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MEDIA RELEASE

Unaudited Results of Keppel DC REIT for Fourth Quarter and Full Year Ended 31 December 2017

22 January 2018

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 fourth quarter and full year ended 31 December 2017.

The materials are also available at www.keppeldcreit.com, www.keppeltt.com.sg, www.kepcapital.com and www.kepcorp.com.

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Keppel DC REIT Delivers DPU of 7.12 cents in FY 2017

Key Highlights

- DPU of 3.49 cents declared for 2H 2017, bringing total DPU for FY 2017 to 7.12 cents
- FY 2017 adjusted DPU of 6.97 cents was 4.3% higher than FY 2016 adjusted DPU of 6.68 cents
- Acquisitions and one-off capital distribution contributed to the 34.8% year-on-year growth in distributable income from \$61.0 million in FY 2016 to \$82.3 million in FY 2017
- Portfolio occupancy at 92.6% with weighted average lease expiry (WALE) of 9.1 years by leased area
- Healthy balance sheet to support further growth, with aggregate leverage at 32.1% and interest coverage ratio of 9.7 times

(\$'000)	4Q 2017	4Q 2016	+/(-) %	FY 2017	FY 2016	+/(-) %
Gross Revenue	36,828	26,840	+37.2	139,050	99,139	+40.3
Property Expenses	(4,180)	(1,898)	>100.0	(13,931)	(8,203)	+69.8
Net Property Income	32,648	24,942	+30.9	125,119	90,936	+37.6
Distributable Income to Unitholders ⁽¹⁾	20,245	14,770	+37.1	82,320	61,048	+34.8
Distribution per Unit ⁽²⁾ (DPU)(cents)	1.75	1.31	+33.6	7.12	6.14	+16.0
Adjusted DPU ⁽³⁾ (cents)	1.75	1.67	+4.8	6.97	6.68	+4.3
Distribution Yield ⁽⁴⁾ (%)				4.98	4.29	+69 bps
Adjusted Distribution Yield ⁽⁴⁾ (%)				4.87	4.67	+20 bps

- (1) FY 2017's distributable income included a one-off capital distribution of approximately \$1.7 million for the month of December 2016 arising from the later completion of Keppel DC Singapore 3 on 20 January 2017 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016. The distributable income also included Keppel DC Singapore 3's Capex Reserves.
- (2) DPU was computed based on the distributable income to Unitholders and had excluded the Capex Reserves.
- (3) Excluding the one-off capital distribution of approximately \$1.7 million (equivalent to 0.15 cents per Unit) paid to the Unitholders, FY 2017's adjusted DPU would be 6.97 cents. This is higher than FY 2016's adjusted DPU of 6.68 cents after adjusting for the impact of the pro-rata Preferential Offering in November 2016 which lowered DPU by approximately 0.36 cents per Unit each for both 3Q 2016 and 4Q 2016, and a one-off net property tax refund recorded in FY 2016 which increased DPU by approximately 0.18 cents.
- (4) Based on FY 2017's closing price of \$1.430 per Unit.

Financial Review

Keppel DC REIT Management Pte. Ltd. (the Manager) is pleased to announce that a DPU of 3.49 cents has been declared for 2H 2017, bringing FY 2017 DPU to 7.12 cents. FY 2017's distributable income included a one-off capital distribution that arose from the Keppel DC Singapore 3 acquisition completed in January 2017. Excluding this one-off capital distribution, the adjusted DPU for FY 2017 would be 6.97 cents. This represents a 4.3% growth from FY 2016 adjusted DPU of 6.68 cents after adjusting for the impact of the pro-rata Preferential Offering and a one-off net property tax refund recorded in FY 2016.

Based on FY 2017's market closing price of \$1.430 per Unit, Keppel DC REIT's FY 2017 distribution yield was 4.98% while the adjusted distribution yield would be 4.87%.

Distributable income for FY 2017 was \$82.3 million, 34.8% higher than the distributable income of \$61.0 million in FY 2016. The growth in distributable income was mainly contributed by the REIT's accretive acquisitions, higher variable income from Keppel DC Singapore 1, as well as a one-off capital distribution of \$1.7 million recorded in 1Q 2017 in relation to the Keppel DC Singapore 3 acquisition. The increase was partially offset by lower variable income from Keppel DC Singapore 2, lower rental income from Basis Bay Data Centre and Gore Hill Data Centre, as well as an absence of a one-off net property tax refund recorded in FY 2016.

Portfolio Review

As at end-2017, Keppel DC REIT had assets under management (AUM) of approximately \$1.51 billion, comprising 13 data centres in Asia Pacific and Europe. The REIT has been steadily growing its portfolio since its IPO in December 2014, having made a total of six acquisitions to date, two of which were completed in FY 2017 – Keppel DC Singapore 3 and Keppel DC Dublin 2, formerly known as B10 Data Centre.

Keppel DC REIT's current AUM does not include maincubes Data Centre, which is being developed in Offenbach am Main, Germany and expected to be handed over in 2Q 2018. Upon the legal completion of maincubes Data Centre, Keppel DC REIT's AUM will increase to \$1.65 billion. The facility's 15-year triple-net master lease agreement will also commence and contribute to Keppel DC REIT's earnings.

As at 31 December 2017, portfolio occupancy was healthy at 92.6%, while portfolio WALE remained long at 9.1 years. Over the next three years, there are less than 5% of the leases expiring in each year. Apart from seeking inorganic growth, the Manager will continue to review the REIT's portfolio periodically to identify opportunities for portfolio optimisation. The Manager has rolled out asset enhancement initiatives at Keppel DC Dublin 1 as part of its proactive asset management efforts to enhance portfolio returns.

Capital Management

The Manager maintains its prudent capital management approach to mitigate the REIT's exposure to fluctuations in interest rates and foreign currency exchange rates. All loans maturing in 2018 have been refinanced. The Manager also established a \$500,000,000 Multicurrency Medium Term Note Programme during the year to diversify the REIT's funding sources and enhance its financial flexibility.

Keppel DC REIT's borrowings increased in 2017 mainly to fund the acquisition of Keppel DC Dublin 2. Aggregate leverage stood at 32.1% as at 31 December 2017, allowing comfortable debt headroom for acquisitions. Weighted average debt maturity was 3.8 years while interest coverage ratio remained healthy at 9.7 times.

All borrowings are unsecured and have an average cost of debt of 2.2% per annum. Interest rates have been substantially locked in through interest rate swaps, and forecasted foreign-sourced distributions have been hedged till 1H 2019 with foreign currency forward contracts. Natural hedging is also in place with borrowings in currencies that match the corresponding investments.

Outlook

According to the World Bank's Global Economic Prospects report released on 9 January 2018, global economic growth is projected to be 3.1% in 2018, following a stronger than expected recovery in 2017. While growth in the investment, manufacturing and trade sectors is expected to be sustained in the near-term, the World Bank cautioned about possible downside pressure from financial stress, increased protectionism, and rising geopolitical tensions.

Data from 451 Research indicates that the data centre demand drivers remain positive in many key data centre hubs, including cities such as Singapore, Sydney, and Amsterdam where Keppel DC REIT is invested in. Demand for data centre capacity is underpinned by the sustained growth of cloud service providers, as well as increased data storage and processing requirements due to end user adoption of new technologies, and data sovereignty regulations.

Keppel DC REIT remains well-positioned to benefit from the growth of the data centre industry, with its global client base and the Manager's established track record. The Manager will continue to seek opportunities to capture value and strengthen its presence across key data centre hubs.

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About Keppel DC REIT (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 13 high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 917,240 sq ft, the portfolio spans nine cities in seven countries in Asia Pacific and Europe.

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 comprising 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.