Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

REIT: Keppel DC REIT
(Manager: Keppel DC REIT Management Pte. Ltd.)

Stock code: AJBU

Meeting details:
Date: 21 April 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. It was reported that a moratorium on new data centres was initially "implicitly imposed" in Singapore in 2019 during a closed-door session with the industry while the government reassesses the impact of the industry's carbon footprint and to explore more sustainable energy solutions. The moratorium is expected to last until 2021.

In the Independent market review, it was further disclosed that the moratorium has led to a tightening of supply in Singapore and likely higher utilisation rates at existing facilities (page 25). Colocation rate is estimated to have risen by approximately 5% in 2020.

Amsterdam (and Haarlemmermeer) had also imposed a year-long ban on new data centers in 2019 that was lifted in June 2020 although more legislations might be put in place to ensure that new facilities are more energy efficient with lower carbon footprint to meet the country's carbon emissions target (page 29).

(i) **Do the moratorium and possibly tighter regulations and even an outright ban on new data centres in key cities affect the REIT's growth plans and thus the long-term prospects of the trust?**

(ii) **How is the trust managing the risk that its strategic growth objectives may be hampered by such moratorium/ban?**

(iii) **With a high portfolio occupancy rate of 97.8% (with 13 of the 19 assets fully leased) and a weighted average lease expiry of 6.8 years, would there be any significant opportunities for the manager to capture higher leasing rates on the back of increasing demand for data centres?**

As noted in the chairman's statement and in the Sustainability report, the REIT's data centres in Dublin are fully powered by wind energy. 12.5% of the REIT's total energy consumption of 1,728,068 GJ was derived from renewable sources.

(iv) **Are there plans to tap on renewable energy sources (possibly solar) for its data centres in Singapore?**

(v) **Can the manager elaborate further on the energy efficiency of its data centres? Has it carried out any benchmark of its data centres?**

(vi) **What more can the REIT do to ensure that it is growing in a sustainable manner on the environmental front?** For example, in Europe, data centre operators have signed the Climate Neutral Data Centre Pact with the goal of making data centres climate neutral by 2030.

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Q2. As at 31 December 2020, the REIT's portfolio comprises 19 data centres with a total attributable lettable area of approximately 2.1 million square feet spanning 12 cities in eight countries across Asia Pacific and Europe.

The summary and details of each asset can be found on pages 36 to 51 of the annual report. The details of Keppel DC Singapore 1-3 are reproduced below:

Keppel DC Singapore 1	Keppel DC Singapore 2	Keppel DC Singapore 3
Location 25 Serangoon North Avenue 5, Singapore 554914	25 Tampines Street 92, Singapore 528877	27 Tampines Street 92, Singapore 528878
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)
Ownership Interest 100%	100%	90%
Land Area (sq ft) 78,928	53,821	53,815
Gross Floor Area (sq ft) 225,945	106,726	133,878
Attributable Lettable Area (sq ft) 109,721	38,480	49,433[5]
Number of Clients[1] 23	5	2
Lease Type Keppel lease/Colocation	Keppel lease/Colocation	Keppel lease/Colocation
Facility Manager Keppel DC Singapore 1 Ltd.[2]	Keppel DC Singapore 2 Pte. Ltd.[4]	Keppel DCS3 Services Pte. Ltd.[5]
Occupancy Rate 91.1%	98.2%	100%
Valuation[3] **($ million)** 298.0	174.0	238.5

(Source: annual report)

KDC SGP 1, KDC SGP 2 and KDC SGP 3 have leases that expire on 30 September 2025, 31 July 2021 and 31 January 2022 and the valuations are $298.0 million, $174.0 million and $238.5 million respectively. The leasehold titles have options to extend by 30 years.

(i) **What are the requirements to extend the leases by another 30 years?**

(ii) **Are there lump-sum payments to be made for the extension of the lease?**

(iii) **Is the manager already in advanced negotiations with the relevant authorities on the extension of KDC SGP 2 given that it will expire on 31 July 2021?**

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Q3. The board of the manager comprises seven directors, five of whom are independent directors. In addition, Mr Kenny Kwan was appointed as the lead independent director in November 2020. Three other independent directors, namely Mr Lee Chiang Huat, Dr Tan Tin Wee and Mr Dileep Nair, were all appointed on 18 November 2014. They have each served approximately 6.5 years on the board.

Mr Kwan and Mr Low Huan Ping were both first appointed on 28 February 2019.

(i) **Would the Nominating and Remuneration Committee (NRC) help unitholders understand how it would mitigate the risk of three directors stepping off the board at the same time as the three IDs were all appointed to the board in November 2014? What is the NRC's strategy to make board transitions smoother to ensure that institutional knowledge is kept in the board?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)