the payment frequency of DPU for the next 2 years?	<ul style="list-style-type: none"> • Keppel DC REIT’s distribution policy is to distribute, on a half-yearly basis, at least 90.0% of its distributable income for each financial year, with the actual level of distribution to be determined at the Manager’s discretion. • Distributions will be in Singapore Dollars and are generally paid within 90 days after the end of each distribution period. • Distribution payments are generally expected to be made twice yearly in the months of March and September.
7.	Is the court case between Keppel DC Singapore 1 Ltd. (“KDC”) and DXC Technology Services Singapore Pte. Ltd (“DXC”) resolved? Any impact on finance performance?	<ul style="list-style-type: none"> • The dispute is between our lessee, KDC, and KDC’s client, DXC. KDC commenced the suit in the High Court against DXC at the end of March 2022. As the matter is before the courts, we are not able to comment on the estimated timeframe. • The amount being disputed is approximately \$14.8 million for the 4-year period between 1 April 2021 and 31 March 2025. The impact arising from the disputed sum per annum is approximately 2% of Keppel DC REIT’s distributable income for the financial year ended 31 December 2021. • The Manager does not consider this dispute to have a material impact on Keppel DC REIT’s overall financial performance.
8.	Why is the occupancy rate at Basis Bay Data Centre in Cyberjaya Malaysia consistently on the low end? Please share more of the data centre landscape in Malaysia and what plans do you have for this Basis Bay Data Centre?	<ul style="list-style-type: none"> • According to CBRE estimates, market occupancy in Malaysia was in the mid 60% as of 2020. Within Cyberjaya, leasing momentum has also been dampened by expected new supply in 2022 and 2023. • We continue to work with multiple leasing agents to market the asset. As at 31 December 2021, Basis Bay makes up less than 1% of our assets under management. • Market drivers such as continued growth in the digital economy and digitalisation are nonetheless expected to support demand for data centres in Malaysia.

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