

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 the Second Half and Full Year Ended 31 December 2020

26 January 2021

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 half and full year ended 31 December 2020.

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

Ms Lee Wan Jun
Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6423
Email: wanjun.lee@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 20.5% year-on-year
growth in DPU to 9.170 cents for FY 2020**

Key Highlights

- Strong performance in FY 2020 with full year contributions from Keppel DC Singapore 4 and DC1 as well as new acquisitions in Europe
- Strengthened European presence with three DPU-accretive acquisitions: The remaining 999-year leasehold land interest at Keppel DC Dublin 1 in Ireland and Kelsterbach Data Centre in Germany in 1H 2020, as well as Amsterdam Data Centre in end-December 2020
- Achieved total Unitholder returns of 38.4% for FY 2020, and 311.6% since listing as at 31 December 2020
- Capitalised on strong demand for data centre space by undertaking proactive asset management initiatives to improve portfolio occupancy
- Aggregate leverage of 36.2% provides debt headroom for acquisition growth and asset enhancement initiatives

| (\$'000) | 2H 2020 | 2H 2019 | Change % | FY 2020 | FY 2019 | Change % |
|--|------------|------------|-------------|------------|------------|-------------|
| Gross Revenue | 141,621 | 99,333 | 42.6 | 265,571 | 194,826 | 36.3 |
| Property Expenses | (11,672) | (8,540) | 36.7 | (21,405) | (17,543) | 22.0 |
| Net Property Income | 129,949 | 90,793 | 43.1 | 244,166 | 177,283 | 37.7 |
| Distributable Income to Unitholders | 81,935 | 58,892 | 39.1 | 156,915 | 113,245 | 38.6 |
| Distribution per Unit ⁽¹⁾ (DPU) (cents) | 4.795 | 3.760 | 27.5 | 9.170 | 7.610 | 20.5 |
| Adjusted DPU ⁽²⁾ (cents) (cents) | 4.795 | 3.860 | 24.2 | 9.170 | 7.710 | 18.9 |
| Distribution Yield ⁽³⁾ (%) | | | | 3.26 | 2.71 | 55bps |

(1) Exclude an amount of capital expenditure that has been set aside.

(2) Exclude the impact of the pro-rata preferential offering in Oct 2019.

(3) Based on FY 2020's closing price of \$2.810 per Unit.

Financial Review

Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, is pleased to announce that the REIT has delivered a distributable income (DI) of \$81.9 million for 2H 2020, 39.1% higher than 2H 2019's \$58.9 million. This brought the DI for FY 2020 to \$156.9 million, an increase of 38.6% over FY 2019's \$113.2 million. The growth in DI was supported by full year contributions from Keppel DC Singapore 4 and DC1, as well as new acquisitions in Europe.

Accordingly, Keppel DC REIT has declared a DPU of 4.795 cents for 2H 2020, bringing the FY 2020 DPU to 9.170 cents, which was 20.5% above FY 2019's 7.610 cents. Keppel DC REIT delivered total Unitholder returns of 38.4% for FY 2020, and 311.6% since listing in December 2014, as at 31 December 2020.

During the year, Keppel DC REIT was included in the benchmark Straits Times Index (STI) from October 2020. The REIT is also a constituent of the FTSE EPRA Nareit Global Developed Index, MSCI Singapore Small Cap Index and the GPR 250 Index Series. The inclusion in these globally-recognised indices further increased Keppel DC REIT's visibility among global investors, and enhanced its trading liquidity.

Portfolio Review

In end-December 2020, the Manager completed the acquisition of Amsterdam Data Centre, a shell and core data centre facility and office property in the Amsterdam Metropolitan Area, for €30.0 million (approximately S\$48.1 million¹). The data centre is located within the Schiphol-Rijk business park where the Amsterdam Internet Exchange, one of the world's largest in terms of connection and traffic, has a point of presence. New supply of data centres remains limited in Amsterdam, which continues to benefit from strong demand from hyperscale cloud providers.

Together with the acquisitions of the remaining 999-year leasehold land interest at Keppel DC Dublin 1 in Ireland and Kelsterbach Data Centre in Germany in 1H 2020, the strategic addition of Amsterdam Data Centre strengthened Keppel DC REIT's foothold in Europe. As at 31 December 2020, Keppel DC REIT's assets under management was approximately \$3.0 billion, an increase from \$2.6 billion as at 31 December 2019.

Apart from seeking growth through acquisitions, the Manager had also embarked on several asset enhancement initiatives during the year to further optimise portfolio returns.

The fitout of a new data hall at Keppel DC Singapore 5 has been completed and handed over to the client in 4Q 2020, increasing the asset occupancy from 84.2% as at 30 September 2020 to 100% as at 31 December 2020. This demonstrates the Manager's ability to capitalise on strong demand for quality data centre space to convert unutilised space at its facility to improve portfolio returns.

Meanwhile, the fit out works at DC1 is expected to be completed in 1Q 2021, and the conversion of additional space at Keppel DC Dublin 2 into a data hall remains on track for completion in 1H 2021. In Sydney, Australia, Intellicentre 3 East Data Centre has topped out in October 2020 and is also on track for completion in 1H 2021.

As at 31 December 2020, the REIT's portfolio occupancy rate remained high at 97.8% with a long weighted average lease expiry (WALE) of 6.8 years.

Capital Management

In January 2021, the Manager expanded the REIT's \$500 million MTN Programme to a \$2.0 billion Debt Issuance Programme, which will provide greater flexibility to tap the market for acquisitions and growth.

Keppel DC REIT's average cost of debt remained low at 1.6% per annum and its interest coverage ratio remained high at 13.3 times as at 31 December 2020. The REIT ended the year with an aggregate leverage of 36.2%, which will provide a comfortable debt headroom to capture growth opportunities.

The Manager continues to monitor risk exposure and safeguard against evolving market conditions. Approximately 63% of the REIT's borrowings have been hedged through floating-to-fixed interest rate swaps, with the remaining unhedged borrowings mostly in Euro. The REIT's forecasted foreign-sourced distributions have also been hedged with foreign currency forward contracts till 1H 2022 to enhance the stability of distributions to Unitholders.

¹ Based on the exchange rate of €1.00 to S\$1.6024 as at 31 December 2020. Purchase price arrived at on a willing-buyer and willing-seller basis.

Sustainability

In 2020, the Manager stepped up efforts to improve energy efficiency at its colocation facilities. Keppel DC Singapore 5 achieved the BCA Green Mark Platinum Award while Keppel DC Singapore 2 was re-certified with the BCA Green Mark Gold^{PLUS} Award.

Keppel DC REIT was also recognised for upholding strong corporate governance and transparency, ranking second in the Governance Index for Trusts (GIFT) and 15th in the Singapore Governance and Transparency Index under the REITs and Business Trusts Category. Continuing its commitment towards adopting best practices, Mr Kenny Kwan was appointed as the Lead Independent Director of the Board in November 2020.

Looking Ahead

In its Global Economic Prospects published in January 2021, the World Bank expects a subdued recovery of 4% of the global economy in 2021 following a 4.3% contraction in 2020, assuming widespread COVID-19 vaccine rollout throughout the year. The World Bank also cautioned that the pandemic may depress economic activity for a prolonged period.

While a number of business sectors have been adversely affected by the pandemic, the digital economy continues to thrive. The widespread lockdowns during the pandemic have contributed to accelerated adoption of technology. The Manager expects this global trend of digitalisation to continue post-pandemic.

According to Synergy Research Group, hyperscale operators generated over 80% of their 9M 2020 revenues from cloud, digital services and online activities, all of which have seen COVID-19 related boosts. Their revenues and capex have grown by strong double-digits in 2020, with spending on data centres having increased by 18% in the year alone.

While the resilience and rapid growth of the data centre market have attracted more competition for assets and capital, the barriers of entry for the data centre sector remain high, especially for quality colocation assets.

The Manager's track record coupled with the ability to leverage the Keppel ecosystem in providing end-to-end solutions, from project development to facilities management to client networking, have ensured that Keppel DC REIT is well-positioned to benefit from the growth of the data centre market.

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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.

As at 31 December 2020, its portfolio comprises 19² data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 2,089,085 sq ft, the portfolio spans 12 cities in eight countries across 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.

² Excludes Intellicentre 3 East Data Centre, which is currently under development and is expected to be completed in 1H 2021.