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**MEDIA RELEASE**

**Unaudited Results of Keppel DC REIT for the Second Quarter and First Half Ended 30 June 2016**

**18 July 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 second quarter and first half ended 30 June 2016.

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).

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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 1H 2016 Distribution Payout Exceeds Forecast<sup>1</sup>

### Key Highlights

- Distribution per Unit of 3.34 cents<sup>2</sup> declared for 1H 2016, 0.9% higher than IPO forecast<sup>1</sup>
- Distributable income for 1H 2016 was \$29.5 million, 1.0% higher than IPO forecast<sup>1</sup>
- Portfolio occupancy was 92.3%
- Portfolio weighted average lease expiry (WALE) of 8.7 years by leased lettable area
- Aggregate leverage of 29.1%
- Healthy interest coverage ratio of 9.5 times

### Summary of Results

#### Actual vs Forecast

	2Q 2016 Actual	2Q 2016 Forecast <sup>1</sup>	+ / (-) %	1H 2016 Actual	1H 2016 Forecast <sup>1</sup>	+ / (-) %
Gross Revenue (\$'000)	24,865	25,488	(2.4)	49,636	50,976	(2.6)
Property Expenses (\$'000)	(2,760)	(3,855)	(28.4)	(6,345)	(7,710)	(17.7)
Net Property Income (\$'000)	22,105	21,633	2.2	43,291	43,266	0.1
Distributable Income <sup>2</sup> (\$'000)	14,749	14,598	1.0	29,496	29,196	1.0
Distribution Per Unit <sup>2</sup> (cents)	1.67	1.66	0.6	3.34	3.31	0.9
Annualised Distribution Yield (%)						
At IPO price \$0.930				7.22	7.16	6bps
At 1H 2016 closing price \$1.110				6.05	6.00	5bps

#### Year-on-Year Comparison

	2Q 2016 Actual	2Q 2015 Actual	+ / (-) %	1H 2016 Actual	1H 2015 Actual	+ / (-) %
Gross Revenue (\$'000)	24,865	26,027	(4.5)	49,636	51,955	(4.5)
Property Expenses (\$'000)	(2,760)	(4,102)	(32.7)	(6,345)	(8,301)	(23.6)
Net Property Income (\$'000)	22,105	21,925	0.8	43,291	43,654	(0.8)
Distributable Income <sup>2</sup> (\$'000)	14,749	14,272	3.3	29,496	28,478	3.6
Distribution Per Unit <sup>2</sup> (cents)	1.67	1.62	3.1	3.34	3.23	3.4
Annualised Distribution Yield (%)						
At 1H 2016 closing price \$1.110				6.05	5.87	18bps
At 1H 2015 closing price \$1.050				6.40	6.20	20bps

#### Notes:

- (1) On a pro-rata basis for the relevant financial period, as derived from the Projection Year 2016 figures disclosed in the IPO Prospectus.
- (2) Distributable income to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. For the financial period from 1 January 2016 to 30 June 2016, eligible Unitholders will receive distribution of 3.34 cents per Unit.

### Financial Review

For the first half ended 30 June 2016, Keppel DC REIT Management Pte. Ltd. (the Manager) is pleased to announce that Keppel DC REIT has achieved \$29.5 million of distributable income, which surpassed the IPO forecast by 1.0%. Compared to the corresponding period last year, distributable income was 3.6% higher.

Distribution of 3.34 cents per Unit has been declared for the period from 1 January 2016 to 30 June 2016. Based on the IPO price of \$0.930 per Unit, Keppel DC REIT's annualised distribution yield was 7.22%, above its forecasted 7.16%. Book closure date is 26 July 2016 and distributions will be paid out on 31 August 2016.

Distributable income exceeded IPO forecast mainly due to contribution from Intellicentre 2, higher finance income, lower finance costs, property-related and other expenses. These were partially offset by a drop in variable income at the Singapore Properties due to lower power revenue charged and higher property-related costs, as well as a client downsizing its requirements in Keppel DC Dublin 1 (Citadel 100 Data Centre) in 1Q 2016.

As at 30 June 2016, Keppel DC REIT's closing price was \$1.110, which translates to a 20.9% premium to its Net Asset Value per Unit of \$0.918.

### **Portfolio Performance**

As part of joint marketing efforts, the colocation assets within Keppel T&T's data centre division and Keppel DC REIT have been renamed to streamline the naming convention and strengthen collective branding. Keppel DC REIT's S25 and T25 are now known as Keppel DC Singapore 1 and Keppel DC Singapore 2 respectively, while Citadel 100 Data Centre is now known as Keppel DC Dublin 1. Gore Hill Data Centre in Sydney was not part of the exercise as approximately half of the asset is a colocation facility while the other half is on a triple-net lease structure.

The construction of the REIT's first German investment, maincubes Data Centre, is on track. Completion by the Vendor is expected in 1H 2018. Keppel DC REIT has been receiving quarterly coupons on the deposit paid for this forward purchase transaction.

As at 30 June 2016, portfolio occupancy rate moved up to 92.3% while WALE remained healthy at 8.7 years. The Manager will continue to focus efforts on improving the occupancy in Keppel DC Dublin 1 (Citadel 100 Data Centre) as well as negotiations for the contracts due for renewal across the portfolio in 2016 and 2017.

During the quarter, a forward renewal was signed for one of the major contracts expiring in late 2017 in one of the Singapore Properties. In addition to extending the contract for more than five years, the client also committed to expand with an additional 6,800 sq ft of data centre space, with half to be taken later this year and the remaining half in one year's time.

A client also renewed an expiring contract for a five-year term at Keppel DC Dublin 1 (Citadel 100 Data Centre) and took up an additional 1,600 sq ft of data centre space.

Keppel DC REIT continues to offer Unitholders exposure to growth potential from its clientele in fast growing industries such as internet enterprises and information technology services. The mix of leases also enables Unitholders to enjoy regular and stable distributions as well as opportunities for further growth. Keppel DC REIT's portfolio currently constitutes a mix of fully fitted and shell and core assets with stable long leases, as well as colocation facilities comprising diversified clients with comparatively shorter leases.

### **Capital Management**

Keppel DC REIT's balance sheet remains healthy with an aggregate leverage of 29.1%. There is comfortable debt headroom to support the REIT's growth ambition and to tap growth opportunities as they arise.

All of the REIT's borrowings are unsecured with an average annualised cost of debt of approximately 2.4% per annum. Interest coverage ratio was at 9.5 times while weighted average debt maturity stood at 2.8 years as at 30 June 2016.

The Manager has been adopting a prudent capital management approach since listing, which puts Keppel DC REIT in good stead in an environment of uncertainties. The Manager will continue to take active measures to protect earnings from interest rate and foreign currency volatilities, thereby enhancing the stability of distributions to Unitholders.

Interest rate swaps were entered into to hedge interest rate exposure of the long-term loans, while foreign currency forward contracts are in place to hedge the REIT's foreign-sourced distribution up to end of 2017. The Manager also adopts natural hedging by borrowing in currencies that match the corresponding investments.

## **Outlook**

According to the World Bank's Global Economic Prospects released in June 2016, global growth forecast for 2016 was revised down to 2.4% from January 2016's projection of 2.9% due to sluggish growth in advanced economies, low commodity prices, weak global trade, and diminishing capital flows.

Keppel DC REIT has minimal exposure to Brexit as it has only one asset in the United Kingdom, GV7 Data Centre, which contributes approximately 6.8% of the REIT's portfolio. Occupancy risk is low as the entire facility is on a long master lease to a well-established client until 2027. The REIT also has hedging policies in place against currency fluctuations.

Despite the soft macroeconomic prospects, the data centre industry is expected to see sustained growth with developing technologies forming the next wave of digital revolution and data creation. International Data Corporation (IDC) forecasts that the global Internet of Things market will grow at compounded annual growth rate (CAGR) of 16.9% from US\$655.8 billion in 2014 to US\$1.7 trillion in 2020, as more devices come online and drive demand for connectivity platforms and services.

As at 30 June 2016, Keppel DC REIT's portfolio occupancy rate was 92.3%. An increase in data centre space is expected in Singapore these two years, which may exert near-term pressure on rental rates. The Manager will remain focused on its proactive asset management strategy by engaging clients ahead of contract expiry and negotiating forward renewals across its portfolio where possible. The Manager will also continue its efforts on improving the occupancy of Keppel DC Dublin 1 (Citadel 100 Data Centre).

On 1 July 2016, Keppel Corporation Limited completed the consolidation of its interests in the Group's four asset management businesses under its wholly-owned subsidiary, Keppel Capital Holdings Pte. Ltd. (Keppel Capital). This includes a 50% interest in Keppel DC REIT Management Pte. Ltd. Keppel T&T will continue to own the remaining 50% interest in the Manager and support the REIT's growth as its Sponsor.

Following the consolidation, the Manager is now a subsidiary of Keppel Capital and will benefit from the efficiencies of being a member of a larger asset management platform. The Manager will remain focused on its disciplined investment and prudent capital management strategies to capture the growth potential of this industry and deliver value to the REIT's stakeholders.

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

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

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 December 2015, the REIT has a portfolio valued at approximately \$1.07 billion comprising 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 Keppel DC Singapore 1 (S25) and Keppel DC Singapore 2 (T25) in Singapore; Basis Bay Data Centre in Cyberjaya, Malaysia; Intellicentre 2 and Gore Hill Data Centre in Sydney, Australia; and iseek Data Centre in Brisbane, Australia.

In Europe, Keppel DC REIT owns GV7 Data Centre in London, United Kingdom; Keppel DC Dublin 1 (Citadel 100 Data Centre) in Dublin, Ireland; as well as Almere Data Centre in Almere, the Netherlands. 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.

Keppel Telecommunications & Transportation Ltd (Keppel T&T), the Sponsor of the REIT, has also granted Rights of First Refusal (ROFR) to the REIT for future acquisition opportunities of its data centre assets.

The REIT is managed by Keppel DC REIT Management Pte. Ltd. Keppel Capital Holdings Pte. Ltd. (Keppel Capital) has a 50% interest in the Manager, with the remaining interest held by Keppel T&T. Keppel Capital is a premier asset manager in Asia with assets under management of approximately \$26 billion in real estate, infrastructure and data centre properties in key global markets.

The Manager's key objectives are to provide the REIT's Unitholders with regular and stable distributions, as well as achieve long-term growth while maintaining an optimal 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.