

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020**

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SUMMARY OF KEPPEL DC REIT RESULTS

	1H 2020 \$'000	1H 2019 \$'000	+/(-) %
Gross Revenue	123,950	95,493	29.8
Property Expenses	(9,733)	(9,003)	8.1
Net Property Income	114,217	86,490	32.1
Distributable Income to Unitholders (DI)	74,980	54,353	38.0
Distribution per Unit (DPU) (cents) ^{1, 2}	4.375	3.850	13.6
Annualised Distribution Yield (%) ^{2, 3}	3.44	3.03	41bps

Notes:

- 1 Excludes an amount of capital expenditure that has been set aside.
- 2 Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2020, eligible unitholders will receive a distribution of 4.375 cents per Unit.
- 3 Annualised distribution yields were computed based on 1H 2020 closing unit price of \$2.540.

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

Distribution	13th Distribution Distribution for the period from 1 January to 30 June 2020
Distribution type	(a) Taxable Income (b) Tax-exempt Income
Distribution rate	Distribution for the period from 1 January to 30 June 2020 (a) Taxable Income – 2.475 cents per Unit (b) Tax-exempt Income – 1.900 cents per Unit
Distribution amount (\$'000)	71,440
Record Date	29 July 2020
Payment Date	1 September 2020

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. The acquisition was completed on 31 March 2020.

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 2021.

On 12 December 2019, Keppel DC REIT entered into a sales and purchase agreement to acquire a freehold interest in Kelsterbach Data Centre. The acquisition was completed on 1 May 2020.

As at 30 June 2020, the REIT has a portfolio size of approximately \$2.80 billion. The portfolio comprises 18 high quality well located data centres in Singapore, Malaysia, Australia, the United Kingdom (UK), the Netherlands, Republic of Ireland (Ireland), Italy and Germany, and 1 data centre under development in Australia.

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 4	Singapore	(KDC SGP 4)
5)	Keppel DC Singapore 5	Singapore	(KDC SGP 5)
6)	DC1	Singapore	(DC1)
7)	Basis Bay Data Centre	Malaysia	(Basis Bay DC)
8)	Gore Hill Data Centre	Australia	(Gore Hill DC)
9)	Intellicentre 2 Data Centre	Australia	(IC2 DC)
10)	iseek Data Centre	Australia	(iseek DC)

Europe

11)	GV7 Data Centre	UK	(GV7 DC)	
12)	Cardiff Data Centre	UK	(Cardiff DC)	
13)	Almere Data Centre	The Netherlands	(Almere DC)	
14)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)	<i>(Acquired 999-year leasehold land interest on 31 March 2020)</i>
15)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)	
16)	Milan Data Centre	Italy	(Milan DC)	
17)	maincubes Data Centre	Germany	(maincubes DC)	
18)	Kelsterbach Data Centre	Germany	(Kelsterbach DC)	<i>(Acquired on 1 May 2020)</i>

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

- 1H – Refers to the first half from 1 January to 30 June 2020 and the corresponding period of the preceding year.
- Distributable income includes an amount of capital expenditure set aside for certain properties (Capex Reserves). The DPU has excluded Capex Reserves.
- Nm – Not meaningful

1 UNAUDITED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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 30 June 2020:

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

Performance between 2020 and 2019 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)

		1H 2020	1H 2019	
		\$'000	\$'000	+ / (-) %
	Note			
Gross rental income	1	119,556	90,771	31.7
Other income	2	4,394	4,722	(6.9)
Gross Revenue		123,950	95,493	29.8
Property operating expenses	3	(9,733)	(9,003)	8.1
Net Property Income		114,217	86,490	32.1
Finance income		326	304	7.2
Finance costs	4	(9,767)	(8,129)	20.2
Trustees' fees		(206)	(197)	4.6
Manager's base fee	5	(6,620)	(4,913)	34.7
Manager's performance fee	5	(3,770)	(2,887)	30.6
Net realised gains on derivatives		1,959	1,043	87.8
Other trust expenses	6	(7,089)	(5,709)	24.2
Profit before tax		89,050	66,002	34.9
Tax expenses	7	(4,723)	(5,205)	(9.3)
Profit after tax		84,327	60,797	38.7
Attributable to:				
Unitholders		82,532	59,201	39.4
Non-controlling interests		1,795	1,596	12.5
		84,327	60,797	38.7
<u>Distribution Statement</u>				
Profit after tax attributable to Unitholders		82,532	59,201	39.4
Net tax and other adjustments	8	(7,552)	(4,848)	55.8
Income available for distribution	9	74,980	54,353	38.0
Distribution per Unit (cents)	10	4.375	3.850	13.6

Notes (2020 and 2019):

- 1 In 1H 2020, higher gross rental income was mainly due to the acquisitions of KDC SGP 4, DC1 and Kelsterbach DC.
- 2 In 1H 2020, lower other income was mainly due to the lower rental top up recognised.
- 3 Included as part of the property operating expenses were the following:

	1H 2020	1H 2019
	\$'000	\$'000
Property-related taxes	(1,653)	(1,424)
Facility management costs	(5,108)	(4,403)
Repairs and maintenance	(502)	(998)
Other property-related costs	(2,470)	(2,178)
	<u>(9,733)</u>	<u>(9,003)</u>

- 4 Included in finance costs were interest expense, amortisation of debt-related transaction costs from borrowings and lease charges recognised.
- 5 Increase in Manager's base fees and performance fees were mainly due to the acquisitions of KDC SGP 4, DC1 and Kelsterbach DC, as well as the higher net property income.
- 6 Included in the higher other trust expenses in 1H 2020 were payments made to the seller of Kelsterbach DC and higher foreign exchange loss, partially offset by lower amortisation of intangible assets.
- 7 Tax expenses comprise (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:

	1H 2020	1H 2019
	\$'000	\$'000
Trustee's fees	169	159
Rental income adjustment on a straight-line basis	(1,401)	(929)
Amortisation of capitalised transaction costs	208	176
Foreign exchange losses	1,174	850
Deferred tax	1,191	2,567
Amortisation of intangible assets	3,449	4,000
Other net adjustments	(12,342)	(11,671)
Net tax and other adjustments	<u>(7,552)</u>	<u>(4,848)</u>

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

- 9 Higher DI in 1H 2020 was mainly due to the acquisitions of KDC SGP 4, DC1 and Kelsterbach 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. For the financial period from 1 January to 30 June 2020, eligible unitholders will receive a distribution of 4.375 cents per Unit.

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)

	1H 2020 \$'000	1H 2019 \$'000	+/(-) %
Profit after tax	84,327	60,797	38.7
Other comprehensive income			
Movement in fair value of cash flow hedges	(18,627)	(5,402)	>100.0
Foreign currency translation movement	11,014	(12,854)	Nm
Total other comprehensive loss	(7,613)	(18,256)	(58.3)
Total comprehensive income	76,714	42,541	80.3
Attributable to:			
Unitholders	74,904	40,944	82.9
Non-controlling interests	1,810	1,597	13.3
	76,714	42,541	80.3

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		
		30-Jun-20 \$'000	31-Dec-19 \$'000	+ / (-) %	30-Jun-20 \$'000	31-Dec-19 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	2,840,032	2,637,026	7.7	484,685	480,898	0.8
Property under development	2	7,382	-	Nm	-	-	-
Investment in subsidiaries	3	-	-	-	1,925,638	1,421,796	35.4
Loans to subsidiaries	3	-	-	-	308,281	273,611	12.7
Intangible assets	4	-	8,349	(100.0)	-	8,349	(100.0)
Derivative financial assets	5	216	518	(58.3)	216	485	(55.5)
Deferred tax assets	6	2,093	2,149	(2.6)	-	-	-
Total non-current assets		2,849,723	2,648,042	7.6	2,718,820	2,185,139	24.4
Current assets							
Trade and other receivables	7	73,634	95,848	(23.2)	37,335	390,279	(90.4)
Deposits	8	-	25,349	(100.0)	-	-	-
Intangible assets	4	4,901	-	Nm	4,901	-	Nm
Derivative financial assets	5	1,366	2,879	(52.6)	1,366	2,879	(52.6)
Tax recoverable	12	8,909	-	Nm	-	-	-
Cash and cash equivalents		205,167	155,876	31.6	86,251	61,713	39.8
Total current assets		293,977	279,952	5.0	129,853	454,871	(71.5)
TOTAL ASSETS		3,143,700	2,927,994	7.4	2,848,673	2,640,010	7.9
Current liabilities							
Loans from subsidiaries	9	-	-	-	75,740	36,789	>100.0
Loans and borrowings	10	76,736	40,264	90.6	-	-	-
Derivative financial liabilities	5	203	137	48.2	131	-	Nm
Trade and other payables	11	53,332	59,851	(10.9)	18,004	29,010	(37.9)
Provision for taxation	12	9,377	7,905	18.6	3,524	4,621	(23.7)
Total current liabilities		139,648	108,157	29.1	97,399	70,420	38.3
Non-current liabilities							
Loans from subsidiaries	9	-	-	-	979,420	833,599	17.5
Loans and borrowings	10	1,000,284	880,455	13.6	11,040	10,898	1.3
Derivative financial liabilities	5	24,496	7,750	>100.0	291	142	>100.0
Deferred tax liabilities	6	30,692	29,084	5.5	5,451	6,056	(10.0)
Total non-current liabilities		1,055,472	917,289	15.1	996,202	850,695	17.1
TOTAL LIABILITIES		1,195,120	1,025,446	16.5	1,093,601	921,115	18.7
NET ASSETS		1,948,580	1,902,548	2.4	1,755,072	1,718,895	2.1
Represented by:							
Unitholders' funds		1,912,148	1,868,018	2.4	1,755,072	1,718,895	2.1
Non-controlling interests	13	36,432	34,530	5.5	-	-	-
		1,948,580	1,902,548	2.4	1,755,072	1,718,895	2.1
Net asset value per Unit (\$)	14	1.17	1.14	2.6	1.07	1.05	1.9
Aggregate leverage / Deposited properties (%)	15	34.5	30.7	380bps	Nm	Nm	Nm

Notes:

- 1 Included in the investment properties were leases of \$28.4 million capitalised at the lower of its fair value and the present value of the lease payments for certain investment properties.

<u>Investment Properties</u>	<u>Tenure</u>	<u>Carrying Value (\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	306,216
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051 [^]	178,469
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 [^]	269,177
Keppel DC Singapore 4	Leasehold, expiring 30 June 2050	382,363
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041	334,410
DC1	Leasehold, expiring 31 July 2044	200,207
Basis Bay Data Centre	Freehold	25,679
Gore Hill Data Centre	Freehold	195,092
Intellcentre 2 Data Centre	Freehold	54,250
iseek Data Centre	Leasehold, expiring 29 June 2047 [^]	42,261
GV7 Data Centre	Leasehold, expiring 28 Sept 2183	63,227
Cardiff Data Centre	Freehold	62,488
Almere Data Centre	Freehold	141,323
Keppel DC Dublin 1	Leasehold, expiring 31 Dec 2999	132,775
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	109,495
Milan Data Centre	Freehold	60,050
maincubes Data Centre	Freehold	143,366
Kelsterbach Data Centre	Freehold	139,184
		2,840,032

[^] Include options to renew between 7 to 30 years

- 2 Property under development pertains to costs capitalised for IC3 East DC according to construction progress till date.
- 3 These relate to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.
- 4 This relates to intangible assets with finite useful lives recognised in relation to a rental top up provided by the vendors. The intangible assets have been amortised on a diminishing balance method over the relevant rental top up periods.
- 5 These relate 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.
- 6 These relate 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.
- 7 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) 16 Leases, but not yet received from the clients.
- 8 These relate to deposit paid in 2019 to the vendor for the acquisition of 100% freehold interest in a data centre in Kelsterbach, Germany.
- 9 These relate to loans from subsidiaries. The higher balances as at 30 June 2020 were mainly due to the additional loans drawn, partially offset by the repayment of certain loans.
- 10 These relate to external borrowings of \$1,055.2 million (refer to Paragraph 1(B)(ii)), lease liabilities pertaining to land rent commitments and options, and capitalised debt-related transaction costs. The higher external borrowings as at 30 June 2020 were mainly due to proceeds drawn from new bank borrowings.
- 11 Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.
- 12 Included in tax recoverable and income tax provision were income tax credit/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 relates to the non-controlling interests' share of net assets.
- 14 This excludes the non-controlling interests' share of net assets.
- 15 Aggregate leverage relates to the \$1,055.2 million external borrowings drawn down (refer to Paragraph 1(B)(ii)) and deferred payment 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 and options. If these lease liabilities pertaining to land rent commitments and options were included, the ratio would be 35.0% (31 December 2019: 31.9%).

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

	Group	
	As at 30 Jun 20 \$'000	As at 31 Dec 19 \$'000
<u>Unsecured borrowings¹</u>		
Amount repayable within one year	12,382	36,789
Amount repayable after one year	1,042,778	833,599
	1,055,160	870,388

Note:

- 1 Keppel DC REIT has unsecured borrowings of approximately \$769.6 million (2019: \$498.2 million) and \$128.4 million (2019: \$221.8 million) and \$157.2 million (2019: \$150.4 million) under its term loan facilities, revolving credit facilities and Multicurrency Medium Term Note Programme respectively.

As at 30 June 2020, the Group had total borrowings of approximately \$1,055.2 million and unutilised facilities of approximately \$326.6 million to meet its future obligations. The all-in average interest rate for borrowings was 1.7% per annum for the financial period ended 30 June 2020.

1(C) CONSOLIDATED STATEMENT OF CASH FLOWS

	1H 2020 \$'000	1H 2019 \$'000
Operating activities		
Profit after tax for the financial period	84,327	60,797
Adjustments for:		
Tax expenses	4,723	5,205
Finance income	(326)	(304)
Finance costs	9,767	8,129
Amortisation of intangible assets	3,449	4,000
Management fees payable in Units	857	781
Unrealised currency translation differences	(5,436)	(4,268)
	<u>97,361</u>	<u>74,340</u>
Changes in working capital:		
- Trade and other receivables	22,741	7,244
- Trade and other payables	(13,318)	(10,835)
Cash generated from operations	<u>106,784</u>	<u>70,749</u>
Net tax paid	(9,357)	(6,556)
Net cash generated from operating activities	<u>97,427</u>	<u>64,193</u>
Cash flows from investing activities		
Acquisition of interests in investment properties (Note A)	(100,786)	-
Additions to investment properties	(53,416)	(9,110)
Capital expenditures on investment properties	(7,832)	(16,220)
Net cash used in investing activities	<u>(162,034)</u>	<u>(25,330)</u>
Cash flows from financing activities		
Proceeds from borrowings and medium term note	238,289	83,326
Capital contribution from a non-controlling interest	2,608	-
Payment of financing transaction costs	(600)	(115)
Repayment of borrowings	(75,297)	(46,890)
Finance costs paid	(9,070)	(7,645)
Distributions paid to Unitholders	(31,832)	(50,008)
Dividends paid to non-controlling interests	(2,516)	(1,397)
Net cash generated from/(used in) financing activities	<u>121,582</u>	<u>(22,729)</u>
Net increase in cash and cash equivalents	<u>56,975</u>	<u>16,134</u>
Cash and cash equivalents at beginning of period	155,876	128,415
Effects of exchange rate fluctuations on cash held	(7,684)	(660)
Cash and cash equivalents at end of period	<u>205,167</u>	<u>143,889</u>

Note A – Acquisition of interests in investment properties

In May 2020, Keppel DC REIT completed the acquisition of Kelsterbach DC in Germany. The remaining balance of the purchase consideration was paid, along with the release of the deposit, to the vendor as settlement of the purchase consideration.

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

Cash flow analysis (1H 2020 vs 1H 2019)

Cash generated from operating activities for the 1H 2020 was \$97.4 million, \$33.2 million higher than \$64.2 million for the corresponding period last year. This was mainly due to higher operational cash inflow.

Net cash used in investing activities for 1H 2020 was \$162.0 million, comprising mainly the acquisition of Kelsterbach DC, remaining 999-year interest in KDC DUB 1, upfront land premium paid for KDC SGP 4 and capital expenditures. Net cash used in investing activities for the corresponding period last year was \$25.3 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.

The Group recorded net cash generated from financing activities of \$121.6 million in 1H 2020 as compared to net cash used in financing activities of \$22.7 million for the corresponding period last year. Net cash used in 1H 2020 was mainly due to proceeds from borrowings, partially offset by distributions paid to Unitholders, repayment of borrowings and finance costs. Net cash used in 1H 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.

Usage of proceeds of the Equity Fund Raising

Further to the announcement dated 21 January 2020 titled "Unaudited Results for the Year ended 31 December 2019 (the Announcement)", the Manager wishes to update on the use of the remaining net proceeds as at 30 June 2020 raised from the Equity Fund Raising (the Net Proceeds) as follows.

Intended Use	Amount allocated (as stated in the Announcements)	Reallocation of the use of Net Proceeds	Amount utilised as at 30 June 2020	Balance of Net Proceeds as at 30 June 2020
	\$'000	\$'000	\$'000	\$'000
To partially fund the acquisitions of 99% interest in KDC SGP 4 and 100% interest in DC1	438,548	16,668	(455,216)	-
To fund capital expenditures or acquisitions	31,086	(16,668)	(2,229)	12,189
Total Use of Net Proceeds	469,634	-	(457,445)	12,189

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

GROUP (2020)	Note	Foreign Currency		Hedging Reserve	Other Reserve	Accumulated Profits	Unitholders' Funds	Non- Controlling Interests	Total
		Units in Issue	Translation Reserve						
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020		1,855,019	(11,985)	(4,490)	(95,751)	125,225	1,868,018	34,530	1,902,548
Operations									
Profit after tax for the period		-	-	-	-	82,532	82,532	1,795	84,327
Net increase in net assets resulting from operations		-	-	-	-	82,532	82,532	1,795	84,327
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(31,832)	(31,832)	-	(31,832)
Payment of management fees in Units		1,058	-	-	-	-	1,058	-	1,058
Net increase in net assets resulting from Unitholders' transactions		1,058	-	-	-	(31,832)	(30,774)	-	(30,774)
Capital contribution of a non- controlling interest into a subsidiary		-	-	-	-	-	-	2,608	2,608
Dividends paid to non- controlling interests		-	-	-	-	-	-	(2,516)	(2,516)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(18,627)	-	-	(18,627)	-	(18,627)
Foreign currency translation movement	1	-	10,999	-	-	-	10,999	15	11,013
Net increase in other comprehensive income		-	10,999	(18,627)	-	-	(7,628)	15	(7,614)
At 30 June 2020		1,856,077	(986)	(23,117)	(95,751)	175,925	1,912,148	36,432	1,948,580

Note:

- 1 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 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)

GROUP (2019)	Note	Units in Issue \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Profits \$'000	Unitholders' Funds \$'000	Non- Controlling Interests \$'000	Total \$'000
At 1 January 2019		1,378,025	16,416	885	(95,751)	145,264	1,444,839	31,155	1,475,994
Operations									
Profit after tax for the period		-	-	-	-	59,201	59,201	1,596	60,797
Net increase in net assets resulting from operations		-	-	-	-	59,201	59,201	1,596	60,797
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(50,008)	(50,008)	-	(50,008)
Payment of management fees in Units		761	-	-	-	-	761	-	761
Net increase in net assets resulting from Unitholders' transactions		761	-	-	-	(50,008)	(49,247)	-	(49,247)
Dividends paid to non- controlling interests		-	-	-	-	-	-	(1,397)	(1,397)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(5,402)	-	-	(5,402)	-	(5,402)
Foreign currency translation movement	1	-	(12,855)	-	-	-	(12,855)	1	(12,854)
Net decrease in other comprehensive income		-	(12,855)	(5,402)	-	-	(18,257)	1	(18,256)
At 30 June 2019		1,378,786	3,561	(4,517)	(95,751)	154,457	1,436,536	31,355	1,467,891

Note:

- 1 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 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 (2020)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Unitholders' Funds</u> \$'000
At 1 January 2020		1,855,019	3,222	(95,751)	(43,595)	1,718,895
Operations						
Profit after tax for the period		-	-	-	69,014	69,014
Net increase in net assets resulting from operations		-	-	-	69,014	69,014
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(31,832)	(31,832)
Payment of management fees in Units		1,058	-	-	-	1,058
Net increase in net assets resulting from Unitholders' transactions		1,058	-	-	(31,832)	(30,774)
Other comprehensive income						
Movement in hedging reserve	1	-	(2,063)	-	-	(2,063)
Net decrease in other comprehensive income		-	(2,063)	-	-	(2,063)
At 30 June 2020		1,856,077	1,159	(95,751)	(6,413)	1,755,072
TRUST (2019)						
	Note	<u>Unit in Issue</u> '000	<u>Hedging Reserve</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Unitholders' Funds</u> \$'000
At 1 January 2019		1,378,025	3,655	(95,751)	410	1,286,339
Operations						
Profit after tax for the period		-	-	-	46,677	46,677
Net increase in net assets resulting from operations		-	-	-	46,677	46,677
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(50,008)	(50,008)
Payment of management fees in Units		761	-	-	-	761
Net increase in net assets resulting from Unitholders' transactions		761	-	-	(50,008)	(49,247)
Other comprehensive income						
Movement in hedging reserve	1	-	380	-	-	380
Net increase in other comprehensive income		-	380	-	-	380
At 30 June 2019		1,378,786	4,035	(95,751)	(2,921)	1,284,149

Note:

- 1 The other comprehensive income item relates 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 20 to 30 Jun 20	1 Jan 19 to 30 Jun 19
	No. of Units	No. of Units
Issued Units as at beginning of period	1,632,395,361	1,351,578,450
Management fees paid in Units	524,352	542,596
Issued Units as at end of period	1,632,919,713	1,352,121,046

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

Keppel DC REIT did not hold any treasury units as at 30 June 2020 and 31 December 2019.

	Group	
	As at 30 Jun 20	As at 31 Dec 19
Total number of issued Units	1,632,919,713	1,632,395,361

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 2020.

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

	1H 2020	1H 2019
Earnings per Unit (EPU)		
EPU (basic and diluted) (cents)	5.05	4.38
Weighted average number of Units ¹	1,632,763,194	1,351,940,076
Profit after tax ² (\$'000)	82,532	59,201
Distribution per Unit (DPU)		
DPU³ (cents)	4.375	3.850
Total number of Units in issue at end of period	1,632,919,713	1,352,121,046
Income available for distribution to Unitholders (\$'000)	75,354	54,353

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

	Group	
	As at 30 Jun 20	As at 31 Dec 19
NAV² per Unit⁴ (\$)	1.17	1.14
Adjusted NAV ² per unit ⁴ (excluding the distributable income)	1.13	1.12
NTA² per Unit⁴ (\$)	1.17	1.14
Adjusted NTA ² per unit ⁴ (excluding the distributable income)	1.12	1.12

Notes:

- 1 The weighted average number of Units was based on the issued Units during the financial period in review.
- 2 This excludes the non-controlling interests' share of net asset value / net tangible asset and profit and loss for the period after tax.
- 3 DPU excludes Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2020, eligible unitholders will receive a distribution of 4.375 cents per Unit.
- 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 2020 and 2019 results

(1H 2020 vs 1H 2019)

Gross rental income for 1H 2020 was \$119.6 million, an increase of \$28.8 million or 31.7% from 1H 2019 of \$90.8 million. This was mainly contributed by the acquisitions of KDC SGP 4, DC1 and Kelsterbach DC.

Other income of \$4.4 million was \$0.3 million lower than 1H 2019 due to lower rental top up income recognised.

Property operating expenses for 1H 2020 was \$9.7 million, an increase of \$0.7 million or 8.1% from 1H 2019 of \$9.0 million. This was mainly due to the acquisition of KDC SGP 4, as well as higher property-related expenses recorded at KDC DUB 2.

Net property income of \$114.2 million for 1H 2020 was \$27.7 million or 32.1% higher than 1H 2019.

Profit after tax for 1H 2020 was \$84.3 million, an increase of \$23.5 million or 38.7% as compared to 1H 2019 of \$60.8 million. This was mainly due to higher net property income and net realised gains on derivatives, partially offset by higher finance costs, Manager's fees and other trust 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 Global Economic Prospects published in June 2020, the World Bank expects the global economy to contract by 5.2% in 2020, which could be the worst recession in 80 years despite fiscal and monetary policy support efforts.

The COVID-19 pandemic has radically altered the business and social landscape. While a number of business sectors have been adversely affected, the technology sector continues to do well. The widespread lockdowns have contributed to an accelerated adoption of digital technology. The data centre industry remains resilient, supporting data storage and processing requirements of the digital economy.

The Manager believes that the prospects for the data centre market remain robust, underpinned by strong digital trends such as rapid cloud adoption, smart technologies, big-data analytics, and 5G deployment.

Keppel DC REIT remains well-positioned to benefit from the growth of the data centre market, supported by its established track record and enlarged portfolio of assets. The Manager will continue to leverage its competencies in investment, asset and capital management, and build on Keppel Group's capabilities in project development and facilities management, to seek opportunities and strengthen its presence across key data centre hubs globally.

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?

Name of distribution:	<u>13th</u> Distribution Distribution for the period from 1 January to 30 June 2020
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	Distribution for the period from 1 January to 30 June 2020 (a) Taxable income – 2.475 cents per Unit (b) Tax-exempt income – 1.900 cents per Unit
Distribution amount (\$'000):	71,440
Tax rate:	<p>(a) <u>Taxable Income Distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying foreign non-individual investors and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p>(b) <u>Tax-exempt income distribution</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income, exempt dividend income and interest income received by Keppel DC REIT.</p>

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of distribution:	<u>10th</u> Distribution Distribution for the period from 1 January to 30 June 2019
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	Distribution for the period from 1 January to 30 June 2019 (a) Taxable income – 2.82 cents per Unit (b) Tax-exempt income – 1.03 cents per Unit
Distribution amount (\$'000):	52,057
Tax rate:	(a) <u>Taxable Income Distribution:</u> Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, qualifying foreign non-individual investors and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. (b) <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income, exempt dividend income and interest income received by Keppel DC REIT.

(c) Record date

The Transfer Books and Register of Unitholders of Keppel DC REIT for the 13th Distribution will be closed at 5.00 p.m. on 29 July 2020 for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the distribution is payable: 1 September 2020

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)	
	1H 2020 \$'000	1H 2019 \$'000
Temasek Holdings Group		
- Rental income	9,011	-
Keppel Corporation Limited and its subsidiaries		
- Fixed rental income in relation to 99% interest of KDC SGP 5	-	62,667
- Variable rental income	48,793	37,681
- Facility management and property management fees	1,971	1,522
- Manager's management fees	10,390	7,800
- Manager's acquisition and development management fees	1,928	86
- Rental top up income	3,449	-
- Support services fees	267	283
Perpetual (Asia) Limited		
- Trustee fees	169	159

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

Tan Weiqiang, Marc

Company Secretary
21 July 2020

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 2020 to 30 June 2020 to be false or misleading in any material respects.

On behalf of the Board,



Christina Tan Hua Mui
Chairman



Lee Chiang Huat
Director

21 July 2020