

Keppel DC REIT Management Pte Ltd

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MEDIA RELEASE

Unaudited Results of Keppel DC REIT for the Second Half and Full Year Ended 31 December 2021

24 January 2022

The Directors of Keppel DC REIT Management Pte. Ltd., as Manager of Keppel DC REIT, are pleased to announce the unaudited results of Keppel DC REIT for the second half and full year ended 31 December 2021.

The materials are also available at www.keppeldcreit.com, www.keppeltt.com.sg, www.kepcapital.com and www.kepcorp.com.

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Keppel DC REIT achieves 7.4% y-o-y growth in DPU for FY 2021

Key Highlights

- Distribution per Unit (DPU) of 9.851 cents for FY 2021, a 7.4% increase from FY 2020
- Higher distributable income (DI) in FY 2021 underpinned by contributions from new acquisitions and higher asset occupancies largely contributed by the completion of asset enhancement initiatives
- Keen focus on value creation with a record number of four accretive acquisitions and investments across strategic markets within one year
- Maintained stable portfolio metrics with high portfolio occupancy of 98.3% and long weighted average lease expiry of 7.5 years by leased area

(\$'000)	2H 2021	2H 2020	Change %	FY 2021	FY 2020	Change %
Gross Revenue	135,918	141,621	(4.0)	271,065	265,571	2.1
Property Expenses	(11,598)	(11,672)	(0.6)	(22,911)	(21,405)	7.0
Net Property Income	124,320	129,949	(4.3)	248,154	244,166	1.6
Distributable Income	87,350	81,935	6.6	171,606	156,915	9.4
DPU⁽¹⁾ (cents)	4.927	4.795	2.8	9.851	9.170	7.4
Distribution Yield ⁽²⁾ (%)				3.99	3.71	28bps

(1) DPU was computed based on the distributable income to Unitholders and excludes capex reserves set aside. Keppel DC REIT has paid an advanced distribution of 1.421 cents per Unit to eligible Unitholders on 20 October 2021 for the period from 1 July to 22 August 2021 in connection with the private placement launched on 12 August 2021. For the period from 23 August to 31 December 2021, eligible Unitholders will receive a distribution of 3.506 cents per Unit.

(2) Based on FY 2021's closing price of \$2.470 per Unit.

Financial Review

Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, is pleased to announce that Keppel DC REIT has achieved DI of \$87.4 million for the second half of 2021 (2H 2021), bringing DI for FY 2021 to \$171.6 million.

The 9.4% year-on-year (y-o-y) growth in DI was supported by contributions from new acquisitions including Kelsterbach Data Centre in Germany (May 2020), Amsterdam Data Centre (December 2020) and Eindhoven Campus (September 2021) in the Netherlands; the completion of Intellicentre 3 East Data Centre (IC3 East DC) development at Intellicentre Campus in Sydney, Australia in July 2021; as well as the completion of asset enhancement initiatives at data centres in Dublin and Singapore in 1Q 2021.

Accordingly, Keppel DC REIT has declared a DPU of 4.927 cents for 2H 2021, which includes the advanced distribution of 1.421 cents per Unit in relation to the private placement in August 2021. This brought DPU for FY 2021 to 9.851 cents, a 7.4% increase from 9.170 cents in FY 2020.

Portfolio Review

Value creation remained a priority for Keppel DC REIT as the Manager continued to deliver on acquisitions and portfolio optimisation efforts, in line with its aim to grow its portfolio of data centre assets, with at least 90% of its assets under management (AUM) invested in data centres.

In September 2021, Keppel DC REIT acquired Eindhoven Campus, its third data centre in the Netherlands. In December 2021, Keppel DC REIT completed the acquisition of Guangdong Data Centre, marking its maiden entry into the data centre market in China. It has also completed its investment in bonds and preference shares issued by M1 Network Private Limited. Keppel DC REIT ended 2021 with the announcement of the acquisition of London Data Centre in Bracknell, which will strengthen its foothold in the top global data centre hub of London. The acquisition was completed in January 2022.

In July 2021, the Manager completed the development of IC3 East DC, which saw the commencement of a new 20-year triple net master lease with Macquarie Data Centres for both Intellicentre 2 Data Centre and IC3 East DC, collectively renamed as Intellicentre Campus, which will further strengthen stable distributions to Unitholders. In 3Q 2021, Keppel DC REIT completed the divestment of iseek Data Centre in Brisbane, which is in line with Keppel DC REIT's strategy to continually review and selectively consider divestments to ensure an optimal portfolio mix.

The value creation initiatives, combined with portfolio valuation uplifts, saw Keppel DC REIT's AUM grow to \$3.4 billion as at 31 December 2021, up from \$3.0 billion a year ago. Assuming the acquisition of London Data Centre was completed in 2021, Keppel DC REIT's AUM would be \$3.5 billion as at 31 December 2021.

As part of its proactive asset and lease management efforts, the Manager concluded new, renewal and expansion leases for the data centres, with leases renewed ahead of expiry. As at 31 December 2021, the portfolio occupancy rate was 98.3%, the highest since the IPO listing in December 2014 with a long weighted average lease expiry (WALE) of 7.5 years by leased area, a 10.3% increase from a year ago. The improved portfolio performance was driven by active acquisitions and strong asset management, which is in line with the goal to provide stable and long-term income to Unitholders.

Capital Management

In 4Q 2021, the Manager extended two SGD-denominated loans amounting to S\$275 million for two years until 2027; and another GBP-denominated loan of GBP 11.2 million for five years until 2027. Keppel DC REIT also obtained a six-year revolving credit facility of S\$150 million and a five-year RMB 400 million credit facility during the quarter.

As at end-2021, Keppel DC REIT's average cost of debt remained low at 1.6% per annum and interest coverage ratio is high at 10.8 times. Aggregate leverage remained healthy at 34.6%, and the debt maturity profile well-spread at 3.9 years.

The Manager continues to monitor risk exposure to interest rate fluctuations and safeguard against evolving market conditions. Approximately 74% of the REIT's borrowings have been hedged through floating-to-fixed interest rate swaps, with the remaining unhedged borrowings in Euro. Keppel DC

REIT's forecasted foreign sourced distributions have also been substantially hedged with foreign currency forward contracts until 1H 2023 to enhance the stability of distributions to Unitholders.

Ensuring Sustainable Growth

Adopting a holistic approach in managing its business, Keppel DC REIT also considers material environmental, social and governance (ESG) issues in its business strategy and operations guided by the three thrusts of its Sustainability Framework – Environmental Stewardship, Responsible Business, and People and Community:

Environmental Stewardship: *In line with Keppel's Vision 2030, Keppel DC REIT will do its part to combat climate change, and is committed to improving resource efficiency and reducing its environmental impact.*

- To progressively reduce our combined Scope 1 and Scope 2 emissions with an aim to halve this by 2030 from a 2019 baseline.
- To introduce renewable energy¹ (RE) to at least 50% of the colocation assets by 2030, as well as encourage RE use at all other portfolio assets.
- To achieve at least a 10% reduction in effective PUE for colocation assets that undergo major asset enhancement² works, by 2025 from a 2019 baseline.
- Commitment to align reporting with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Responsible Business: *The long-term sustainability of Keppel DC REIT's business is driven at the highest level of the organisation through a strong and effective board, good corporate governance and prudent risk management.*

- Uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders.
- Uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure, with zero incidents of data breaches and non-compliance with data privacy laws.
- Maintain high standards of ethical business conduct and compliance best practices, with zero incidents of fraud, corruption, bribery and non-compliance with laws and regulations.
- To obtain and maintain green certification for all Singapore colocation assets by 2025 and obtain green certification for all colocation assets by 2030.
- To achieve an above satisfactory score for our Annual Customer Satisfaction Survey³.
- Commitment to aim for zero client dissatisfaction over the physical security of all our colocation properties for our Annual Customer Satisfaction Survey.

¹ This includes exploring the use of solar powered ancillary equipment (e.g. signage lights).

² Major asset enhancement defined as any capex above S\$1 million targeted at enhancing asset value and/or revenue but excludes repairs and maintenance as well as replacement.

³ Ratings based. A scale of 1-5 is used in the survey. The higher the score, the more satisfied/confident the client is with Keppel DC REIT's assets.

People and Community: *People are the cornerstone of Keppel DC REIT's business. Keppel DC REIT is committed to providing a safe and healthy workplace, investing in developing and training its people, and uplifting communities wherever it operates.*

- To achieve 25% female directors on the Board by 2025.
- Provide a safe and healthy environment for all stakeholders, adopting the Keppel Zero Fatality Strategy to achieve a zero fatality workplace.
- Achieve at least 20 hours of training hours per employee in 2022.
- Achieve at least 75% in employee engagement score in 2022.
- Engage with local communities and contribute to Keppel Capital's target of >500 hours of staff volunteerism in 2022.

Keppel DC REIT's commitment to sustainable growth is further reflected in its 'A' rating by the MSCI ESG Ratings assessment, which was designed to measure a company's resilience to long-term, industry material ESG risks. In 2021, Keppel DC REIT was ranked 6th in the Governance Index for Trusts and 31st in the Singapore Governance and Transparency Index under the REITs and Business Trusts Category.

Looking Ahead

The World Bank projects that global growth will decelerate to 4.1% this year from 5.5% in 2021, amid COVID-19 flare-ups, diminished government policy support and supply chain disruptions. The global outlook is clouded by various downside risks, including new COVID-19 variants, and a rise in inflation. However, increased investments in digital infrastructure and adoption of and access to technologies bodes well for the digital economy.

According to research by IT research and consultancy Gartner, data centre systems spending in 2022 is forecast to reach US\$207 billion, a 5.8% increase from 2021⁴. Synergy Research Group expects hyperscalers to continue to aggressively expand their operations, with rapid growth of both enterprise and consumer-oriented cloud markets⁵. Market watchers also expect strong demand for data centres in key global markets to continue throughout 2022^{6,7}.

Keppel DC REIT is well-positioned to benefit from the positive industry trends. Its strong operational expertise, extensive industry network and healthy balance sheet enable it to capture strategic opportunities as they arise. Keppel DC REIT will also leverage the Keppel ecosystem in providing end-to-end solutions from project development to facilities management and innovative carbon reduction solutions to grow sustainably. Keppel DC REIT's Sponsor and Keppel's private data centre fund have more than \$2 billion of assets under management and development. Keppel DC REIT may look to potentially acquire these assets if it is beneficial to the Unitholders.

- END -

⁴ [Gartner Forecasts Worldwide IT Spending to Exceed \\$4 Trillion in 2022, Gartner, 20 October 2021](#)

⁵ [As Two of the Top Four US Data Center Operators are Acquired, M&A Pushes Towards New Heights, Synergy Research Group, 15 November 2021](#)

⁶ JLL, Catch 22 APAC Commercial Real Estate Outlook, 2 December 2021

⁷ CBRE, 2022 EMEA Outlook, 9 December 2021

About Keppel DC REIT (www.keppeldcreit.com)

Keppel DC REIT was listed on the Singapore Exchange on 12 December 2014 and the first pure-play data centre REIT to list in Asia.

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 DC REIT's investments comprise an optimal mix of colocation, fully-fitted and shell and core assets, as well as network assets through its investments in debt securities, thereby reinforcing the diversity and resiliency of its portfolio.

Keppel DC REIT is sponsored by Keppel Telecommunications & Transportation Ltd (Keppel T&T), and managed by Keppel DC REIT Management Pte. Ltd. (the Manager). 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 a diversified portfolio in real estate, infrastructure, data centres and alternative assets in key global markets through its listed REITs and Trust, as well as private funds. The Keppel Group, through Keppel T&T and the private data centre funds has currently over \$2 billion worth of data centre assets under development.

The Manager's key objectives are to provide Keppel DC REIT's Unitholders with regular and stable distributions, as well as achieve long-term growth through at least 90% of its AUM in data centre investments, 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.