



**Keppel DC REIT Management Pte. Ltd.**

(Co Reg No. 199508930C)

Tel: (65) 6535 5665

18 Cross Street #10-10

Fax: (65) 6535 0660

China Square Central

Singapore 048423

[www.keppeldcreit.com](http://www.keppeldcreit.com)

**MEDIA RELEASE**

**Unaudited Results of Keppel DC REIT for the Financial Period from the Listing Date of 12 December 2014 to Full Year ended 31 December 2015**

**14 January 2016**

The Directors of Keppel DC REIT Management Pte. Ltd., as Manager of Keppel DC REIT, are pleased to announce the unaudited results of Keppel DC REIT for the financial period from the listing date of 12 December 2014 to 31 December 2015.

The materials are also available at [www.keppeldcreit.com](http://www.keppeldcreit.com), [www.keppeltt.com.sg](http://www.keppeltt.com.sg) and [www.kepcorp.com](http://www.kepcorp.com).

**For more information, please contact:**

**Media Relations**

Mr Kevin Ho  
Executive  
Group Corporate Communications  
Keppel Corporation Limited  
Tel: (65) 6413 6581  
Email: [kevin.ho@kepcorp.com](mailto:kevin.ho@kepcorp.com)

**Investor Relations**

Ms Liang Huihui  
Executive  
Investor Relations  
Keppel DC REIT Management Pte. Ltd.  
Tel: (65) 6305 0784  
Email: [huihui.liang@keppeldcreit.com](mailto:huihui.liang@keppeldcreit.com)

DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited are the Joint Financial Advisers and Issue Managers to the initial public offering of Keppel DC REIT (the "Offering"). DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Credit Suisse (Singapore) Limited are the Joint Global Coordinators to the Offering. DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch and Goldman Sachs (Singapore) Pte. are the Joint Bookrunners and Underwriters to the Offering.

## Keppel DC REIT's YTD 2015<sup>1</sup> Distribution Per Unit Exceeds Forecast<sup>2</sup> By 1.9%

### Results Highlights

- YTD 2015<sup>1</sup>:
  - Distribution per Unit of 3.28 cents<sup>3</sup> declared for 2H 2015
  - Net property income outperformed IPO forecast<sup>2</sup> by 1.7%
  - Distributable income was 1.9% higher than IPO forecast<sup>2</sup>
  - Annualised distribution yield<sup>3,4</sup> was 13bps above IPO forecast<sup>2</sup>
- 4Q 2015:
  - Net property income was 1.9% higher than IPO forecast<sup>2</sup>, due to contribution from Intellicentre 2 and lower property expenses. These were partially offset by lower variable rental from Singapore Properties as well as lower rental income arising from depreciation of certain foreign currencies
  - Distributable income was 2.2% above IPO forecast<sup>2</sup>
- Portfolio occupancy remains healthy at 94.8%, up from 93.5% at IPO
- Portfolio weighted average lease expiry (WALE) of 8.7 years by leased lettable area
- Aggregate leverage of 29.2%
- Interest coverage ratio of 9.4 times

### Summary of Results

	4Q 2015 Actual (\$'000)	YTD 2015 <sup>1</sup> Actual (\$'000)	YTD 2015 <sup>1</sup> IPO Forecast <sup>2</sup> (\$'000)	YTD 2015 <sup>1</sup> Variance
Gross Revenue	24,764	107,684	105,853	+1.7%
Property Expenses	(2,919)	(16,387)	(16,123)	+1.6%
Net Property Income	21,845	91,297	89,730	+1.7%
Distributable Income <sup>3</sup> to Unitholders	14,482	60,394	59,283	+1.9%
Distribution per Unit <sup>3</sup> (cents) For the Period	1.64	6.84	6.71	+1.9%
Annualised Distribution Yield (%) Based on IPO offering price \$0.930		6.97	6.84	+13 bps
Based on closing price <sup>5</sup> \$1.015		6.39	6.27	+12 bps

#### Notes:

- (1) For the financial period of 385 days from 12 December 2014 to 31 December 2015.
- (2) On a pro-rata basis for the financial period 12 December 2014 to 31 December 2015, as derived from the Forecast Year 2015 figures disclosed in the Prospectus.
- (3) Distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders. Distribution amounting to 3.56 cents per Unit for the financial period from Listing Date to 30 June 2015 was paid on 28 August 2015. For the financial period from 1 July to 31 December 2015, eligible Unitholders will receive distribution of 3.28 cents per Unit.
- (4) Based on the IPO offering price per Unit of \$0.930.
- (5) Based on the market closing price per Unit of \$1.015 as at 31 December 2015.

### Financial Review

For the financial period from the listing date of 12 December 2014 to 31 December 2015, Keppel DC REIT Management Pte. Ltd. (the "Manager") is pleased to announce that Keppel DC REIT has achieved a net property income (NPI) of \$91.3 million, surpassing its IPO forecast of \$89.7 million by 1.7%. This contributed to a 1.9% increase in distributable income from IPO forecast of \$59.3 million to \$60.4 million for the period.

Distribution of 3.28 cents per Unit has been declared for the period from 1 July 2015 to 31 December 2015. Together with the distribution of 3.56 cents per Unit paid on 28 August 2015 for the period from listing date to 30 June 2015, total distribution for the financial period from listing date to 31 December 2015 was 6.84 cents per Unit. Accordingly, the annualised distribution yield based on the IPO offering price of \$0.930 per Unit was 7.0%, higher than the forecasted 6.8%. Book Closure Date is 22 January 2016 and distributions will be paid out on 29 February 2016.

The higher NPI and distributable income were mainly due to higher variable rental income from the Singapore properties and other income from Gore Hill Data Centre and Citadel 100 Data Centre, as well as rental contribution from Intellicentre 2 which was acquired during the period. Property expenses were above the IPO forecast due to higher property tax in Singapore and higher contracted facility management costs for the Singapore properties and Gore Hill Data Centre, which were partially offset by lower property expenses in other countries arising mainly from the depreciation of foreign currencies against SGD.

For the fourth quarter of 2015, NPI of \$21.8 million was 1.9% higher than IPO forecast. This was mainly due to rental contribution from Intellicentre 2 and the lower property expenses, which were partially offset by lower variable income from the Singapore properties and lower net property income from overseas assets arising mainly from the depreciation of foreign currencies against SGD.

The distributable income for 4Q 2015 was 2.2% above IPO forecast due to higher NPI and lower interest expenses as a result of the interest rate swaps entered into.

As at 31 December 2015, Keppel DC REIT was trading at 10.2% above its NAV per Unit of \$0.92.

### **Sustained Portfolio Performance**

Keppel DC REIT's portfolio was valued at \$1.07 billion as at 31 December 2015 and consisted of nine quality data centres across Asia Pacific and Europe, including its maiden acquisition of Intellicentre 2 in Sydney, Australia.

In the fourth quarter of 2015, Keppel DC REIT announced its first foray into Germany with its second acquisition. This was a forward purchase with mainCubes One Immobilien GmbH & Co. KG (Vendor) to acquire mainCubes Data Centre which will be developed in Offenbach am Main data centre hub. The fully-fitted facility is expected to be completed in 2018.

Both acquisitions were backed by long master leases that provided for annual rental escalations. A 20-year triple-net lease was signed together with the sale and leaseback transaction with Macquarie Telecom for Intellicentre 2 in Sydney, while the forward purchase of mainCubes Data Centre included a 15-year triple-net lease agreement which will commence upon building completion.

These two acquisitions will further diversify the REIT's geographical profile and income streams, as well as extend the portfolio's weighted average lease expiry (WALE). The Manager will continue to actively evaluate acquisition opportunities in Asia Pacific and Europe.

Keppel DC REIT currently has a diversified portfolio of fully-fitted data centres, shell and core facilities as well as co-location assets. The long leases in fully-fitted data centres and shell and core assets will enhance the portfolio's income stability, while the shorter leases in co-location facilities will provide opportunities for further growth.

Client base remains well-diversified across high-value added trade sectors. The top ten clients in Keppel DC REIT's portfolio are mainly from the internet enterprises, information technology services and telecommunications industries. With proactive leasing and marketing efforts by the Manager, portfolio occupancy remains healthy at 94.8% while portfolio WALE was 8.7 years as at 31 December 2015.

### **Active Capital Management**

Keppel DC REIT's balance sheet remains healthy with an aggregate leverage of 29.2% and interest coverage ratio of 9.4 times. All of the REIT's borrowings are unsecured with an average annualised cost of debt of approximately 2.5% per annum and weighted average debt maturity of 3.3 years.

Since the listing, the Manager has been proactively adopting appropriate hedging strategies to manage interest rate and foreign currency exposure for the REIT. The Manager has entered into interest rate swaps to hedge interest rate exposure of the long-term loans.

To mitigate currency exposure, the Manager uses foreign currency forward contracts to hedge the REIT's forecasted foreign-sourced distributions. Hedging up to 1H 2017 has been completed, while 2H 2017's is substantially complete. The Manager also adopts natural hedging by borrowing in currencies that match the corresponding investments and cash flows.

### **Outlook**

Amidst the volatile macro-economic terrain, Keppel DC REIT will remain vigilant and prudent as it seeks to expand its portfolio of quality data centre assets across Asia Pacific and Europe.

Industry fundamentals remain intact, anchored by global trends such as the proliferation of smart devices, internet penetration as well as increased compliance and regulatory requirements. The shift towards cloud computing and e-commerce is expected to further propel data centre demand as well.

Global cloud traffic is projected to more than quadruple from 2014 to 2019, growing at a compounded annual growth rate (CAGR) of 33%<sup>1</sup>, while the global e-commerce market is expected to grow at a CAGR of 17%<sup>2</sup> from 2014 to 2018. It is expected that growth in global cloud traffic and the global e-commerce market will translate to increase in data centre requirements.

Leveraging the Sponsor's established track record and technical expertise in the data centre industry, Keppel DC REIT is in a strategic position to tap opportunities that arise in the co-location business as corporates seek to outsource their data centre requirements increasingly.

In its first year of listing, Keppel DC REIT was conferred the "Most Transparent Company Award (New Issues) – Runner Up" in the SIAS 16th Investors' Choice Awards. The REIT was also voted "3rd Strongest Adherence to Corporate Governance", "Most Improved Investor Relations", and one of the six most preferred Singaporean companies by institutional investors in the Alpha Southeast Asia Institutional Investor Awards for Corporates.

Its co-location assets in Singapore were recognised for their environmentally-friendly features during the year. T25 was conferred the BCA-IDA Green Mark Gold<sup>PLUS</sup> Award for Data Centres by BCA while S25 and T25 received the Singapore Standard 564 (SS564) for Green Data Centres from TÜV SÜD PSB.

---

<sup>1</sup> Cisco Global Cloud Index, 2014–2019

<sup>2</sup> eMarketer, 2015

Keppel DC REIT's focus remains clear – The Manager will continue its proactive asset management, disciplined investment and prudent capital management strategies to capture the growth potential of this industry and deliver value to the REIT's stakeholders.

-END-

## **About Keppel DC REIT ([www.keppeldcreit.com](http://www.keppeldcreit.com))**

Listed on 12 December 2014, Keppel DC REIT is the first data centre REIT listed in Asia and on the Singapore Exchange (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.

Its current portfolio comprises nine high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 597,900 sq ft, the portfolio spans seven cities in six countries in Asia Pacific and Europe.

Keppel DC REIT's data centre properties in Asia Pacific include S25 and T25 in Singapore; Basis Bay Data Centre in Cyberjaya, Malaysia; Intellicentre 2 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; Citadel 100 Data Centre in Dublin, Ireland; and Almere Data Centre in Amsterdam, Netherlands. On 28 October 2015, Keppel DC REIT announced the forward acquisition of mainCubes Data Centre which will be developed in Offenbach am Main, Germany; the development is expected to be completed in 2018.

Keppel Telecommunications & Transportation (Keppel T&T), the Sponsor of the REIT, has also granted Rights of First Refusal (ROFR) to acquire all of its income-producing data centre assets.

The REIT is managed by Keppel DC REIT Management Pte. Ltd., a wholly-owned subsidiary of Keppel T&T, with the key objectives of providing Unitholders of Keppel DC REIT with regular and stable distributions, and achieving long-term growth while maintaining an appropriate capital structure.

### **Important Notice**

The past performance of Keppel DC REIT is not necessarily indicative of its future performance. Certain statements made in this release may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Keppel DC REIT ("Unitholders") are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the "Manager") on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this release. None of the Manager, the trustee of Keppel DC REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this release or its contents or otherwise arising in connection with this release. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The

value of units in Keppel DC REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including possible loss of principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.