



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

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**RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS  
FOR THE ANNUAL GENERAL MEETING ON 21 APRIL 2021**

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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 30 March 2021; and
- (b) the accompanying announcement released on 30 March 2021 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 who have submitted their questions in advance of the AGM. The Manager wishes to inform that responses to substantial and relevant questions submitted by unitholders are published in this announcement.

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

By Order of the Board

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

Tan Weiqiang, Marc  
Company Secretary  
20 April 2021

## ANNEX A - LIST OF SUBSTANTIAL AND RELEVANT QUESTIONS AND ANSWERS

No	Questions	Responses
1	<p><b>As we move back to pre-COVID-19 days, more employees are returning back to offices. Lesser work from home may mean lesser use of cloud-based products. How will this impact Keppel DC REIT's earnings?</b></p> <p><b>How much of the REIT's net profit or revenue are attributable to the COVID-19/lockdown or work-from-home impact? Post-COVID, and with the vaccination roll-out, can we continue to expect incremental profit, or will performance be lower this year?</b></p>	<ul style="list-style-type: none"> <li>▪ While the COVID-19 pandemic has disrupted businesses and lives globally, it heralded a new era in digital transformation with the accelerated adoption of technology, which has resulted in long-term shifts in fundamental end-user demands which propels the importance and reliance of data centres globally to support this technology shift.</li> <li>▪ In FY 2020, Keppel DC REIT delivered a strong set of results, recording a 38.6% year-on-year growth in distributable income to \$156.9 million. Gross revenue for FY 2020 was also up 36.3% year-on-year to \$265.6 million, while distribution per Unit (DPU) was up 20.5% to 9.170 cents.</li> <li>▪ The strong performance in FY 2020 was supported by the full year contributions from DC1 and Keppel DC Singapore 4 (KDC SGP 4), both acquisitions which were completed in October and November 2019 respectively; as well as the new acquisitions in Europe in FY 2020, namely the acquisitions of the remaining 999-year leasehold land interest at Keppel DC Dublin 1 (KDC DUB 1) and Kelsterbach Data Centre in Germany, both of which were DPU-accretive and contributed to the higher DPU growth.</li> <li>▪ The Manager has also been active in optimising Keppel DC REIT's portfolio with asset enhancement initiatives (AEIs) to meet clients' demand and increase returns. In FY 2020, we completed the AEI works at KDC DUB 1 and Keppel DC Singapore 5, which resulted in higher occupancies at both assets. These AEI works were also accretive to DPU.</li> <li>▪ In end-December 2020, we acquired Amsterdam Data Centre within the Schiphol-Rijk business park in the Amsterdam Metropolitan Area, which is approximately 27 km from Amsterdam city. This is Keppel DC REIT's second asset in the Netherlands, and the ninth in Europe.</li> <li>▪ Notwithstanding the pandemic, acquisitions have been and will remain a key driver for Keppel DC REIT.</li> <li>▪ We will continue to grow our portfolio through accretive and quality asset acquisitions to deliver long term sustainable returns to Unitholders.</li> </ul>

<p><b>2</b></p>	<p><b>Will there be any change in Keppel DC REIT’s strategy or business plan given the new management team, and in view of COVID-19? Will the team be as prudent as before, or consider even mergers and acquisitions (M&amp;A)?</b></p> <p><b>What are Keppel DC REIT’s growth plans in the next six months and in 2022? Do you foresee potential competition from cloud services providers in terms of demand for data centre infrastructure and services?</b></p> <p><b>Keppel DC REIT seems to be slowing down in its race given a number of the other Industrial REITS are jumping on to the data centre bandwagon. What is the Manager doing to keep the REIT in the game? What is the next step and direction of the new management? What are the upcoming acquisition or asset enhancement plans?</b></p>	<ul style="list-style-type: none"> <li>▪ Anthea Lee was appointed Chief Executive Officer (CEO) of Keppel DC REIT Management on 15 February 2021. She had been the Deputy CEO since 2018, and is familiar with Keppel DC REIT’s business having led all of Keppel DC REIT’s investments since listing. She is supported by an experienced and dedicated team who has been working alongside Anthea for several years, including Adam Lee, the Chief Financial Officer, who has been with the Manager prior to the initial public offering (IPO) of Keppel DC REIT in 2014 and was part of the key team in listing Keppel DC REIT.</li> <li>▪ Acquisitions have been, and will remain one of the key drivers of growth for Keppel DC REIT. Our goal is to continue to strengthen our portfolio to deliver long term sustainable returns to Unitholders, and we will consider all available opportunities, both asset acquisitions as well as M&amp;As, if beneficial to Unitholders.</li> <li>▪ At the same time, understanding our clients’ needs and requirements will remain crucial for us in today’s competitive landscape. Our footprint of quality assets across key data centre hubs will also allow us to meet clients’ requirements globally. We will consider asset enhancement initiatives at opportune times to ensure our assets remain relevant and continue to attract and retain clients.</li> <li>▪ While a number of business sectors have been adversely affected by the pandemic, the digital economy continues to thrive, with rapid adoption of technology. In fact, COVID-19 has reinforced the resiliency of the data centre sector, driven by increased data traffic and usage since the start of the pandemic as more people were working from home and transacting online.</li> <li>▪ The increased adoption of technology will continue to see sustained growth in the data centre sector, supported by growing demand for data storage requirements globally. We expect this trend of global digitalisation to continue post-pandemic.</li> </ul>
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3	<p><b>Can you please provide (a) the Gross Revenue breakdown by country, and (b) the Net Property Income (NPI) by country?</b></p>	<ul style="list-style-type: none"> <li>▪ Unitholders can refer to note 34 on page 144 of Keppel DC REIT’s Annual Report (AR) 2020 for the gross revenue breakdown by country.</li> <li>▪ We have also included charts showing the breakdown of gross revenue and NPI by lease type (i.e. Colocation, Fully-fitted, as well as Shell and Core) on page 54 of the Financial Review section in the AR 2020, which provide better representation of Keppel DC REIT’s sources of income contribution.</li> </ul>
4	<p><b>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?</b></p>	<ul style="list-style-type: none"> <li>▪ As at end-March 2021, Keppel DC REIT has a well-staggered lease expiry profile with only 6.9% of leases (by attributable lettable area) due for renewal for the rest of the year.</li> <li>▪ Our focus is on ensuring sustainable revenue for Keppel DC REIT’s Unitholders. As such, in our lease negotiations, we consider various factors, including the market demand and supply, as well as specific factors including the long-term relationship with the renewing client, the lease type and tenure, among others.</li> <li>▪ That said, customer retention rates tend to be higher for data centre assets given the mission critical nature of the business. We are confident of renewing the contracts when these are due, given our strong operating track record and long-standing relationship with our clients.</li> </ul>
5	<p><b>Please update on the progress and completion status of the data centres under development, and the occupancy take up rate for each of them?</b></p>	<ul style="list-style-type: none"> <li>▪ As part of our portfolio optimisation efforts, we completed the AEI works at KDC DUB 2 and DC1 in 1Q 2021. As at end-March 2021, the occupancy rates for KDC DUB 2 and DC1 were both 100%.</li> <li>▪ Meanwhile, the development of Intellicentre 3 East Data Centre in Sydney is progressing well, with expected development completion in 2Q 2021. When completed, a new 20-year triple net master lease with Macquarie Data Centres will commence.</li> </ul>

<p><b>6</b></p>	<p><b>Keppel DC Singapore 1 (KDC SGP 1), Keppel DC Singapore 2 (KDC SGP 2) and Keppel DC Singapore 3 (KDC SGP 3) have leasehold titles that will expire on 30 Sept 2025, 31 Jul 2021 and 31 Jan 2022 respectively, with options to extend by 30 years.</b></p> <p><b>(i) What are the requirements to extend the leasehold titles lease?</b></p> <p><b>(ii) Are there lump sum payments to be made for the extensions?</b></p> <p><b>(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 Jul 2021?</b></p>	<ul style="list-style-type: none"> <li>▪ The option to extend the land lease lies with Keppel DC REIT, and we have already exercised the right to renew the land leases for KDC SGP 2 and KDC SGP 3 for a further 30 years. The land premium will depend on the prevailing rates set by JTC at renewal.</li> <li>▪ Subject to lease provisions and any site inspections by JTC, and once the land premium has been paid, the land leases for KDC SGP 2 and KDC SGP 3 will be extended.</li> <li>▪ There is still some time before the expiry of the existing land lease for KDC SGP 1. Similarly, Keppel DC REIT has the right to exercise the option to extend the lease title by another 30 years.</li> <li>▪ We estimate that the total land premium payable for KDC SGP 1, KDC SGP 2 and KDC SGP 3 to be approximately \$15 million.</li> </ul>
<p><b>7</b></p>	<p><b>The occupancy for the Basis Bay Data Centre (Basis Bay DC) in Cyberjaya, Malaysia, was only 63.1% as at end-Dec 2020.</b></p> <p><b>(i) Is the low occupancy due to a building-specific or location issue?</b></p> <p><b>(ii) What is the average occupancy rate for data centres in Cyberjaya?</b></p> <p><b>(iii) How does the Manager plan to improve occupancy rate, or will you consider divesting this underperforming asset?</b></p>	<ul style="list-style-type: none"> <li>▪ According to independent research and consulting firm, Danseb Consulting, the Malaysian data centre market has not developed as quickly as its neighbouring countries due to the political changes in recent years. The market also faces competition from neighbouring Singapore and other Southeast Asian markets such as Indonesia, Thailand and Vietnam which are seeking to develop strong data centre markets. Accordingly, the average utilisation rate in Cyberjaya was 79% as at end-2020. Unitholders can refer to page 26 of the AR 2020 for more information on the Cyberjaya data centre market.</li> <li>▪ As at end-2020, Basis Bay DC makes up only 0.8% of Keppel DC REIT's total assets under management.</li> <li>▪ Notwithstanding this, our team will continue to work on leasing up this asset to improve occupancy.</li> <li>▪ On potential divestments, as part of our ongoing portfolio optimisation strategy, we are open to evaluating attractive opportunities for our assets, if and when these come about, and are beneficial to Keppel DC REIT and Unitholders.</li> </ul>

8	<p><b>What is the reason for the low price of the REIT?</b></p>	<ul style="list-style-type: none"> <li>▪ As with all shares, Keppel DC REIT's Unit price is subject to market fluctuations and other external factors. 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 seen a total Unitholding return of over 311.6% as at 31 December 2020. Total return for 2020 alone was 38.4%.</li> <li>▪ 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.</li> </ul>
9	<p><b>In relation to Resolution 5, how does the Manager intend to use the capital that could potentially be raised from such Unit issuance or offers?</b></p>	<ul style="list-style-type: none"> <li>▪ Having the flexibility to issue Units and to make or grant convertible instruments is part of our prudent capital management strategy.</li> <li>▪ We seek to employ an optimal mix of debt and equity in our financing requirements, including the funding of potential acquisitions. In so doing, we optimise returns while maintaining financial flexibility.</li> </ul>
10	<p><b>In Keppel DC REIT's AR 2020, it was noted that the data centres in Dublin are fully powered by wind energy, and that 12.5% of the REIT's total energy consumption of 1,728,068 GJ was derived from renewable sources. Are there plans to tap on renewable energy sources (possibly solar) for your data centres in Singapore?</b></p> <p><b>What more could be done to ensure that Keppel DC REIT grows in a sustainable manner on the environmental front, including reducing energy consumption?</b></p> <p><b>Also, how can the Manager contribute to long-term value creation and preservation through investments in the areas of local community, employee retention and mental health, and renewable energy use?</b></p>	<ul style="list-style-type: none"> <li>▪ We work closely with Keppel Group and our facility managers at our colocation facilities to identify and implement initiatives that can reduce the environmental impact of our data centres.</li> <li>▪ In Singapore, all of Keppel DC REIT's colocation facilities feature high-efficiency cooling technologies, as well as energy and water management systems to drive sustainable performance. They have also attained certifications in energy and water management systems to drive sustainability performance such as the Green Mark certifications by the Building and Construction Authority.</li> <li>▪ We are committed to improve Keppel DC REIT's energy efficiency over time. While the total energy consumption is expected to increase as our asset base grows, we will proactively identify and implement new measures to optimise energy efficiency where practicable. At the same time, where available, we will explore tapping renewable energy sources, taking into consideration our clients' requirements.</li> <li>▪ Beyond environmental efforts, on the governance front, Keppel DC REIT ranked 2<sup>nd</sup> in the Governance Index for Trust 2020 and 15<sup>th</sup> in the Singapore Governance and Transparency Index 2020. These are testament to our ongoing efforts</li> </ul>

		<p>to ensure strong corporate governance and transparency. In November 2020, Mr Kenny Kwan was appointed as Lead Independent Director (ID), further enhancing objectivity and independence of the Board.</p> <ul style="list-style-type: none"> <li>▪ In 2020, notwithstanding the pandemic, our employees continued to upskill themselves through virtual courses, and recorded an average of 23.6 training hours per employee. Various initiatives were implemented to help employees better adapt to remote working and promote health and wellness, especially during the COVID-19 pandemic. Unitholders can refer to page 73 of the Sustainability Report 2020 for more information.</li> <li>▪ As we do well, we endeavour to do good as well. Beyond monetary contributions to support various philanthropic initiatives, together with Keppel Capital, we dedicated about 790 hours to community services.</li> <li>▪ Sustainability has and will continue to be on our minds as we endeavour to make improvements as part of our long-term commitment towards upkeeping high standards in Environmental, Social and Governance efforts.</li> </ul>
<p><b>11</b></p>	<p><b>How does the Manager address cybersecurity issues in your supply chain – what are the mitigation measures, as well as response and recovery plans?</b></p> <p><b>Also, what is the estimated allocation (in percentage) of capital expenditure and operating expenses in ensuring IT controls and management to provide the necessary security and resiliency towards effective business continuity?</b></p>	<ul style="list-style-type: none"> <li>▪ We have in place the Keppel DC REIT’s System of Management Controls Framework (Framework) that outlines internal control and risk management processes and procedures.</li> <li>▪ This Framework comprises a three Lines model to ensure the adequacy and effectiveness of both Keppel DC REIT’s and the Manager’s system of internal controls and risk management. Unitholders can refer to the section on ‘Independent Review of Internal Controls’ on pages 155 and 156 of Keppel DC REIT’s AR 2020 for further details.</li> <li>▪ To strengthen IT controls and manage IT risks, IT Governance Framework is included as part of the System of Management Controls Framework, and provides the necessary security and resiliency towards effective business continuity.</li> <li>▪ In January 2021, the IT Governance Framework was further strengthened through the formalisation of a Keppel Cybersecurity governance structure and the establishment of a Keppel Cybersecurity Service Centre.</li> <li>▪ For some of Keppel DC REIT’s colocation assets in Singapore, capex reserves are set aside for planned periodic and preventive maintenance,</li> </ul>

		<p>as well as overhauls and end of life replacements. Each year, we also carry out regular capex review with the Facilities Manager to determine the capex required to enhance the competitiveness of our assets, while ensuring that proper risk management measures are in place.</p> <ul style="list-style-type: none"> <li>▪ At the same time, there is ongoing monitoring of cybersecurity, climate change and sustainability-related risks, and when necessary, actions are taken to prevent and mitigate them.</li> </ul>
12	<p><b>The Board comprises seven directors, five of whom are IDs. In addition, Mr Kenny Kwan was appointed as the Lead ID in November 2020. Three other IDs, namely Mr Lee Chiang Huat, Dr Tan Tin Wee and Mr Dileep Nair, were all appointed on 18 November 2014, and have each served approximately 6.5 years on the Board.</b></p> <p><b>(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?</b></p> <p><b>(ii) What is the NRC's strategy to make board transitions smoother to ensure that institutional knowledge is kept in the board?</b></p>	<ul style="list-style-type: none"> <li>▪ The Board has always believed that orderly succession and renewal is critical for Keppel DC REIT Management. This is achieved through careful planning, where the appropriate composition of the Board is continually under review.</li> <li>▪ One of NRC's key roles, among other things, is to conduct an annual review of the board diversity, board size, board independence and directors' commitment. This ensures there is proper and smooth transition of all directorship.</li> <li>▪ At the same time, management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. These information include financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel DC REIT's business, performance, business and financial environment, risk and prospects. This ensure that all Board members are kept well informed of Keppel DC REIT's businesses and affairs.</li> </ul>
13	<p><b>In the Independent Market Review (IMR) section of Keppel DC REIT's AR 2020, do the supply/demand/utilisation rates for the respective regions take into considerations non-renewal of leases or reduction in the number of server racks leased?</b></p> <p><b>Can you also share who are some of the key hyperscale cloud and international players with significant investments in Frankfurt, and whether the projected utilisation rates take into account these "significant investments"?</b></p>	<ul style="list-style-type: none"> <li>▪ The IMR in Keppel DC REIT's AR 2020 is prepared by Danseb Consulting, an independent research and consulting firm that specialises in the data centre sector.</li> <li>▪ While we are unable to comment specifically on the independent consultant's observations and assumptions in preparing the IMR, it is undeniable the rapid adoption of technology and the continuation of digitalisation trends, accelerated by COVID-19, will continue to underpin strong end-user demand for data centres globally.</li> </ul>

14	<p><b>How will Keppel DC REIT benefit from the subsea Bifrost Cable System project which Keppel, Facebook and Telin announced in March 2021?</b></p>	<ul style="list-style-type: none"> <li>▪ This is the first subsea cable that Keppel would be undertaking, and is in line with the Keppel Group's Vision 2030 roadmap to develop and broaden Keppel's connectivity platform by building a new adjacent and complementary business to its data centre business.</li> <li>▪ With the completion of the subsea cables, Singapore's connectivity will be enhanced, and Keppel DC REIT, being one of the largest data centre owners in Singapore will be able to benefit from the seamless direct connectivity and low latency from Singapore to the West Coast of North America.</li> </ul>
15	<p><b>In the IMR section of Keppel DC REIT's AR 2020, it was disclosed that the moratorium has led to a tightening of supply in Singapore, and likely higher utilisation rates at existing facilities. It is also expected that Amsterdam will put in place more legislations to ensure that new facilities are more energy efficient with lower carbon footprint to meet the country's carbon emissions target.</b></p> <p><b>(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?</b></p> <p><b>(ii) How will the Trust manage the risk that its strategic growth objectives may be hampered by such moratorium/ban?</b></p> <p><b>(iii) Will Keppel DC REIT place more focus outside of Singapore for growth?</b></p> <p><b>(iv) How will the government's decision to limit growth in data centres in Singapore affect the REIT and its growth potential?</b></p>	<ul style="list-style-type: none"> <li>▪ Acquisitions have been and will continue to be one of the key growth drivers for Keppel DC REIT.</li> <li>▪ We do not expect the moratorium on new data centre developments in Singapore to be in place indefinitely. Notwithstanding that, our growth plan has always been to seek accretive acquisitions beyond Singapore.</li> <li>▪ We believe that Keppel DC REIT is strategically positioned and stands nimble to pursue opportunities when available, yet remain disciplined in the evaluation of potential opportunities according to our investment strategy.</li> </ul>

16	<p><b>What are Keppel DC REIT's competitive advantages, and with more new industry players, how will you continue to maintain your edge?</b></p>	<ul style="list-style-type: none"> <li>▪ Given the mission-critical nature of data centre operations and the need for service reliability standards, clients usually seek providers with a global footprint, as well as a strong and proven operating track record.</li> <li>▪ In this regard, Keppel, with its year of expertise and experience in data centre development and operation, is the choice operator for global clients, including the world's top hyperscalers.</li> <li>▪ Drawing on our core competencies in investment, asset and capital management, we are also able to leverage Keppel Group's innovation and capabilities in creating and developing data centre assets from ground up. This provides Keppel DC REIT with steady deal flows as we continue to pursue strategic growth opportunities that complement Keppel DC REIT's portfolio and benefit Unitholders.</li> <li>▪ At the same time, with growing focus on sustainability, we are able to work closely with Keppel Group to identify and implement energy efficient solutions and initiatives that can reduce the environmental impact of our data centres. The Floating Data Centre Park that our Sponsor is working on, is one such example of how Keppel continues to innovate and explore ways to reduce the carbon footprint of the data centres. Other ongoing projects include exploring the potential use of liquefied natural gas and hydrogen to power and cool data centres.</li> <li>▪ Our focus remains, and we are committed to strive ahead, harnessing the strengths of the Keppel Group to continue delivering sustainable value to our Unitholders.</li> </ul>
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