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## MEDIA RELEASE

### **Unaudited Results of Keppel DC REIT for the First Half Ended 30 June 2021**

**26 July 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 first half ended 30 June 2021.

*The materials are also available at [www.keppeldcreit.com](http://www.keppeldcreit.com), [www.keppeltt.com.sg](http://www.keppeltt.com.sg), [www.kepcapital.com](http://www.kepcapital.com) and [www.kepcorp.com](http://www.kepcorp.com).*

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## Keppel DC REIT achieves 12.5% y-o-y growth in DPU for 1H 2021

### Key Highlights

- Achieved 12.4% year-on-year (y-o-y) growth in distributable income to \$84.3 million in 1H 2021, due mainly to contributions from acquisitions and completion of asset enhancement initiatives.
- Declared distribution per Unit (DPU) of 4.924 cents for 1H 2021, 12.5% above 1H 2020's 4.375 cents.
- Strong leasing momentum with new, renewal and expansion leases secured with clients at Singapore and Dublin data centres, some of which were leases renewed ahead of expiry. Including the renewal signed in July 2021, Keppel DC REIT will have only 0.8%<sup>1</sup> of leases due to expire for the remainder of the year.
- Ongoing value creation strategy to strengthen returns, including the completion of the development of Intellicentre 3 East Data Centre (IC3 East DC) in Sydney<sup>2</sup> and the DPU-accretive acquisition of Guangdong Data Centre in Jiangmen, Guangdong Province.
- Maintained high portfolio occupancy of 98.0%<sup>3</sup> and long portfolio weighted average lease expiry (WALE) of 6.5 years<sup>3,4</sup>, which will provide stable income.

(\$'000)	1H 2021	1H 2020	% Change
Gross Revenue	135,147	123,950	+9.0
Property Expenses	(11,313)	(9,733)	+16.2
Net Property Income	123,834	114,217	+8.4
<b>Distributable Income to Unitholders<sup>(1)</sup></b>	<b>84,256</b>	<b>74,980</b>	<b>+12.4</b>
<b>Distribution per Unit<sup>(2)</sup> (DPU) (cents)</b>	<b>4.924</b>	<b>4.375</b>	<b>+12.5</b>
Annualised Distribution Yield <sup>(3)</sup> (%)	3.96	3.51	45 bps

(1) Distributable income includes an amount of capital expenditure set aside for certain properties (Capex Reserves).

(2) DPU was computed based on the distributable income to Unitholders and excludes Capex Reserves.

(3) Based on 1H 2021's closing price of \$2.490 per Unit as at 30 June 2021.

### Financial Results

Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, is pleased to announce that distributable income for 1H 2021 was \$84.3 million, 12.4% higher compared to 1H 2020. The growth in distributable income was due mainly to contributions from the accretive acquisitions<sup>5</sup> of Amsterdam Data Centre and Kelsterbach Data Centre in Frankfurt, as well as the completion of the asset enhancement initiative works at Keppel DC Singapore 5 and Keppel DC Dublin 1 in 2H 2020, and Keppel DC Dublin 2 and DC 1 in 1Q 2021.

Keppel DC REIT has declared a DPU of 4.924 cents for 1H 2021, 12.5% above 1H 2020's 4.375 cents. Based on the closing price of \$2.490 per Unit on 30 June 2021, Keppel DC REIT's annualised distribution yield was 3.96%.

In keeping with its prudent capital management approach, and to mitigate Keppel DC REIT's exposure to interest rate fluctuations, the Manager has hedged 67% of its borrowings as at 30 June 2021 through floating-to-fixed interest rate swaps, with the remaining unhedged borrowings denominated

<sup>1</sup> By leased area, and 1.6% by rental income. As at 30 Jun 2021, leases expiring for the remainder of the year was 1.7% by leased area and 7.6% by rental income.

<sup>2</sup> The development of IC3 East DC was completed on 13 Jul 2021.

<sup>3</sup> Post-acquisition of Guangdong Data Centre and assuming the acquisition was completed on 30 Jun 2021, portfolio occupancy would be 98.2%. WALE would be 7.3 years by leased area and 5.3 years by rental income.

<sup>4</sup> By leased area, and 4.9 years by rental income as a higher proportion of rental income is from colocation assets, which typically have shorter lease periods.

<sup>5</sup> The acquisitions of Kelsterbach Data Centre and Amsterdam Data Centre were completed in May 2020 and Dec 2020 respectively.

in Euro. Forecasted foreign sourced distributions have also been substantially hedged till 2H 2022 with foreign currency forward contracts, mitigating the impact of currency fluctuations. In addition, the Manager has received commitments to refinance loans due in 4Q 2021.

As at 30 June 2021, Keppel DC REIT's average cost of debt remained competitive at 1.5% per annum and interest coverage ratio was at a healthy level of 12.9 times. Aggregate leverage was 36.7%, providing Keppel DC REIT with a comfortable debt headroom to pursue growth.

### Portfolio Updates

The Manager's continued proactive leasing efforts resulted in new, renewal and expansion leases secured with clients at Keppel DC REIT's Singapore and Dublin data centres, including some leases which were renewed ahead of expiry. This brought portfolio occupancy to 98.0%<sup>6</sup> as at 30 June 2021, with a long WALE of 6.5 years<sup>6,7</sup>. Including the latest renewal lease signed in July 2021, Keppel DC REIT has only 0.8%<sup>8</sup> of leases due to expire for the remainder of the year, and the Manager is proactively in discussions with clients for contracts expiring in 2021 and 2022.

As part of the Manager's ongoing value creation strategy, Keppel DC REIT announced in April 2021 its expanded investment mandate, and the proposed investment<sup>9</sup> in a special purpose vehicle, which will own M1's current mobile, fixed and fibre assets, through a combination of debt securities and preference shares. This investment is in line with Keppel DC REIT's drive to support the global digital economy, and will provide long-term income to Unitholders for 15 years.

The Manager is also pleased to announce the completion of IC3 East DC for a total development cost of A\$26.0 million (approximately S\$26.6 million<sup>10</sup>). Located within the same site in Macquarie Park, IC3 East DC and Intellicentre 2 Data Centre will collectively be renamed Intellicentre Campus. The completion of IC3 East DC will also see the commencement of a new 20-year triple net master lease with Macquarie Data Centres for both data centres at Intellicentre Campus, which will further strengthen stable distributions to Unitholders.

In July 2021, Keppel DC REIT announced that it is tapping onto China's growing digital economy with the acquisition of its first data centre in Jiangmen, Guangdong Province, for RMB 635.9 million (approximately S\$132.0 million<sup>11</sup>), which represents a 7.8% discount to the independent market valuation<sup>12</sup>. Guangdong is one of the top data centre locations in China, with the highest rate of internet and mobile phone usage in Asia Pacific<sup>13</sup>. The facility, Guangdong Data Centre, is the first of six data centre buildings to be completed in the Bluesea Intelligence Valley Mega Data Centre Campus.

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<sup>6</sup> Post-acquisition of Guangdong Data Centre and assuming the acquisition was completed on 30 Jun 2021, portfolio occupancy would be 98.2%. WALE would be 7.3 years by leased area and 5.3 years by rental income.

<sup>7</sup> By leased area, and 4.9 years by rental income as a higher proportion of rental income is from colocation assets, which typically have shorter lease periods.

<sup>8</sup> By leased area, and 1.6% by rental income. As at 30 Jun 2021, leases expiring for the remainder of the year was 1.7% by leased area and 7.6% by rental income.

<sup>9</sup> The proposed transaction is subject to among others, satisfactory due diligence, negotiation and execution of definitive agreements, relevant regulatory approvals and Unitholders' approval.

<sup>10</sup> Based on the exchange rate of A\$1:S\$1.0231, as at 30 Jun 2021.

<sup>11</sup> Based on an exchange rate of RMB 1.00:S\$0.2076 as at 30 Jun 2021.

<sup>12</sup> Based on the valuation by Savills Valuation and Professional Services (S) Pte Ltd, an independent valuation firm appointed by the trustee of Keppel DC REIT, the market value of the property was RMB 690.0 million (approximately S\$143.2 million) as at 1 July 2021.

<sup>13</sup> Guangdong Takes the Lead in 5G, Digital Power Grid Development: [http://en.sasac.gov.cn/2021/01/27/c\\_6528.htm](http://en.sasac.gov.cn/2021/01/27/c_6528.htm)

It is a seven-storey fully-fitted data centre facility with a gross floor area of approximately 20,595 sqm (221,689 sq ft), and will be fully leased back to vendor on a triple net basis<sup>14</sup> for 15 years. As part of the agreement, Keppel DC REIT will have the right of first refusal to acquire the remaining five data centres to be developed within the campus.

In Brisbane, Keppel DC REIT has granted isek Pty Ltd (iseek) the option to purchase its 100% interest<sup>15</sup> in the isek Data Centre for A\$34.5 million (approximately S\$35.3 million<sup>10</sup>), which is 21.5% above the historical cost of the asset at IPO. The option was a key term that was negotiated together with isek's long lease renewal, and is in line with Keppel DC REIT's strategy to continually review and selectively consider divestments to ensure an optimal portfolio mix.

Meanwhile, Keppel DC REIT has been granted a 30-year extension of the leasehold land tenure for Keppel DC Singapore 2 with effect from 1 August 2021.

### **Looking Ahead**

In its June 2021 Global Economic Prospects report, the World Bank expects global economic growth to be 5.6% in 2021, the strongest post-recession pace in 80 years, reflecting sharp rebounds in major economies. That said, the recovery may face certain headwinds given the possibility of further resurgences of the COVID-19 pandemic dampening the resumption of business in many parts of the world. However, experts estimate that 90% of advanced economies are expected to regain pre-pandemic per capita income levels by 2022.

The rapid adoption of technology will continue to boost the digital economy, enhancing global connectivity and will strengthen the data centre landscape. The COVID-19 pandemic has reinforced the resiliency of the data centre sector, which is underpinned by strong digital trends including smart technology implementation, big-data analytics and the increasing use of 5G.

In April 2021, the Manager announced the expansion of Keppel DC REIT's investment mandate to include real estate and assets that support the digital economy. The expanded mandate will provide greater flexibility in evaluating and considering a wider range of opportunities, and for Keppel DC REIT to continue to invest in assets with stable cash flows, attractive yields and accretive returns. Notwithstanding the expanded mandate, Keppel DC REIT will maintain at least 90% of its assets in data centres.

Looking ahead, the Manager will continue to build on its value creation strategy. We will continue to pursue third party acquisition opportunities, as well as leverage Keppel Group's innovation and capabilities in the design, development and management of data centres, to drive further growth for Keppel DC REIT.

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<sup>14</sup> With the exception of applicable real estate tax where the lessee shall bear up to a certain threshold.

<sup>15</sup> Through its wholly-owned subsidiary, KDCR 1 Limited. The option to isek will commence on 1 Aug 2021 and expire on 31 Jul 2026. Keppel DC REIT will make the necessary announcements if and when the option is exercised and the divestment takes place.

## **About Keppel DC REIT ([www.keppeldcreit.com](http://www.keppeldcreit.com))**

Listed on 12 December 2014, 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 and assets necessary to support the digital economy.

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.*