

Keppel DC REIT Management Pte Ltd

(Co Reg No. 199508930C) Tel: (65) 6803 1818
1 Harbourfront Avenue, Level 2 Fax: (65) 6803 1717
Keppel Bay Tower
Singapore 098632
www.keppeldcreit.com

MEDIA RELEASE

Unaudited Results of Keppel DC REIT for Fourth Quarter and Full Year Ended 31 December 2018

22 January 2019

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 2018.

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

For more information, please contact:

Media Relations

Mr Kevin Ho
Assistant Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6581
Email: kevin.ho@kepcorp.com

Investor Relations

Ms Emmulin Wee
Manager
Investor Relations
Keppel Capital
Tel: (65) 6803 1857
Email: emmulin.wee@kepcapital.com

Keppel DC REIT Delivers Higher DPU of 7.32 cents for FY 2018

Key Highlights

- Declares DPU of 3.70 cents for 2H 2018, bringing FY 2018 DPU to 7.32 cents, 5.0% above FY 2017's adjusted DPU of 6.97 cents
- Expanded portfolio with new acquisitions, bringing portfolio AUM to approximately \$2.0 billion
- Obtained tax transparency treatment for Keppel DC Singapore 5 in January 2019
- Maintained strong portfolio occupancy of 93.1% and long WALE of 8.3 years
- Low aggregate leverage of 30.8% provides financial flexibility and comfortable debt headroom to pursue growth

(\$'000)	4Q 2018	4Q 2017	+/(-) %	FY 2018	FY 2017	+/(-) %
Gross Revenue	48,043	36,828	+30.5	175,535	139,050	+26.2
Property Expenses	(5,576)	(4,180)	+33.4	(17,862)	(13,931)	+28.2
Net Property Income	42,467	32,648	+30.1	157,673	125,119	+26.0
Distributable Income to Unitholders ⁽¹⁾	26,126	20,245	+29.0	96,096	82,320	+16.7
Distribution per Unit ⁽²⁾ (DPU) (cents)	1.85	1.75	+5.7	7.32	7.12	+2.8
Adjusted DPU ⁽³⁾ (cents)	1.85	1.75	+5.7	7.32	6.97	+5.0
Distribution Yield ⁽⁴⁾ (%)				5.42	5.27	+15 bps

(1) FY 2017 distributable income included a one-off capital distribution of \$1.7 million for the month of December 2016 arising from the later completion of Keppel DC Singapore 3. Distributable income included Capex Reserves for Keppel DC Singapore 3 and Keppel DC Singapore 5.

(2) DPU was computed based on the distributable income to Unitholders and excludes Capex Reserves for Keppel DC Singapore 3 and Keppel DC Singapore 5.

(3) Excluding the one-off capital distribution of approximately 0.15 cents per Unit recorded in FY 2017 in relation to the later completion of Keppel DC Singapore 3, the adjusted DPU for FY 2017 would be 6.97 cents.

(4) Based on FY 2018's closing price of \$1.350 per Unit.

Financial Review

Keppel DC REIT Management Pte. Ltd., as Manager of Keppel DC REIT, is pleased to announce that the REIT has delivered distributable income of \$96.1 million for FY 2018, 16.7% higher than FY 2017's \$82.3 million, mainly contributed by the addition of new assets, namely Keppel DC Singapore 5 and maincubes Data Centre in Offenbach am Main, Germany, acquired in 2018, as well as Keppel DC Dublin 2 acquired in 2017. There were also higher contributions from Keppel DC Dublin 1 and Keppel DC Singapore 3.

The higher distributable income was partially offset by the absence of the one-off capital distribution in relation to Keppel DC Singapore 3, as well as lower rental income from Gore Hill Data Centre in Sydney, Australia and Basis Bay Data Centre in Cyberjaya, Malaysia.

DPU for FY 2018 was 7.32 cents, 5.0% higher than the adjusted DPU of 6.97 cents in FY 2017, translating to a distribution yield of 5.42% based on the market closing price of \$1.350 per Unit on the last trading day of 2018.

Portfolio Review

During the year, the Manager expanded the REIT's presence in key data centre hubs across Singapore, Australia and Germany, bringing its assets under management (AUM) to 15 data centres totalling approximately \$2.0 billion as at end-2018, excluding Intellicentre 3 East Data Centre (IC3 East DC) in Sydney, Australia, which is under development.

IC3 East DC will be built on the vacant land within the REIT's existing Intellicentre 2 Data Centre site, and completion is expected between 2019 and 2020, which will also see the commencement of its 20-year triple-net master lease with Macquarie Telecom, thereby enhancing the REIT's income stability.

Apart from the acquisitions of Keppel DC Singapore 5 and maincubes Data Centre, the REIT also entered into an agreement to acquire the remaining 999-year leasehold land interest in Keppel DC Dublin 1 in 2018, which is expected to be completed in the first half of 2020.

The REIT has on 18 January 2019 announced that it has obtained tax transparency treatment for its share of the taxable income from Keppel DC Singapore 5, similar to that which was granted for its three other data centres in Singapore.

The Manager maintains a proactive asset management strategy to improve the efficiency and returns of its portfolio. Asset enhancement works at Keppel DC Dublin 1 are expected to be completed by 2020, and the Manager has also embarked on power upgrading and fit-out works at Keppel DC Dublin 2 to make way for future client expansion.

As at 31 December 2018, portfolio occupancy rate remained healthy at 93.1%, and portfolio weighted average lease expiry (WALE) remained long at 8.3 years. Less than 5% of the REIT's leases are due for expiry per year in the next two years.

Capital Management

The Manager maintains a prudent capital management approach to mitigate the REIT's exposure to fluctuations in interest rates and foreign currency exchange rates in this volatile macroeconomic environment.

As at 31 December 2018, the Manager has locked-in 86% of its borrowings through floating-to-fixed interest rate swaps and substantially hedged its forecasted foreign-sourced distributions with foreign currency forward contracts till 1H 2020.

The REIT's average cost of debt remained competitive at 1.9% per annum and its interest coverage ratio remained high at 11.4 times. Aggregate leverage remained low at 30.8%, providing the REIT with a healthy debt headroom and financial flexibility to pursue further growth.

Outlook

In its Global Economic Prospects released in January 2019, the World Bank expects global growth to ease from 3.0% in 2018 to 2.9% in 2019, citing elevated trade tensions and international trade moderation.

In the data centre industry, BroadGroup expects factors that fuelled growth in 2018, including the rapid growth in data creation and storage needs, increasing digitalisation and cloud adoption, as well as the strong growth in colocation demand from hyperscale cloud players, to continue into 2019. Established data centre hubs are also expected to continue to grow in importance as they offer telecommunications reliability, power availability, and access to neighbouring markets.

Improved connectivity as well as the development and adoption of new technologies, data centre outsourcing, as well as drivers such as data sovereignty regulations, will continue to support demand for data centres globally.

Keppel DC REIT, with its established track record and enlarged portfolio of assets in key data centre hubs in Asia-Pacific and Europe, is well-placed to benefit from the growth of the data centre market. The Manager will continue to maintain its focused investment strategy to capture value and strengthen its presence across key data centre hubs.

-END-

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 15 high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 1,111,991 sq ft, the portfolio spans 10 cities in eight 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.