

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
DISTRIBUTION ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2021**CONTENTS

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KEPPEL DC REIT AND ITS SUBSIDIARIES

SUMMARY OF KEPPEL DC REIT RESULTS

	1H 2021 \$'000	1H 2020 \$'000	+/(-) %
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
Distributable Income to Unitholders (DI)	84,256	74,980	12.4
Distribution per Unit (DPU) (cents) ^{1,2}	4.924	4.375	12.5
Annualised Distribution Yield (%) ^{2,3}	3.96	3.51	45bps

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 2021, eligible unitholders will receive a distribution of 4.924 cents per Unit.
- 3 Annualised distribution yields were computed based on 1H 2021 closing unit price of \$2.490.

For details, refer to **Condensed profit and loss and distribution statement and Other Information Paragraph 3 - Review of Performance.**

Distribution	15 th Distribution Distribution for the period from 1 January to 30 June 2021
Distribution type	(a) Taxable Income (b) Tax-exempt Income
Distribution rate	Distribution for the period from 1 January to 30 June 2021 (a) Taxable Income – 2.809 cents per Unit (b) Tax-exempt Income – 1.658 cents per Unit (c) Capital distribution – 0.457 cents per Unit
Distribution amount (\$'000)	80,438
Record Date	3 August 2021
Payment Date	6 September 2021

KEPPEL DC REIT AND ITS SUBSIDIARIES

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 principally 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 and assets necessary to support the digital economy.

On 7 August 2018, Keppel DC REIT entered into an agreement to construct Intellicentre 3 East Data Centre ("IC3 East DC") on the vacant land within the current Intellicentre 2 Data Centre site ("IC2 DC"). The development has been completed on 13 July 2021. Both IC2 DC and IC3 East DC are located within the same site in Macquarie Park, and will be renamed Intellicentre Campus.

On 28 April 2021, Keppel DC REIT entered into a non-binding term sheet with M1 Limited ("M1"), for a proposed investment in debt securities and preference shares into a special purpose vehicle to own M1's network assets.

On 17 May 2021, Keppel DC REIT has granted isseek Pty Ltd the option to purchase its 100% interest in isseek DC. The option was a key term that was negotiated together with its long lease renewal.

As at 30 June 2021, the REIT has a portfolio size of approximately \$3.10 billion. The portfolio comprises 19 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 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 Campus	Australia	(IC 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)	Amsterdam Data Centre	The Netherlands	(Amsterdam DC)
15)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)
16)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)
17)	Milan Data Centre	Italy	(Milan DC)
18)	maincubes Data Centre	Germany	(maincubes DC)
19)	Kelsterbach Data Centre	Germany	(Kelsterbach DC)

On 26 July 2021, Keppel DC REIT announced the acquisition of Guangdong Data Centre, in Jiangmen, Guangdong Province in China for approximately RMB 635.9 million. The legal completion is expected to be in third quarter of 2021.

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

- 1H – Refers to the first half from 1 January to 30 June 2021 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

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT AND LOSS AND DISTRIBUTION STATEMENT For the half year ended 30 June 2021

	1H 2021 \$'000	1H 2020 \$'000	+ / (-) %	Reference
Gross rental income	131,454	119,556	10.0	(i)
Other income	3,693	4,394	(16.0)	(ii)
Gross Revenue	135,147	123,950	9.0	
Property operating expenses	(11,313)	(9,733)	16.2	(iii)
Net Property Income	123,834	114,217	8.4	
Finance income	40	326	(87.7)	
Finance costs	(10,097)	(9,767)	3.4	(iv)
Trustees' fees	(236)	(206)	14.6	
Manager's base fee	(7,605)	(6,620)	14.9	(v)
Manager's performance fee	(4,222)	(3,770)	12.0	(v)
Net gains on derivatives	478	1,959	(75.6)	
Other trust expenses	(2,798)	(7,089)	(60.5)	(vi)
Profit before tax and fair value changes in investment properties	99,394	89,050	11.6	
Net change in fair value of an investment property	(1,168)	-	-	(vii)
Profit before tax	98,226	89,050	10.3	
Tax expenses	(9,077)	(4,723)	92.2	(viii)
Profit after tax	89,149	84,327	5.7	
Attributable to:				
Unitholders	87,527	82,532	6.1	
Non-controlling interests	1,622	1,795	(9.6)	
	89,149	84,327	5.7	
Earnings per Unit (cents)				
- basic and diluted	5.36	5.05	6.1	
<u>Distribution Statement</u>				
Profit after tax attributable to Unitholders	87,527	82,532	6.1	
Net tax and other adjustments	(3,271)	(7,552)	(56.7)	(ix)
Income available for distribution	84,256	74,980	12.4	(x)
Distribution per Unit (cents)	4.924	4.375	12.5	(xi)

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2021 and 2020):

- (i) In 1H 2021, higher gross rental income was mainly due to the full period contribution from Kelsterbach DC, the acquisition of Amsterdam DC as well as asset enhancement initiatives (“AEI”) contributions from Dublin and Singapore assets.
- (ii) In 1H 2021, lower other income was mainly due to the lower rental top up recognised.
- (iii) Included as part of the property operating expenses were the following:

	1H 2021 \$'000	1H 2020 \$'000
Property-related taxes	(1,722)	(1,653)
Facility management costs	(5,591)	(5,108)
Repairs and maintenance	(637)	(502)
Other property-related costs	(3,363)	(2,470)
	<u>(11,313)</u>	<u>(9,733)</u>

- (iv) Included in finance costs were interest expense, amortisation of debt-related transaction costs from borrowings and lease charges recognised.
- (v) Increase in Manager’s base fee and performance fee were mainly due to the full year contribution from Kelsterbach DC, Amsterdam DC, as well as the higher net property income.
- (vi) Included in the lower other trust expenses in 1H 2021 were lower amortisation of intangible assets and higher foreign exchange gains.
- (vii) Net change in fair value of an investment property in 1H 2021 pertains to a revaluation loss of isseek DC based on an independent valuation obtained from a third party valuer.
- (viii) Tax expenses comprise (a) tax in relation to the taxable income that are not accorded full tax transparency treatment, (b) tax expenses of the Group’s overseas properties, and (c) net deferred tax expenses recognised on tax losses carried forward and fair value changes in investment properties.
- (ix) Included in the net tax and other adjustments were the following:

	1H 2021 \$'000	1H 2020 \$'000
Trustee’s fees	195	169
Rental income adjustment on a straight-line basis	(758)	(1,401)
Amortisation of capitalised transaction costs	445	208
Net change in fair value of an investment property	1,168	-
Foreign exchange (gains) / losses	(1,359)	1,174
Deferred tax	3,117	1,191
Amortisation of intangible assets	2,723	3,449
Other net adjustments	(8,802)	(12,342)
Net tax and other adjustments	<u>(3,271)</u>	<u>(7,552)</u>

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

- (x) Higher DI in 1H 2021 was mainly due to the full year contribution from Kelsterbach DC and Amsterdam DC as well as asset enhancement initiatives contributions from Dublin and Singapore assets.
- (xi) The DPU was computed based on DI (Note x) 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 2021, eligible unitholders will receive a distribution of 4.924 cents per Unit.

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2021 and 2020):

(xi) Consolidated Earnings Per Unit and Distribution Per Unit

	1H 2021	1H 2020
<u>Earnings per Unit (EPU)</u>		
EPU (basic and diluted) (cents)	5.36	5.05
Weighted average number of Units ¹	1,633,438,555	1,632,763,194
Profit after tax ² (\$'000)	87,527	82,532
<u>Distribution per Unit (DPU)</u>		
DPU³ (cents)	4.924	4.375
Total number of Units in issue at end of period	1,633,593,886	1,632,919,713
Income available for distribution to Unitholders (\$'000)	84,256	74,980

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 after tax for the period.
- 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 2021, eligible unitholders will receive a distribution of 4.924 cents per Unit.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2021

	1H 2021 \$'000	1H 2020 \$'000	+/(-) %
Profit after tax	89,149	84,327	5.7
Other comprehensive income			
Movement in fair value of cash flow hedges	10,448	(18,627)	Nm
Foreign currency translation movement	10,508	11,014	(4.6)
Total other comprehensive income/(loss)	20,956	(7,613)	Nm
Total comprehensive income	110,105	76,714	43.5
Attributable to:			
Unitholders	108,488	74,904	44.8
Non-controlling interests	1,617	1,810	(10.7)
	110,105	76,714	43.5

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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED BALANCE SHEETS

As at 30 June 2021

	Note	Group			Trust			Reference
		30-Jun-21 \$'000	31-Dec-20 \$'000	+ / (-) %	30-Jun-21 \$'000	31-Dec-20 \$'000	+ / (-) %	
Non-current assets								
Investment properties	4	3,086,204	3,005,038	2.7	486,427	483,182	0.7	i
Property under development		27,550	24,676	11.6	-	-	-	ii
Investment in subsidiaries	5	-	-	-	2,013,877	1,946,969	3.4	iii
Loans to subsidiaries		-	-	-	353,403	332,493	6.3	iii
Trade and other receivables		13,241	13,161	0.6	-	-	-	iv
Derivative financial assets		376	39	>100.0	347	39	>100.0	v
Deferred tax assets		2,294	2,353	(2.5)	-	-	-	vi
Total non-current assets		3,129,665	3,045,267	2.8	2,854,054	2,762,683	3.3	
Current assets								
Trade and other receivables		63,981	54,381	17.7	19,184	45,238	(57.6)	iv
Intangible assets		-	2,723	(100.0)	-	2,723	(100.0)	vii
Derivative financial assets		102	34	>100.0	102	34	>100.0	v
Tax recoverables		-	3,036	(100.0)	-	-	-	xi
Cash and cash equivalents		208,709	244,387	(14.6)	105,627	116,711	(9.5)	
Total current assets		272,792	304,561	(10.4)	124,913	164,706	(24.2)	
TOTAL ASSETS		3,402,457	3,349,828	1.6	2,978,967	2,927,389	1.8	
Current liabilities								
Loans from subsidiaries		-	-	-	213,551	127,914	66.9	viii
Loans and borrowings	6	214,635	144,316	48.7	-	-	-	ix
Derivative financial liabilities		2,726	2,362	15.4	2,066	1,986	4.0	v
Trade and other payables		78,677	79,951	(1.6)	18,731	19,622	(4.5)	x
Provision for taxation		7,984	6,989	14.2	2,836	2,913	(2.6)	xi
Total current liabilities		304,022	233,618	30.1	237,184	152,435	55.6	
Non-current liabilities								
Loans from subsidiaries		-	-	-	984,358	1,022,486	(3.7)	viii
Loans and borrowings	6	1,002,607	1,043,604	(3.9)	7,627	11,182	(31.8)	ix
Derivative financial liabilities		12,799	24,447	(47.6)	283	1,227	(76.9)	v
Provision		21,228	21,100	0.6	-	-	-	xii
Deferred tax liabilities		48,044	44,817	7.2	8,136	8,136	-	vi
Total non-current liabilities		1,084,678	1,133,968	(4.3)	1,000,404	1,043,031	(4.1)	
TOTAL LIABILITIES		1,388,700	1,367,586	1.5	1,237,588	1,195,466	3.5	
NET ASSETS		2,013,757	1,982,242	1.6	1,741,379	1,731,923	0.5	
Represented by:								
Unitholders' funds	7	1,976,136	1,944,652	1.6	1,741,379	1,731,923	0.5	
Non-controlling interests		37,621	37,590	0.1	-	-	-	xiii
		2,013,757	1,982,242	1.6	1,741,379	1,731,923	0.5	
Net asset value per Unit (\$)		1.21	1.19	1.7	1.07	1.06	0.9	xiv
Aggregate leverage /		36.7	36.2	50bps	Nm	Nm	Nm	xv
Deposited properties (%)								

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference:

Net Asset Value (NAV) / Net Tangible Asset (NTA) Per Unit

	Group	
	As at 30 Jun 21	As at 31 Dec 20
NAV¹ per Unit² (\$)	1.21	1.19
Adjusted NAV ¹ per unit ² (excluding the distributable income)	1.16	1.14
NTA¹ per Unit² (\$)	1.21	1.19
Adjusted NTA ¹ per unit ² (excluding the distributable income)	1.16	1.14

- 1 This excludes the non-controlling interests' share of net asset value / net tangible asset and profit and loss after tax for the period.
- 2 The NAV per Unit and the NTA per Unit were computed based on the issued Units at the end of the financial period.

KEPPEL DC REIT AND ITS SUBSIDIARIES

Balance sheet analysis

- i Included in the investment properties were leases of \$21.1 million (2020: \$24.1 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>As at 30 Jun 21</u> <u>(\$'000)</u>	<u>As at 31 Dec 20</u> <u>(\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	307,492	305,528
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051	178,933	177,653
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 [^]	269,102	268,626
Keppel DC Singapore 4	Leasehold, expiring 30 June 2050	387,317	387,250
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041	360,581	360,000
DC1	Leasehold, expiring 31 July 2044	266,681	212,000
Basis Bay Data Centre	Freehold	23,191	23,630
Gore Hill Data Centre	Freehold	213,355	205,810
Intellicentre Campus	Freehold*	60,363	58,239
iseek Data Centre	Leasehold, expiring 29 June 2047 [^]	44,585	43,897
GV7 Data Centre	Leasehold, expiring 28 Sept 2183	69,775	66,346
Cardiff Data Centre	Freehold	68,416	65,054
Almere Data Centre	Freehold	151,860	150,946
Amsterdam Data Centre	Freehold	45,139	44,867
Keppel DC Dublin 1	Leasehold, expiring 31 Dec 2998	154,762	153,670
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	144,096	143,014
Milan Data Centre	Freehold	61,582	61,212
maincubes Data Centre	Freehold	151,618	150,706
Kelsterbach Data Centre	Freehold	127,356	126,590
		<u>3,086,204</u>	<u>3,005,038</u>

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

* Exclude IC3 East DC which is classified under property under development

- ii Property under development pertains to costs capitalised for IC3 East DC according to construction progress till date.
- iii These relate to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.
- iv 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.
- v 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.
- vi 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.
- vii This relates to intangible assets with finite useful lives recognised in relation to a rental top up provided by the vendors. As of 30 June 2021, the rental top up has been fully utilised.
- viii These relate to loans from subsidiaries. The higher balances as at 30 June 2021 were mainly due to the additional loans drawn.
- ix These relate to external borrowings of \$1,197.9 million, lease liabilities pertaining to land rent commitments and options, and capitalised debt-related transaction costs. The higher external borrowings as at 30 June 2021 were mainly due to proceeds drawn from new bank borrowings.
- x Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.
- xi 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.
- xii This relates to a provision for contractual obligation assumed on the acquisition of a subsidiary. An amount of cash was set aside by the vendor to settle part of the provision and the remaining amount is recoverable from a related corporation.
- xiii This relates to the non-controlling interests' share of net assets.
- xiv This excludes the non-controlling interests' share of net assets.
- xv Aggregate leverage relates to the \$1,197.9 million external borrowings drawn down 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 37.0% (31 December 2020: 36.7%).

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the half year ended 30 June 2021

GROUP (2021)	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 2021		1,859,299	14,594	(23,595)	(95,751)	190,105	1,944,652	37,590	1,982,242
Operations									
Profit after tax for the period		-	-	-	-	87,527	87,527	1,622	89,149
Net increase in net assets resulting from operations		-	-	-	-	87,527	87,527	1,622	89,149
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(78,308)	(78,308)	-	(78,308)
Payment of management fees in Units		1,304	-	-	-	-	1,304	-	1,304
Net decrease in net assets resulting from Unitholders' transactions		1,304	-	-	-	(78,308)	(77,004)	-	(77,004)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,586)	(1,586)
Other comprehensive income									
Movement in hedging reserve	1	-	-	10,448	-	-	10,448	-	10,448
Foreign currency translation movement	1	-	10,513	-	-	-	10,513	(5)	10,508
Net increase in other comprehensive income		-	10,513	10,448	-	-	20,961	(5)	20,956
At 30 June 2021		1,860,603	25,107	(13,147)	(95,751)	199,324	1,976,136	37,621	2,013,757

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 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

For the half year ended 30 June 2021

GROUP (2020)	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 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 decrease 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	11,014
Net decrease in other comprehensive income		-	10,999	(18,627)	-	-	(7,628)	15	(7,613)
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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

For the half year ended 30 June 2021

TRUST (2021)	Note	Unit in Issue \$'000	Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Losses \$'000	Unitholders' Funds \$'000
At 1 January 2021		1,859,299	-	(95,751)	(31,625)	1,731,923
Operations						
Profit after tax for the period		-	-	-	86,460	86,460
Net increase in net assets resulting from operations		-	-	-	86,460	86,460
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(78,308)	(78,308)
Payment of management fees in Units		1,304	-	-	-	1,304
Net decrease in net assets resulting from Unitholders' transactions		1,304	-	-	(78,308)	(77,004)
At 30 June 2021		1,860,603	-	(95,751)	(23,473)	1,741,379

TRUST (2020)	Note	Unit in Issue \$'000	Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Losses \$'000	Unitholders' Funds \$'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 decrease 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

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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2021

	1H 2021 \$'000	1H 2020 \$'000
Operating activities		
Profit after tax for the financial period	89,149	84,327
Adjustments for:		
Tax expenses	9,077	4,723
Finance income	(40)	(326)
Finance costs	10,097	9,767
Net change in fair value of derivatives	(1,241)	-
Amortisation of intangible assets	2,723	3,449
Net change in fair value of an investment property	1,168	-
Management fees payable in Units	1,071	857
Unrealised currency translation differences	(14,743)	(5,436)
	<u>97,261</u>	<u>97,361</u>
Changes in working capital:		
- Trade and other receivables	(10,052)	23,799
- Trade and other payables	(5,699)	(22,296)
Cash generated from operations	<u>81,510</u>	<u>98,864</u>
Net tax paid	(1,823)	(9,357)
Net cash generated from operating activities	<u>79,687</u>	<u>89,507</u>
Cash flows from investing activities		
Acquisition of interests in investment properties (Note A)	-	(100,786)
Acquisition of a subsidiary, net of cash acquired (Note B)	-	7,920
Additions to investment properties	-	(2,366)
Capital expenditures on investment properties	(60,160)	(7,832)
Net cash used in investing activities	<u>(60,160)</u>	<u>(103,064)</u>
Cash flows from financing activities		
Proceeds from borrowings	65,046	238,289
Capital contribution from a non-controlling interest	-	2,608
Payment of financing transaction costs	(186)	(600)
Repayment of borrowings	(29,125)	(75,297)
Payment of lease liabilities	-	(51,050)
Finance costs paid	(9,347)	(9,070)
Distributions paid to Unitholders	(78,308)	(31,832)
Dividends paid to non-controlling interests	(1,586)	(2,516)
Net cash (used in)/generated from financing activities	<u>(53,506)</u>	<u>70,532</u>
Net (decrease)/increase in cash and cash equivalents	<u>(33,979)</u>	<u>56,975</u>
Cash and cash equivalents at beginning of period	244,387	155,876
Effects of exchange rate fluctuations on cash held	(1,699)	(7,684)
Cash and cash equivalents at end of period	<u>208,709</u>	<u>205,167</u>

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Note A – Acquisition of interests in investment properties

In May 2020, Keppel DC REIT completed the acquisition of Kelsterbach DC. 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.

Note B – Acquisition of a subsidiary, net of cash acquired

Keppel DC REIT completed the acquisition of Borchveste Almere B.V. in May 2020. This represented the effect on the cash flows of the Group after net of consideration paid, assets acquired and liabilities assumed.

Cash flow analysis (1H 2021 vs 1H 2020)

Net cash generated from operating activities for the 1H 2021 was \$79.7 million, \$9.8 million lower than the \$89.5 million for the corresponding period last year. This was mainly due to higher working capital requirements.

Net cash used in investing activities for 1H 2021 was \$60.2 million, comprising mainly of capital expenditures which include completion of fit-out works for DC1. Net cash used in investing activities for the corresponding period last year was \$103.1 million, comprising mainly the acquisition of Kelsterbach DC, remaining 999-year interest in KDC DUB 1, an upfront land premium paid for KDC SGP 4 and capital expenditures.

The Group recorded net cash used in financing activities of \$53.5 million in 1H 2021 as compared to net cash generated from financing activities of \$70.5 million for the corresponding period last year. Net cash used in 1H 2021 was mainly due to distributions paid to Unitholders and repayment of borrowings and finance costs, partially offset by proceeds from borrowings. Net cash generated from 1H 2020 was mainly due to proceeds from borrowings, partially offset by distributions paid to Unitholders, repayment of borrowings and finance costs.

Usage of proceeds of the Equity Fund Raising

Further to the announcement dated 26 January 2021 titled “Unaudited Results for the Year ended 31 December 2020 (the Announcement), the Manager wishes to update that the remaining net proceeds raised from the Equity Fund Raising (the Net Proceeds) have been fully utilised.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

1 GENERAL

Keppel DC REIT is a Singapore-domiciled real estate investment trust constituted by the trust deed dated 17 March 2011 (as amended) (the "Trust Deed") between Keppel DC REIT Management Pte. Ltd. and AEP Investment Management Pte. Ltd., together as Trustee-Managers.

Pursuant to the Deed of Appointment and Retirement dated 24 October 2014, the Trustee-Managers were replaced by Keppel DC REIT Management Pte. Ltd. (the "Manager"). Meanwhile, Perpetual (Asia) Limited (the "Trustee") was appointed as the trustee of the Trust on 24 October 2014.

The Trust Deed is governed by the laws of The Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Group in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981 and 16 Collyer Quay #07-01, Singapore 049318 respectively.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 December 2014 and was included under the Central Provident Fund ("CPF") Investment Scheme on 12 December 2014.

The principal activity of the Trust is to principally 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 and assets necessary to support the digital economy.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

This condensed consolidated interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 Interim Financial Reporting (SFRS (I) 1-34). This condensed interim financial statements do not include all the disclosures included in the Group's financial report. Accordingly, this report should be read in conjunction with the Group's Annual Report for the financial year ended 31 December 2020 and any public announcements made by Keppel DC REIT during the interim reporting period.

2.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2020, except for the adoption of new and revised standards effective as of 1 January 2021.

The following are the new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

2.3 Significant Accounting Estimates and Judgements

In the process of applying the Group's accounting policies, there is no instance of application of judgements with significant updates since the audited financial statements as at 31 December 2020 and this is not expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and with significant updates since the audited financial statements as at 31 December 2020 are disclosed in Note 9 Fair Value of Assets and Liabilities.

3 SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

4 INVESTMENT PROPERTIES

	Group	
	2021 \$'000	2020 \$'000
At 1 January	3,005,038	2,637,026
Acquisitions ^(a)	-	173,455
Additions ^(b)	248	45,301
Capital expenditure	60,160	59,557
Net change in fair value ^(c)	(1,168)	25,612
Currency translation differences	21,926	64,087
At 30 June 2021 / 31 December 2020	3,086,204	3,005,038

- (a) Keppel DC REIT completed the acquisitions of Kelsterbach DC and Amsterdam DC on 1 May 2020 and 24 December 2020 respectively. These acquisitions have been accounted for as asset acquisitions.
- (b) The additions include transaction-related costs and any costs other than capital expenditures capitalised as part of the investment properties.
- (c) On 17 May 2021, Keppel DC REIT has granted an option to purchase to iseek Pty Ltd to purchase iseek DC and management has obtained a separate independent valuation for iseek DC as at 30 June 2021. Net change in fair value of an investment property in 1H 2021 pertain to revaluation loss of iseek DC based on independent valuation obtained from third party valuer.
- (d) For the unaudited half year results for the period ended 30 June 2021, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2020 taking into account progress payments and capitalised expenditure made during the six-month period, with the exception for iseek DC.

The valuations are based on the information available as at the date of valuation. Certain valuation reports have highlighted that with the uncertainty of COVID-19 outbreak, values may change more rapidly and significantly than during normal market conditions.

5 INVESTMENT IN SUBSIDIARIES

For the financial period from 1 January 2021 to 30 June 2021, Keppel DC REIT established 4 wholly-owned subsidiaries¹. Each of their principal activity is to serve as an investment holding company. Three subsidiaries are incorporated in Singapore, being (i) KDCR Singapore 2 Pte. Ltd., (ii) KDCR Two Pte. Ltd., and (iii) KDCR Three Pte. Ltd., each with a share capital of approximately S\$1.00. One subsidiary is incorporated in the Netherlands, being KDCR Netherlands 6 B.V. with a share capital of EUR 1.00.

¹ Disclosed pursuant to Rule 706A of the Listing Manual of the SGX-ST.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

6 LOANS AND BORROWINGS

	Group	
	As at 30 Jun 21 \$'000	As at 31 Dec 20 \$'000
<u>Secured borrowings¹</u>		
Amount repayable within one year	-	15,356
	-	15,356
<u>Unsecured borrowings²</u>		
Amount repayable within one year	213,551	127,914
Amount repayable after one year	984,358	1,022,486
	1,197,909	1,150,400
Total borrowings	1,197,909	1,165,756
Capitalised transactions costs of debt financing	(1,766)	(1,991)
<u>Lease liabilities</u>		
Within one year	1,084	1,046
After one year	20,015	23,109
Total loans and borrowings	1,217,242	1,187,920

Note:

- These borrowings were taken over as part of the acquisition of Amsterdam DC and have been fully repaid in early January 2021.
- Keppel DC REIT has unsecured borrowings of approximately \$724.5 million (2020: \$681.1 million) and \$312.2 million (2020: \$309.2 million) and \$161.2 million (2020: \$160.1 million) under its term loan facilities, revolving credit facilities and Multicurrency Debt Issuance Programme respectively.

As at 30 June 2021, the Group had total borrowings of approximately \$1,197.9 million and unutilised facilities of approximately \$397.7 million to meet its future obligations. The all-in average interest rate for borrowings was 1.5% per annum for the financial period ended 30 June 2021.

7 UNITHOLDERS' FUNDS

Units in Issue

GROUP AND TRUST	1 Jan 21 to 30 Jun 21	1 Jan 20 to 31 Dec 20
	No. of Units	No. of Units
Issued Units as at beginning of period	1,633,120,606	1,632,395,361
Management fees paid in Units	473,280	725,245
Issued Units as at end of period	1,633,593,886	1,633,120,606

Total number of issued units

Keppel DC REIT did not hold any treasury units as at 30 June 2021 and 31 December 2020.

	Group	
	As at 30 Jun 21	As at 31 Dec 20
Total number of issued Units	1,633,593,886	1,633,120,606

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2021

8 RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group when the Group has the ability, whether directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice-versa, or where the Group and the party are subject to common control or with a Unitholder that has significant influence. Other than disclosed elsewhere in the financial statements, the following are significant transactions with related parties on terms agreed between the parties.

	Group	
	1H 2021	1H 2020
	\$'000	\$'000
Fixed rental income from related corporations	14,341	12,561
Variable rental income from related corporations	49,594	50,311
Management base fees to the Manager	(7,605)	(6,620)
Management performance fees to the Manager	(4,222)	(3,770)
Acquisition and development management fees to the Manager	(1,637)	(1,928)
Facility management fees to related corporations	(2,004)	(2,033)
Support services fee to a related corporation	(158)	(133)
Recoverables in relation to an obligation assumed from a related corporation	–	13,161
Purchase consideration paid to a related corporation in relation to an interest in KDC SGP 4	–	(503)

9 FAIR VALUE OF ASSETS AND LIABILITIES

Determination of fair values

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

Investment properties

External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment properties portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental revenue of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of clients actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of expected future principal and interest cash flows, where the discount rate is computed from the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities with a maturity of less than one period (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

The carrying amounts of the Trust's interest-bearing amounts owing by subsidiaries are assumed to approximate their fair values because of the short period to maturity.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

9 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Fair value hierarchy

The table below analyses fair value measurements for financial assets, financial liabilities and non-financial assets carried at fair value. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

Assets and liabilities carried at fair value

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
30 June 2021				
Derivative financial assets	-	478	-	478
Investment properties	-	-	3,086,204	3,086,204
	-	478	3,086,204	3,086,682
Derivative financial liabilities	-	(15,525)	-	(15,525)
31 December 2020				
Derivative financial assets	-	73	-	73
Investment properties	-	-	3,005,038	3,005,038
	-	73	3,005,038	3,005,111
Derivative financial liabilities	-	(26,809)	-	(26,809)
Trust				
30 June 2021				
Derivative financial assets	-	449	-	449
Investment properties	-	-	486,427	486,427
	-	449	486,427	486,876
Derivative financial liabilities	-	(2,349)	-	(2,349)
31 December 2020				
Derivative financial assets	-	73	-	73
Investment properties	-	-	483,182	483,182
	-	73	483,182	483,255
Derivative financial liabilities	-	(3,213)	-	(3,213)

There were no transfers between levels of the fair value hierarchy for the Group in the first half ended 30 June 2021.

Movement in Level 3 fair value of investment property for the financial period is as shown in Note 4.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

9 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Assets and liabilities carried at fair value (cont'd)

Level 3 fair values

The following table shows the valuation techniques and the significant unobservable inputs used in the determination of fair value as at 31 December 2020.

<u>Valuation method</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Investment properties – data centres		
Capitalisation approach	Capitalisation rate: 4.95% to 10.12%	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 5.04% to 11.50% Terminal yield rate: 5.25% to 14.35%	The estimated fair value varies inversely against the discount rate and terminal yield rate.

Fair value

The basis for fair value measurement of financial assets and liabilities is set out above. The carrying amounts of other financial assets and liabilities approximate their fair values.

The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account, determined annually by independent professional valuers based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Factors taken into consideration in this assessment included the Group's high portfolio occupancy with a long weighted average lease expiry. The Group's tenant portfolio is underpinned by large established companies from diversified sectors. Additionally, data centre is a resilient asset class that supports the digital economy, demand is expected to hold up as data centres support mission critical operations and data traffic is not expected to decrease due to cloud and technological adoption as more work and transact from home.

Management has assessed that the inputs and assumptions used by the independent valuers in their valuation techniques based on the latest valuations such as occupancy rate, cashflows, capitalisation rate and discount rate, remains appropriate and reflect the current market conditions. A full revaluation of the Group's investment properties will be performed for the financial year ending 31 December 2021, in line with the Property Fund Guidelines on annual valuation.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

10 SEGMENTAL INFORMATION

By type of asset class (\$'000)	1H 2021			Total
	Colocation	Fully-fitted	Shell and core	
Gross revenue	93,395	27,615	14,137	135,147
Net property income	82,719	27,854	13,261	123,834
Finance income	39	-	1	40
Finance costs	(5,574)	(2,573)	(1,677)	(9,824)
Amortisation of intangible assets	(2,723)	-	-	(2,723)
Net change in fair value of investment property ¹	-	(1,168)	-	(1,168)
Reportable segment profit before tax	73,709	23,725	11,286	108,720
Unallocated amounts:				
- Finance costs				(273)
- Other corporate expenses:				(10,221)
Profit before tax				98,226
By type of asset class (\$'000)	Colocation	Fully-fitted	Shell and core	Total
Segment assets	1,998,716	720,917	606,505	3,326,138
Other unallocated amounts				76,319
Consolidated assets				3,402,457
Segment liabilities	598,991	349,587	426,321	1,374,899
Other unallocated amounts				13,801
Consolidated liabilities				1,388,700
Other segment items:				
Capital expenditures / Additions	5,202	54,929	2,013	62,144

By type of asset class (\$'000)	1H 2020			Total
	Colocation	Fully-fitted	Shell and core	
Gross revenue	90,367	22,713	10,870	123,950
Net property income	81,242	22,618	10,357	114,217
Finance income	321	-	5	326
Finance costs	(6,033)	(1,881)	(1,802)	(9,716)
Amortisation of intangible assets	(3,449)	-	-	(3,449)
Net change in fair value of investment property	-	-	-	-
Reportable segment profit before tax	72,525	19,830	6,671	99,026
Unallocated amounts:				
- Finance costs				(51)
- Other corporate expenses:				(9,925)
Profit before tax				89,050
By type of asset class (\$'000)	Colocation	Fully-fitted	Shell and core	Total
Segment assets	1,991,874	561,016	680,192	3,233,082
Other unallocated amounts				116,746
Consolidated assets				3,349,828
Segment liabilities	605,900	303,061	431,834	1,340,795
Other unallocated amounts				26,791
Consolidated liabilities				1,367,586
Other segment items:				
Capital expenditures / Additions	85,584	71	43,879	129,534

Note:

1 Pertains to a revaluation loss of isseek DC based on an independent valuation obtained from a third party valuer.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

10 SEGMENTAL INFORMATION (CONT'D)

By geographical area

	1H 2021	1H 2020
	\$'000	\$'000
<u>Gross Revenue</u>		
- Singapore	79,600	78,397
- Australia	15,311	14,115
- Ireland	15,577	11,923
- Germany	9,634	6,580
- Other countries	15,025	12,935
Total gross revenue	135,147	123,950

Major Customers

Revenue of \$73.6 million (1H 2020: \$74.4 million) were derived from 2 separate clients from Singapore and Australia (1H 2020: Singapore and Australia).

Investment Properties

	As at 30 Jun 21	As at 31 Dec 20
	\$'000	\$'000
- Singapore	1,770,106	1,711,057
- Australia	318,303	307,946
- Ireland	298,858	296,684
- Germany	278,974	277,296
- Other countries	419,963	412,055
Total value of investment properties	3,086,204	3,005,038

11 SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION

For the half year ended 30 June 2021

1 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.

2 AUDITORS' REPORT

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

Not applicable.

3 REVIEW OF PERFORMANCE

Review of the Performance between 2021 and 2020 results

1H 2021 vs 1H 2020

Gross rental income for 1H 2021 was \$131.5 million, an increase of \$11.9 million or 10.0% from 1H 2020 of \$119.6 million. This was mainly contributed by the full period contribution from Kelsterbach DC, the acquisition of Amsterdam DC and the additional income from the asset enhancement initiatives at Singapore and Dublin assets.

Other income of \$3.7 million was \$0.7 million lower than 1H 2020 due to lower rental top up income recognised.

Property operating expenses for 1H 2021 was \$11.3 million, an increase of \$1.6 million or 16.2% from 1H 2020 of \$9.7 million. This was mainly due to higher property-related expenses recorded at KDC DUB 1 and Gore Hill DC.

Net property income of \$123.8 million for 1H 2021 was \$9.6 million or 8.4% higher than 1H 2020.

Profit after tax for 1H 2021 was \$89.1 million, an increase of \$4.8 million or 5.7% as compared to 1H 2020 of \$84.3 million. This was mainly due to higher net property income, partially offset by higher finance costs and higher Manager's fees.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION

For the half year ended 30 June 2021

4 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 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 outlook remains rather subjective given the possibility of further resurgences of the COVID-19 pandemic. 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, large-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.

5 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.

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Operational risk

Measures have been put in place to ensure the sustainability of net property income. These measures include steps taken to discuss on early renewals with clients, manage expenses, actively monitor contractual payments from clients and continuously evaluate the Group's counterparties.

In addition, the Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, 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.

In view of the current COVID-19 pandemic, the Manager has activated business continuity plans and implemented extensive safety measures to ensure continued operations with minimal disruption and loss.

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.

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For the half year ended 30 June 2021

6 DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Name of distribution:	<u>15th</u> Distribution Distribution for the period from 1 January to 30 June 2021
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	Distribution for the period from 1 January to 30 June 2021 (a) Taxable income – 2.809 cents per Unit (b) Tax-exempt income – 1.658 cents per Unit (c) Capital Distribution – 0.457 cents per Unit
Distribution amount (\$'000):	80,438
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> <p>(c) <u>Capital distribution</u></p> <p>Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel DC REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Keppel DC REIT Units for Singapore income tax purposes.</p>

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For the half year ended 30 June 2021

(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>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:	(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 15th Distribution will be closed at 5.00 p.m. on 3 August 2021 for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the distribution is payable: 6 September 2021

7 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

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For the half year ended 30 June 2021

8 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 2021 \$'000	1H 2020 \$'000
Temasek Holdings Group		
- Rental income	9,083	9,011
Keppel Corporation Limited and its subsidiaries		
- Variable rental income	48,263	48,793
- Facility management and property management fees	1,950	1,971
- Manager's management fees	11,827	10,390
- Manager's acquisition and development management fees	1,637	1,928
- Rental top up income	2,723	3,449
- Support services fees	313	267
Perpetual (Asia) Limited		
- Trustee fees	195	169

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

9 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.

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For the half year ended 30 June 2021

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 / Chiam Yee Sheng

Joint Company Secretaries

26 July 2021

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For the half year ended 30 June 2021

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 2021 to 30 June 2021 to be false or misleading in any material respects.

On behalf of the Board,



Christina Tan Hua Mui
Chairman



Lee Chiang Huat
Director

26 July 2021