



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

(Co Reg No. 199508930C)

18 Cross Street #10-10

China Square Central

Singapore 048423

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

Tel: (65) 6535 5665

Fax: (65) 6535 0660

**MEDIA RELEASE**

**Unaudited Results of Keppel DC REIT for the First Quarter Ended 31 March 2016**

**13 April 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 first quarter ended 31 March 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).

**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 1Q 2016 Distributable Income Exceeds IPO Forecast

### Results Highlights

- Distributable income<sup>2</sup> was 1.0% above IPO forecast<sup>1</sup>
- Annualised distribution yield based on IPO price was 7.22%, up 8 bps from IPO forecast<sup>1</sup>
- Portfolio occupancy was 92.0%
- Portfolio weighted average lease expiry (WALE) of 8.7 years by leased lettable area
- Aggregate leverage of 29.6%
- Interest coverage ratio of 8.3 times

### Summary of Results

	Actual vs Forecast			Year-on-Year Comparison		
	1Q 2016 Actual	1Q 2016 Forecast <sup>1</sup>	Variance	1Q 2016 Actual	1Q 2015 <sup>3</sup> Actual	Variance
Gross Revenue (\$'000)	24,771	25,488	-2.8%	24,771	25,928	-4.5%
Property Expenses (\$'000)	(3,585)	(3,855)	-7.0%	(3,585)	(4,199)	-14.6%
Net Property Income (\$'000)	21,186	21,633	-2.1%	21,186	21,729	-2.5%
Distributable Income <sup>2</sup> (\$'000)	14,747	14,598	+1.0%	14,747	14,206	+3.8%
Distribution Per Unit <sup>2</sup> (cents)	1.67	1.65	+1.2%	1.67	1.61	+3.7%
Annualised Distribution Yield (%)						
Based on IPO price \$0.930	7.22	7.14	+8bps	7.22	7.02	+20bps
Based on closing price <sup>4</sup> \$1.060	6.34	6.26	+8bps	6.34	6.16	+18bps

Notes:

(1) On a pro-rata basis for the financial period 1 January 2016 to 31 March 2016, 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. The REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter under review.

(3) For the financial period from 1 January 2015 to 31 March 2015.

(4) Based on the market closing price per Unit of \$1.060 as at 31 March 2016.

### Financial Review

For the first quarter ended 31 March 2016, Keppel DC REIT Management Pte. Ltd. (the "Manager") is pleased to announce that Keppel DC REIT has achieved \$14.7 million of distributable income, which is 1.0% higher than the IPO forecast. When compared to the same period last year, the quarterly distributable income registered a 3.8% improvement.

Accordingly, Keppel DC REIT's annualised distribution yield based on the IPO price of \$0.930 per Unit was 7.22%, surpassing its forecasted 7.14%. Keppel DC REIT declares distributions on a half-yearly basis and this quarter's distributable income will be distributed at first half 2016's pay-out.

Compared to the IPO forecast, distributable income was higher mainly due to realised gains on settlement of foreign exchange forward contracts, higher finance income, contribution from Intellicentre 2, lower finance costs, property-related and other expenses, as well as current tax expenses. These were partially offset by lower revenue from a client downsizing its requirements in Citadel 100 Data Centre, lower contribution arising from AUD, EUR and MYR depreciating against SGD, as well as lower power revenue and higher property-related costs at the Singapore Properties.

As at 31 March 2016, Keppel DC REIT's closing price was \$1.060, which translates to a 17.5% premium to its Net Asset Value per Unit of \$0.902.

## **Portfolio Performance**

Keppel DC REIT continues to offer investors exposure to a unique asset class with its geographically-diversified portfolio, clientele with strong financial standing and long lease expiry.

The REIT has nine data centres located in six countries across Asia Pacific and Europe. Keppel DC REIT's geographical profile and income streams will be further diversified upon the completion of maincubes Data Centre in 2018, the REIT's first German investment that was announced in October 2015.

Keppel DC REIT's clientele includes fast growing industries such as internet enterprises, information technology services, telecommunications and financial 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 that have diversified clients and comparatively shorter leases.

As at 31 March 2016, portfolio occupancy rate was 92.0% with a long WALE of 8.7 years, notwithstanding a decrease in Citadel 100 Data Centre's occupancy rate due to a client downsizing its requirements. Other than this asset, occupancy at the remaining properties continued to be strong. The Manager will focus efforts on the leasing of the space in Citadel 100 Data Centre by engaging its existing clientele and reaching out to prospective clients.

The Manager remains committed in its ambition to grow the portfolio. Apart from pursuing third-party acquisition opportunities, Keppel DC REIT can tap the visible pipeline of assets under Rights of First Refusal arrangement with its Sponsor.

## **Capital Management**

Keppel DC REIT's balance sheet remains healthy with an aggregate leverage of 29.6%. There is ample debt headroom 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 8.3 times while weighted average debt maturity stood at 3.0 years as at 31 March 2016.

The Manager maintains a prudent capital management approach to manage interest rate and foreign currency exposure for the REIT. Interest rate swaps are used to hedge interest rate exposure of the long-term loans, protecting earnings from interest rate volatility and enhancing the stability of distributions.

To mitigate the impact of currency fluctuations, the Manager continues to use foreign currency forward contracts to hedge the REIT's foreign-sourced distribution. Hedging up to 2H 2017 has been completed. The Manager also adopts natural hedging by borrowing in currencies that match the corresponding investments.

## **Outlook**

The volatile market conditions and soft commodity prices continue to dent the prospects of the global economy, which is expected to achieve modest recovery. Despite the uncertain economic prospects, the data centre industry fundamentals remain sound.

Global trends such as multi-device ownership, proliferation of smart devices as well as the growth of cloud computing are expected to continue, increasing data creation and storage requirements. According to Cisco's Global Cloud Index 2014-2019, data centre traffic on a global scale is forecasted to see a three-fold increase from 2014 to 2019 at a compounded annual growth rate (CAGR) of 25% to 10.4 zettabytes.

In January 2016, Keppel Corporation Limited announced its intention to consolidate its interests in all four of its subsidiaries in business trust management, REIT management and fund management under Keppel Capital Holdings Pte. Ltd. This includes Keppel Telecommunications & Transportation's (Keppel T&T) interest in the Manager.

The proposed transaction will enable the Manager to leverage the scale and resources of a larger, integrated asset management platform, centralising certain non-regulated support functions and also strengthening the recruitment and retention of talents to drive Keppel DC REIT's future performance.

Post-transaction, which is to be completed by the second half of 2016, Keppel T&T will continue to be the REIT's Sponsor and support its growth. 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.

-END-

## **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 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 iseek 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 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 (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., a wholly-owned subsidiary of Keppel T&T. The 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.