

**KEPPEL DC REIT  
FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2019**

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## SUMMARY OF KEPPEL DC REIT RESULTS

	1Q 2019 \$'000	1Q 2018 \$'000	+/(-) %
<b>Gross Revenue</b>	<b>48,033</b>	<b>38,008</b>	26.4
<b>Property Expenses</b>	<b>(4,803)</b>	<b>(3,920)</b>	22.5
<b>Net Property Income</b>	<b>43,230</b>	<b>34,088</b>	26.8
<b>Distributable Income to Unitholders (DI)</b>	<b>27,109</b>	<b>20,867</b>	29.9
<b>Distribution per Unit (DPU) (cents)</b> <sup>1, 2</sup>	<b>1.92</b>	<b>1.80</b>	6.7
<b>Annualised Distribution Yield (%)</b> <sup>2, 3</sup>	<b>5.12</b>	<b>4.80</b>	32 bps

Notes:

- 1 Excluded an amount of capital expenditure that has been set aside for KDC SGP 3 and KDC SGP 5 (Capex Reserves).
- 2 Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the financial period under review.
- 3 Annualised distribution yields were annualised by quarters and computed based on 1Q 2019 closing price of \$1.500.

For details, refer to **Paragraph 1A(i) - Statement of profit and loss and distribution statement and Paragraph 8 - Review of Performance.**

## INTRODUCTION

Keppel DC REIT was listed on Singapore Exchange Securities Trading Limited (SGX-ST) on 12 December 2014.

Keppel DC REIT's strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centres purposes, as well as real estate-related assets, with an initial focus on Asia-Pacific and Europe.

On 14 March 2018, Keppel DC REIT entered into a contract to acquire the remainder of the 999-year leasehold land interest in Keppel DC Dublin 1 in first half of 2020 for an agreed value of €30.0 million.

On 7 August 2018, Keppel DC REIT entered into an agreement to construct Intellicentre 3 East Data Centre on the vacant land within the current Intellicentre 2 Data Centre site. The completion is expected to be in 2020.

As at 31 March 2019, the REIT has a portfolio size of approximately \$1.97 billion. The portfolio comprises 15 high quality well located data centres in Singapore, Malaysia, Australia, the United Kingdom (UK), the Netherlands, Republic of Ireland (Ireland), Italy and Germany.

### Asia-Pacific

1)	Keppel DC Singapore 1	Singapore	(KDC SGP 1)
2)	Keppel DC Singapore 2	Singapore	(KDC SGP 2)
3)	Keppel DC Singapore 3	Singapore	(KDC SGP 3)
4)	Keppel DC Singapore 5	Singapore	(KDC SGP 5)
5)	Basis Bay Data Centre	Malaysia	(Basis Bay DC)
6)	Gore Hill Data Centre	Australia	(Gore Hill DC)
7)	Intellicentre 2 Data Centre	Australia	(IC2 DC)
8)	iseek Data Centre	Australia	(iseek DC)

### Europe

9)	GV7 Data Centre	UK	(GV7 DC)
10)	Cardiff Data Centre	UK	(Cardiff DC)
11)	Almere Data Centre	The Netherlands	(Almere DC)
12)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)
13)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)
14)	Milan Data Centre	Italy	(Milan DC)
15)	maincubes Data Centre	Germany	(maincubes DC)

The notes below shall be applicable to the relevant paragraphs thereafter:

- 1Q – Refers to the first quarter from 1 January to 31 March 2019 and the corresponding period of the preceding year.
- Distributable income included an amount of capital expenditure set aside for KDC SGP 3 and KDC SGP 5 (Capex Reserves). The DPU has excluded Capex Reserves.
- Nm – Not meaningful

## 1 UNAUDITED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Directors of Keppel DC REIT Management Pte. Ltd., as the manager of Keppel DC REIT, advise the following unaudited results of the Group for the financial period ended 31 March 2019:

### 1(A)(i) STATEMENT OF PROFIT AND LOSS AND DISTRIBUTION STATEMENT

Performance between 2019 and 2018 results

Statement of profit and loss and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Profit and Loss (Group)

		1Q 2019 \$'000	1Q 2018 \$'000	+/(-) %
	<b>Note</b>			
Gross rental income	1	45,708	36,920	23.8
Other income	2	2,325	1,088	>100
<b>Gross Revenue</b>		<b>48,033</b>	<b>38,008</b>	<b>26.4</b>
Property operating expenses	3	(4,803)	(3,920)	22.5
<b>Net Property Income</b>		<b>43,230</b>	<b>34,088</b>	<b>26.8</b>
Finance income		192	414	(53.6)
Finance costs	4	(4,056)	(3,993)	1.6
Trustees' fees		(85)	(74)	14.9
Manager's base fee	5	(2,455)	(1,919)	27.9
Manager's performance fee	5	(1,449)	(1,092)	32.7
Net realised gains on derivatives		1,043	498	>100
Other trust expenses	6	(2,789)	(852)	>100
<b>Profit before tax</b>		<b>33,631</b>	<b>27,070</b>	<b>24.2</b>
Tax expenses	7	(2,605)	(1,381)	88.6
<b>Profit after tax</b>		<b>31,026</b>	<b>25,689</b>	<b>20.8</b>
<b>Attributable to:</b>				
Unitholders		30,198	24,954	21.0
Non-controlling interests		828	735	12.7
		<b>31,026</b>	<b>25,689</b>	<b>20.8</b>
<u>Distribution Statement</u>				
Profit after tax attributable to Unitholders		30,198	24,954	21.0
Net tax and other adjustments	8	(3,089)	(4,087)	(24.4)
<b>Income available for distribution</b>	9	<b>27,109</b>	<b>20,867</b>	<b>29.9</b>
<b>Distribution per Unit (cents)</b>	10	<b>1.92</b>	<b>1.80</b>	<b>6.7</b>

**Notes (2019 and 2018):**

- 1 In 1Q 2019, higher gross rental income was mainly due to the acquisitions of KDC SGP 5 and maincubes DC .
- 2 In 1Q 2019, higher other income was mainly due to the higher rental top up recognised.
- 3 Included as part of the property operating expenses were the following:

	<b>1Q 2019</b>	<b>1Q 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Property-related taxes	<b>(750)</b>	(603)
Facility management costs	<b>(2,201)</b>	(2,013)
Repairs and maintenance	<b>(576)</b>	(389)
Other property-related costs	<b>(1,276)</b>	(915)
	<b><u>(4,803)</u></b>	<b><u>(3,920)</u></b>

- 4 Included in finance costs were interest expense, amortisation of debt-related transaction costs from borrowings and finance lease charges recognised.
- 5 Increase in Manager's base fees and performance fees were mainly due to the acquisitions of KDC SGP 5 and maincubes DC, as well as the higher net property income.
- 6 Included in other trust expenses in 1Q 2019 were higher foreign exchange losses and higher amortisation of intangible assets as compared to 1Q 2018.
- 7 Tax expenses comprised (i) tax in relation to the taxable income that are not accorded full tax transparency treatment, (ii) tax expenses of the Group's overseas properties, and (iii) net deferred tax expenses recognised on tax losses carried forward and fair value changes in investment properties.
- 8 Included in the net tax and other adjustments were the following:

	<b>1Q 2019</b>	<b>1Q 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trustee's fees	<b>66</b>	54
Rental income adjustment on a straight-line basis	<b>(437)</b>	(1,083)
Amortisation of capitalised transaction costs	<b>94</b>	76
Foreign exchange losses/(gains)	<b>138</b>	(54)
Deferred tax	<b>1,719</b>	194
Amortisation of intangible assets	<b>2,000</b>	776
Other net adjustments	<b>(6,669)</b>	(4,050)
<b>Net tax and other adjustments</b>	<b><u>(3,089)</u></b>	<b><u>(4,087)</u></b>

Included in other net adjustments were dividends and distribution income, lease charges, other non-taxable income and non-deductible expenses.

- 9 Higher DI in 1Q 2019 was mainly due to the acquisitions of KDC SGP 5 and maincubes DC.
- 10 The DPU was computed based on DI (Note 9) and has excluded Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the financial period under review.

## 1(A)(ii) STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income, together with a comparative statement for the corresponding period of the immediate preceding financial year

### Statement of Comprehensive Income (Group)

	1Q 2019 \$'000	1Q 2018 \$'000	+/(-) %
<b>Profit after tax</b>	<b>31,026</b>	<b>25,689</b>	<b>20.8</b>
<b>Other comprehensive income</b>			
Movement in fair value of cash flow hedges	(2,994)	1,414	Nm
Foreign currency translation movement	(4,862)	5,709	Nm
<b>Total other comprehensive income</b>	<b>(7,856)</b>	<b>7,123</b>	<b>Nm</b>
<b>Total comprehensive income</b>	<b>23,170</b>	<b>32,812</b>	<b>(29.4)</b>
<b>Attributable to:</b>			
Unitholders	22,338	32,139	(30.5)
Non-controlling interests	832	673	23.6
	<b>23,170</b>	<b>32,812</b>	<b>(29.4)</b>

#### Note

These other comprehensive income items relate to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency transaction reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

## 1(B)(i) BALANCE SHEETS

Balance sheets together with a comparative statement for the end of the immediately preceding financial year

	Note	Group			Trust		
		31-Mar-19 \$'000	31-Dec-18 \$'000	+ / (-) %	31-Mar-19 \$'000	31-Dec-18 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	2,032,061	2,028,672	0.2	456,074	456,000	-
Investment in subsidiaries	2	-	-	-	1,205,063	1,205,063	-
Loans to subsidiaries	2	-	-	-	232,768	223,338	4.2
Deposit	3	769	777	(1.0)	769	777	(1.0)
Derivative financial assets	4	1,573	3,238	(51.4)	849	2,044	(58.5)
Deferred tax assets	5	2,319	-	Nm	-	-	-
<b>Total non-current assets</b>		<b>2,036,722</b>	<b>2,032,687</b>	<b>0.2</b>	<b>1,895,523</b>	<b>1,887,222</b>	<b>0.4</b>
<b>Current assets</b>							
Trade and other receivables	6	90,956	85,723	6.1	34,862	32,060	8.7
Intangible assets	7	2,000	4,000	(50.0)	2,000	4,000	(50.0)
Other asset	8	-	6,213	(100.0)	-	-	-
Derivative financial assets	4	2,675	2,106	27.0	2,448	1,952	25.4
Cash and cash equivalents		127,892	128,415	(0.4)	56,616	67,752	(16.4)
<b>Total current assets</b>		<b>223,523</b>	<b>226,457</b>	<b>(1.3)</b>	<b>95,926</b>	<b>105,764</b>	<b>(9.3)</b>
<b>TOTAL ASSETS</b>		<b>2,260,245</b>	<b>2,259,144</b>	<b>-</b>	<b>1,991,449</b>	<b>1,992,986</b>	<b>(0.1)</b>
<b>Current liabilities</b>							
Loans from subsidiaries	9	-	-	-	130,000	130,000	-
Loans and borrowings	10	133,527	133,563	-	-	-	-
Trade and other payables	11	29,464	42,481	(30.6)	15,963	29,569	(46.0)
Derivative financial liabilities	4	-	-	-	-	-	-
Provision for taxation	12	12,527	16,948	(26.1)	3,704	2,781	33.2
<b>Total current liabilities</b>		<b>175,518</b>	<b>192,992</b>	<b>(9.1)</b>	<b>149,667</b>	<b>162,350</b>	<b>(7.8)</b>
<b>Non-current liabilities</b>							
Loans from subsidiaries	9	-	-	-	584,231	543,952	7.4
Loans and borrowings	10	612,830	573,084	6.9	-	-	-
Derivative financial liabilities	4	6,357	4,459	42.6	40	341	(88.3)
Deferred tax liabilities	5	16,542	12,615	31.1	4	4	-
<b>Total non-current liabilities</b>		<b>635,729</b>	<b>590,158</b>	<b>7.7</b>	<b>584,275</b>	<b>544,297</b>	<b>7.3</b>
<b>TOTAL LIABILITIES</b>		<b>811,247</b>	<b>783,150</b>	<b>3.6</b>	<b>733,942</b>	<b>706,647</b>	<b>3.9</b>
<b>NET ASSETS</b>		<b>1,448,998</b>	<b>1,475,994</b>	<b>(1.8)</b>	<b>1,257,507</b>	<b>1,286,339</b>	<b>(2.2)</b>
<b>Represented by:</b>							
Unitholders' funds		1,417,667	1,444,839	(1.9)	1,257,507	1,286,339	(2.2)
Non-controlling interests	13	31,331	31,155	0.6	-	-	-
		<b>1,448,998</b>	<b>1,475,994</b>	<b>(1.8)</b>	<b>1,257,507</b>	<b>1,286,339</b>	<b>(2.2)</b>
<b>Net asset value per Unit (\$)</b>	14	<b>1.05</b>	<b>1.07</b>	<b>(1.9)</b>	<b>0.93</b>	<b>0.95</b>	<b>(2.1)</b>
<b>Aggregate leverage (%)</b>	15	<b>32.5</b>	<b>30.8</b>	<b>170bps</b>	<b>Nm</b>	<b>Nm</b>	<b>Nm</b>

Notes:

- 1 Included in the investment properties were leases of \$32.8 million capitalised at the lower of its fair value and the present value of the minimum lease payments for isseek DC and KDC DUB 1.

<u>Investment Properties</u>	<u>Tenure</u>	<u>Carrying Value (\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 <sup>^</sup>	287,062
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051 <sup>^</sup>	169,012
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 <sup>^</sup>	257,435
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041	320,491
Basis Bay Data Centre	Freehold	28,203
Gore Hill Data Centre	Freehold	197,616
Intellicentre 2 Data Centre	Freehold	51,436
iseek Data Centre	Leasehold, expiring 29 June 2047 <sup>^</sup>	42,090
GV7 Data Centre	Leasehold, expiring 28 Sept 2183 <sup>^</sup>	65,089
Cardiff Data Centre	Freehold	67,024
Almere Data Centre	Freehold	137,570
Keppel DC Dublin 1	Leasehold, expiring 11 April 2041 <sup>^</sup>	106,019
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	112,183
Milan Data Centre	Freehold	56,719
maincubes Data Centre	Freehold	134,112
		2,032,061

<sup>^</sup> Include options to renew between 7 to 30 years

- 2 These related to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.
- 3 Deposit was paid to the vendor for the acquisition of the remainder of the 999-year leasehold land interest in KDC DUB 1 in 2018.
- 4 These related to the fair value of the foreign currency forward contracts entered into in relation to the income from overseas investment properties, and the fair value of interest rate swaps entered into by the Group for hedging purposes.
- 5 These related to the net deferred tax assets/liabilities recognised in different tax jurisdictions that arose on tax losses carried forward and fair value changes in certain investment properties.
- 6 Included in trade and other receivables were accrued rental revenue from the clients and deferred lease receivables relating to lease income which had been recognised due to the straight-lining of rental revenue in accordance with SFRS(I) 1-17 *Leases* in 2018 and SFRS(I) 16 *Leases* in 2019, but not yet received from the clients.
- 7 This related to intangible assets with finite useful lives recognised in relation to a rental top up provided by the vendors. The intangible assets will be amortised on a straight-line basis over the relevant rental top up periods.
- 8 2018 other asset related to the economic benefits to be derived from an overseas asset acquired in 2017.
- 9 These related to loans from subsidiaries. The higher balances as at 31 March 2019 were mainly due to the additional loans from subsidiaries.
- 10 These related to external borrowings of \$714.2 million (refer to Paragraph 1(B)(ii)), lease liabilities recognised for isseek DC and KDC DUB 1 and capitalised debt-related transaction costs. The higher external borrowings as at 31 March 2019 were mainly due to issuance of medium term notes, partially offset by the repayment of certain bank borrowings.
- 11 Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.
- 12 Included in income tax provision were income tax expense accrued for the Group and provision of withholding tax expense in relation to the income received from the Group's overseas investments.
- 13 This related to the non-controlling interests' share of net asset value.
- 14 This excluded the non-controlling interests' share of net asset value.
- 15 Aggregate leverage related to the \$714.2 million external borrowings drawn down (refer to Paragraph 1(B)(ii)) over deposited properties which refers to the value of the Group's total assets based on the latest valuation defined in the property fund guidelines in the Code on Collective Investment Schemes issued by MAS, without considering lease liabilities pertaining to the land rent commitments for isseek DC and KDC DUB 1. If these lease liabilities pertaining to land rent commitments were included, the ratio would be 33.6% (31 December 2018: 31.9%).



**1(B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES**

	Group	
	As at 31 Mar 19 \$'000	As at 31 Dec 18 \$'000
<b><u>Unsecured borrowings<sup>1</sup></u></b>		
Amount repayable within one year	130,000	130,000
Amount repayable after one year	584,231	543,952
	714,231	673,952

**Note:**

- 1 Keppel DC REIT has unsecured borrowings of approximately \$491.3 million (2018: \$523.6 million) and \$69.2 million (2018: \$72.7 million) and \$153.7 million (2018: \$77.7 million) under its term loan facilities, revolving credit facilities and Multicurrency Medium Term Note Programme respectively.

As at 31 March 2019, the Group had total borrowings of approximately \$714.2 million and unutilised facilities of approximately \$140.0 million to meet its future obligations. The all-in average interest rate for borrowings was 1.7% per annum for the financial period ended 31 March 2019.

## 1(C) CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q 2019 \$'000	1Q 2018 \$'000
<b>Operating activities</b>		
Profit after tax for the financial period	31,026	25,689
Adjustments for:		
Tax expenses	2,605	1,381
Finance income	(192)	(414)
Finance costs	4,056	3,993
Amortisation of intangible assets	2,000	776
Management fees paid in Units	498	146
Unrealised currency translation differences	2,763	377
	<u>42,756</u>	<u>31,948</u>
Changes in working capital:		
- Trade and other receivables	(3,851)	(17,029)
- Trade and other payables	(5,486)	4,613
<b>Cash generated from operations</b>	<u>33,419</u>	<u>19,532</u>
Net tax paid	(5,523)	(802)
<b>Net cash from operating activities</b>	<u>27,896</u>	<u>18,730</u>
<b>Cash flows from investing activities</b>		
Acquisition of interests in investment properties (Note A)	-	(122,094)
Additions to investment properties	(8,869)	(5,943)
Capital expenditures on investment properties	(11,056)	(1,208)
Deposit paid	-	(808)
<b>Net cash used in investing activities</b>	<u>(19,925)</u>	<u>(130,053)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	83,326	136,564
Payment of financing transaction costs	(115)	(71)
Repayment of borrowings	(36,890)	-
Finance costs paid	(3,805)	(3,768)
Distributions paid to Unitholders	(50,008)	(39,338)
Dividends paid to non-controlling interests	(656)	(661)
<b>Net cash (used in) / generated from financing activities</b>	<u>(8,148)</u>	<u>92,726</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(177)</u>	<u>(18,597)</u>
Cash and cash equivalents at beginning of period	128,415	116,098
Effects of exchange rate fluctuations on cash held	(346)	(346)
<b>Cash and cash equivalents at end of period</b>	<u>127,892</u>	<u>97,155</u>
<b>Cash and cash equivalent balances</b>	<u>127,892</u>	<u>98,736</u>
Less: Rental top up received in advance held in a designated account (Note B)	-	(1,581)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>	<u>127,892</u>	<u>97,155</u>

## **1(C) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

### Note A – Acquisition of interests in investment properties

Keppel DC REIT completed the acquisition of maincubes DC in Offenbach am Main, Germany on 30 March 2018. The remaining 90% balance of the purchase consideration was paid, along with the release of the 10% deposit, to the vendor as settlement of the purchase consideration.

### Note B - Rental top up received in advance held in a designated account

This related to the remaining rental top up payments received in advance by the Group held in a designated account for the 100% interest in Milan DC. These rental top up payments had been recognised periodically under other income till December 2018.

### Cash flow analysis (1Q 2019 vs 1Q 2018)

Cash generated from operating activities for the quarter was \$27.9 million, \$9.2 million higher than \$18.7 million for the corresponding quarter last year. This was mainly due to higher operational cash inflow and lower working capital requirement, partially offset by higher net tax paid during the quarter.

Net cash used in investing activities for 1Q 2019 was \$19.9 million, comprising mainly an additional consideration paid to a vendor of an overseas asset acquired in 2017, upfront land premium paid for KDC SGP 5 and capital expenditures. Net cash used in investing activities for the corresponding quarter last year was \$130.1 million, comprising the acquisition of maincubes DC, capital expenditures and deposit paid for the acquisition of the remaining 999-year leasehold land interest in KDC DUB 1.

The Group recorded net cash used in financing activities of \$8.1 million in 1Q 2019 as compared to net cash generated from financing activities of \$92.7 million for the corresponding quarter last year. Net cash used in 1Q 2019 was mainly due to distributions paid to Unitholders, repayment of borrowings and finance costs, partially offset by the proceeds from bank borrowings and medium term notes issued. Net cash generated from financing activities for 1Q 2018 comprised mainly borrowing proceeds drawn down to finance the acquisition of maincubes DC, partially offset by distributions paid to Unitholders and finance costs.

## 1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

<u>Group</u>	Note	<u>Foreign Currency</u>		<u>Hedging reserve</u>	<u>Other reserve</u>	<u>Accumulated profits</u>	<u>Unitholders' Funds</u>	<u>Non-controlling Interests</u>	<u>Total</u>
		<u>Units in issue</u>	<u>Translation Reserve</u>						
		'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2019</b>		1,378,025	16,416	885	(95,751)	145,264	1,444,839	31,155	1,475,994
<b>Operations</b>									
Profit after tax for the period		-	-	-	-	30,198	30,198	828	31,026
<b>Net increase in net assets resulting from operations</b>		-	-	-	-	<b>30,198</b>	<b>30,198</b>	<b>828</b>	<b>31,026</b>
<b>Unitholders' transactions</b>									
Distributions to Unitholders		-	-	-	-	(50,008)	(50,008)	-	(50,008)
Payment of management fees in Units		498	-	-	-	-	498	-	498
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,008)</b>	<b>(49,510)</b>	<b>-</b>	<b>(49,510)</b>
Dividends paid to non-controlling interests		-	-	-	-	-	-	(656)	(656)
<b>Other comprehensive income</b>									
Movement in hedging reserve	1	-	-	(2,994)	-	-	(2,994)	-	(2,994)
Foreign currency translation movement	1	-	(4,866)	-	-	-	(4,866)	4	(4,862)
<b>Net decrease in other comprehensive income</b>		<b>-</b>	<b>(4,866)</b>	<b>(2,994)</b>	<b>-</b>	<b>-</b>	<b>(7,860)</b>	<b>4</b>	<b>(7,856)</b>
<b>At 31 March 2019</b>		<b>1,378,523</b>	<b>11,550</b>	<b>(2,109)</b>	<b>(95,751)</b>	<b>125,454</b>	<b>1,417,667</b>	<b>31,331</b>	<b>1,448,998</b>
<b>At 1 January 2018</b>		1,078,173	22,145	(285)	(95,751)	85,434	1,089,716	26,786	1,116,502
<b>Operations</b>									
Profit after tax for the period		-	-	-	-	24,954	24,954	735	25,689
<b>Net increase in net assets resulting from operations</b>		-	-	-	-	<b>24,954</b>	<b>24,954</b>	<b>735</b>	<b>25,689</b>
<b>Unitholders' transactions</b>									
Distributions to Unitholders		-	-	-	-	(39,338)	(39,338)	-	(39,338)
Payment of management fees in Units		146	-	-	-	-	146	-	146
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39,338)</b>	<b>(39,192)</b>	<b>-</b>	<b>(39,192)</b>
Dividends paid to non-controlling interests		-	-	-	-	-	-	(661)	(661)
<b>Other comprehensive income</b>									
Movement in hedging reserve	1	-	-	1,414	-	-	1,414	-	1,414
Foreign currency translation movement	1	-	5,771	-	-	-	5,771	(62)	5,709
<b>Net increase in other comprehensive income</b>		<b>-</b>	<b>5,771</b>	<b>1,414</b>	<b>-</b>	<b>-</b>	<b>7,185</b>	<b>(62)</b>	<b>7,123</b>
<b>At 31 March 2018</b>		<b>1,078,319</b>	<b>27,916</b>	<b>1,129</b>	<b>(95,751)</b>	<b>71,050</b>	<b>1,082,663</b>	<b>26,798</b>	<b>1,109,461</b>

### Note:

- These other comprehensive income items related to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

<u>Trust</u>	<u>Note</u>	<u>Unit in issue</u> <u>'000</u>	<u>Hedging</u> <u>reserve</u> <u>\$'000</u>	<u>Other</u> <u>reserve</u> <u>\$'000</u>	<u>Accumulated</u> <u>profits</u> <u>\$'000</u>	<u>Unitholders'</u> <u>Funds</u> <u>\$'000</u>
<b>At 1 January 2019</b>		1,378,025	3,655	(95,751)	410	1,286,339
<b>Operations</b>						
Profit after tax for the period		-	-	-	21,077	21,077
<b>Net increase in net assets resulting from operations</b>		-	-	-	<b>21,077</b>	<b>21,077</b>
<b>Unitholders' transactions</b>						
Distribution to Unitholders		-	-	-	(50,008)	(50,008)
Payment of management fees in Units		498	-	-	-	498
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>498</b>	-	-	<b>(50,008)</b>	<b>(49,510)</b>
<b>Other comprehensive income</b>						
Movement in hedging reserve	1	-	(399)	-	-	(399)
<b>Net decrease in other comprehensive income</b>		-	<b>(399)</b>	-	-	<b>(399)</b>
<b>At 31 March 2019</b>		<b>1,378,523</b>	<b>3,256</b>	<b>(95,751)</b>	<b>(28,521)</b>	<b>1,257,507</b>
<b>At 1 January 2018</b>		1,078,173	99	(95,751)	(23,336)	959,185
<b>Operations</b>						
Profit after tax for the period		-	-	-	19,430	19,430
<b>Net increase in net assets resulting from operations</b>		-	-	-	<b>19,430</b>	<b>19,430</b>
<b>Unitholders' transactions</b>						
Distribution to Unitholders		-	-	-	(39,338)	(39,338)
Payment of management fees in Units		146	-	-	-	146
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>146</b>	-	-	<b>(39,338)</b>	<b>(39,192)</b>
<b>Other comprehensive income</b>						
Movement in hedging reserve	1	-	(878)	-	-	(878)
<b>Net decrease in other comprehensive income</b>		-	<b>(878)</b>	-	-	<b>(878)</b>
<b>At 31 March 2018</b>		<b>1,078,319</b>	<b>(779)</b>	<b>(95,751)</b>	<b>(43,244)</b>	<b>938,545</b>

**Note:**

- 1 The other comprehensive income item related to the fair value changes of the cash flow hedges as a result of foreign currency forward contracts and interest rate swaps entered into by the Trust.

#### 1(D)(ii)DETAIL OF CHANGES IN THE UNITS

GROUP AND TRUST	1 Jan 19 to 31 Mar 19	1 Jan 18 to 31 Mar 18
	No. of Units	No. of Units
Issued Units as at beginning of period	1,351,578,450	1,127,171,336
Management fees paid in Units	363,549	103,981
Issued Units as at end of period	1,351,941,999	1,127,275,317

#### 1(D)(iii)TOTAL NUMBER OF ISSUED UNITS

Keppel DC REIT did not hold any treasury units as at 31 March 2019 and 31 December 2018.

	Group	
	As at 31 Mar 19	As at 31 Dec 18
Total number of issued Units	1,351,941,999	1,351,578,450

#### 1(D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS

Not applicable.

#### 2 AUDIT

Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the auditors.

#### 3 AUDITORS' REPORT

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

#### 4 ACCOUNTING POLICIES

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation have been consistently applied during the current reporting period except that in the current financial year, the Group has adopted new and revised standards and SFRS (I) Interpretation that are effective for annual period beginning on 1 January 2019.

#### 5 CHANGES IN ACCOUNTING POLICIES

If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to Paragraph 4 - Accounting Policies.

## 6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

	1Q 2019	1Q 2018
<b><u>Earnings per Unit (EPU)</u></b>		
<b>EPU (basic and diluted) (cents)</b>	<b>2.23</b>	2.21
Weighted average number of Units <sup>1</sup>	<b>1,351,816,776</b>	1,127,239,502
Profit after tax <sup>2</sup> (\$'000)	<b>30,198</b>	24,954
<b><u>Distribution per Unit (DPU)</u></b>		
<b>DPU<sup>3</sup> (cents)</b>	<b>1.92</b>	1.80
Total number of Units in issue at end of period	<b>1,351,941,999</b>	1,127,275,317
Income available for distribution to Unitholders (\$'000)	<b>27,109</b>	20,867

## 7 NET ASSET VALUE (NAV) / NET TANGIBLE ASSET (NTA) PER UNIT

	Group	
	As at 31 Mar 19	As at 31 Dec 18
<b>NAV<sup>2</sup> per Unit<sup>4</sup> (\$)</b>	<b>1.05</b>	1.07
<b>NTA<sup>2</sup> per Unit<sup>4</sup> (\$)</b>	<b>1.05</b>	1.07

### Notes:

- 1 The weighted average number of Units was based on the issued Units during the financial period in review.
- 2 This excluded the non-controlling interests' share of net asset value / net tangible asset and profit and loss for the period after tax.
- 3 DPU excluded Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the financial period under review.
- 4 The NAV per Unit and the NTA per Unit were computed based on the issued Units at the end of the financial period.

## **8 REVIEW OF PERFORMANCE**

### Review of the Performance between 2019 and 2018 results

#### (1Q 2019 vs 1Q 2018)

Gross rental income for 1Q 2019 was \$45.7 million, an increase of \$8.8 million or 23.8% from 1Q 2018 of \$36.9 million. This was mainly contributed by the acquisition of KDC SGP 5 and maincubes DC. The increase was partially offset by lower non-cash adjustment for straight-lining of rental as well as lower overseas contributions arising from the depreciation of AUD and EUR against SGD.

Other income of \$2.3 million was \$1.2 million higher than 1Q 2018 due to higher rental top up income recognised.

Property operating expenses for 1Q 2019 was \$4.8 million, an increase of \$0.9 million or 22.5% from 1Q 2018 of \$3.9 million. This was mainly due to acquisition of KDC SGP 5, as well as higher property-related expenses recorded at KDC DUB 1 and KDC DUB 2.

As a result, net property income of \$43.2 million for 1Q 2019 was \$9.1 million or 26.8% higher than 1Q 2018.

Profit after tax for 1Q 2019 was \$31.0 million, an increase of \$5.3 million or 20.8% as compared to 1Q 2018 of \$25.7 million. This was mainly due to higher net property income and net realised gains on derivatives, partially offset by higher amortisation expense, Manager's fees and tax expenses.

## **9 PROSPECTS**

### A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

In its Interim Economic Outlook published in March 2019, the Organisation for Economic Co-operation and Development (OECD) expects global growth to ease, citing political uncertainties in Europe, weaker growth in China, and ongoing trade tensions.

Demand in the data centre industry continues to be supported by rapid growth in data creation and storage needs, increasing digitalisation and cloud adoption, data sovereignty regulations, as well as the strong growth in colocation demand from hyperscale cloud players. Improved connectivity as well as the development and adoption of new technologies such as 5G mobile networks, driverless vehicles, virtual reality, the Internet of Things (IOT), will also 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.



## **10 RISK FACTORS AND RISK MANAGEMENT**

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

### **Interest rate risk**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

### **Liquidity risk**

The Manager monitors and maintains Keppel DC REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Consideration has been given to funding and expense requirements so as to manage the cash position at any point in time.

### **Credit risk**

Credit risk assessments of prospective clients are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. In addition, the Manager also monitors the property portfolio's client trade sector mix to assess and manage exposure to any potentially volatile trade sector.

### **Currency risk**

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, Europe and Malaysia, and the distributable income and interest income from progressive payments related to such foreign investments. The Group maintains a natural economic hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

### **Operational risk**

Measures have been put in place to ensure sustainability of net property income. These measures include steps taken to negotiate for favourable terms/covenants, manage expenses, and actively monitor rental payments from clients and continuously evaluate the Group's counter-parties.

In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary. The Manager manages such risks through multiple layers of redundancy and back-up systems supported by detailed operational procedures and maintenance programmes. However, the Manager notes that no system of risk management can provide absolute assurance against all potential risks.

### **Competition risk**

The Manager will actively manage the properties and grow strong relationships with its clients by providing value-added property-related services. Through such active asset management and enhancements, the Manager seeks to maintain high client retention and occupancy levels and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new clients.

The Manager will work with the facility managers (where applicable) to actively manage (i) contract and colocation renewals and (ii) new contracts and colocation arrangements to maintain high client retention levels and minimise vacancy periods. The Manager also intends to leverage on its relationship with existing data centre clients as well as data centre brokers to secure new clients for the Group's new and existing data centre facilities.

## 11 DISTRIBUTIONS

(a) **Current Financial Period reported on**

Any distribution recommended for the current financial period reported on?

No.

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any distribution declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) **Book closure date**

Not applicable.

(d) **Date payable**

Not applicable.

## 12 DISTRIBUTION STATEMENT

If no distribution has been declared / recommended, a statement to that effect.

Other than as disclosed in Paragraph 11(a), no distribution has been declared / recommended.

### 13 INTERESTED PERSON TRANSACTIONS

Name of Interested Persons	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000)	
	1Q 2019 \$'000	1Q 2018 \$'000
<b>Keppel Corporation Limited and its subsidiaries</b>		
- Manager's acquisition fees	28	1,357
- Manager's management fees	3,904	3,011
<b>Keppel Telecommunications &amp; Transportation Ltd and its subsidiaries</b>		
- Variable rental income	19,189	13,378
- Facility management and property management fees	775	880
- Support services fees	139	138
<b>Perpetual (Asia) Limited</b>		
- Trustee fees	66	54

Keppel DC REIT has not obtained a general mandate from Unitholders for Interested Person Transactions for the financial period under review.

### 14 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

The past performance of Keppel DC REIT is not necessarily indicative of its future performance. Certain statements made in this announcement 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 announcement. 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 announcement or its contents or otherwise arising in connection with this announcement. 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 the possible loss of the 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.

**By Order of the Board**  
**Keppel DC REIT Management Pte. Ltd.**  
**(Company Registration Number: 199508930C)**  
**As Manager of Keppel DC REIT**

KELVIN CHUA HUA YEOW  
Company Secretary  
15 April 2019

**CONFIRMATION BY THE BOARD**  
**Pursuant to Rule 705(5) of the Listing Manual**

We, Christina Tan Hua Mui and Lee Chiang Huat, being two Directors of Keppel DC REIT Management Pte. Ltd. (the "Company"), as manager of Keppel DC REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of Keppel DC REIT for the financial period from 1 January 2019 to 31 March 2019 to be false or misleading in any material respects.

On behalf of the Board,



Christina Tan Hua Mui  
Chairman



Lee Chiang Huat  
Director

15 April 2019