

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
DISTRIBUTION ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2022**CONTENTS

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KEPPEL DC REIT AND ITS SUBSIDIARIES

SUMMARY OF KEPPEL DC REIT RESULTS

	1H 2022 \$'000	1H 2021 \$'000	+/(-) %
Gross Revenue	135,540	135,147	0.3
Property Expenses	(12,305)	(11,313)	8.8
Net Property Income	123,235	123,834	(0.5)
Distributable Income to Unitholders (DI)	91,158	84,256	8.2
Distribution per Unit (DPU) (cents) ^{1, 2}	5.049	4.924	2.5
Annualised Distribution Yield (%) ^{2, 3}	5.13	3.96	117bps

Notes:

- 1 Computed based on the DI to Unitholders after the deduction of Capex Reserves 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 2022, eligible unitholders will receive a distribution of 5.049 cents per Unit.
- 3 Annualised distribution yields were computed based on closing price of \$1.970 and \$2.490 per Unit as at 30 June 2022 and 30 June 2021 respectively.

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

Distribution	<u>18th</u> Distribution Distribution for the period from 1 January to 30 June 2022
Distribution type	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate	Distribution for the period from 1 January to 30 June 2022 (a) Taxable Income – 1.851 cents per Unit (b) Tax-exempt Income – 2.089 cents per Unit (c) Capital Distribution – 1.109 cents per Unit
Distribution amount (\$'000)	86,729
Record Date	2 August 2022
Payment Date	9 September 2022

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 20 June 2022, Keppel DC REIT announced the acquisition of Guangdong Data Centre 2 (Guangdong DC 2) and Guangdong Data Centre 3 (Guangdong DC 3), in Jiangmen, Guangdong Province in China for approximately RMB 690.3 million (approximately S\$142.2 million) each. Guangdong DC 2 is fully-fitted while Guangdong DC 3 will be fitted-out, with its expected completion to take place by the third quarter of 2023.

As at 30 June 2022, the REIT has a portfolio size of approximately \$3.5 billion. The portfolio comprises 21 high quality well located data centres in Singapore, Malaysia, China, 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)	Guangdong Data Centre	China	(Guangdong DC)
9)	Gore Hill Data Centre	Australia	(Gore Hill DC)
10)	Intellicentre Campus	Australia	(IC DC)

Europe

11)	Cardiff Data Centre	UK	(Cardiff DC)	
12)	GV7 Data Centre	UK	(GV7 DC)	
13)	London Data Centre	UK	(London DC)	<i>Acquired on 11 January 2022</i>
14)	Almere Data Centre	The Netherlands	(Almere DC)	
15)	Amsterdam Data Centre	The Netherlands	(Amsterdam DC)	
16)	Eindhoven Campus	The Netherlands	(Eindhoven DC)	
17)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)	
18)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)	
19)	Milan Data Centre	Italy	(Milan DC)	
20)	maincubes Data Centre	Germany	(maincubes DC)	
21)	Kelsterbach Data Centre	Germany	(Kelsterbach DC)	

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

- 1H – Refers to the first half from 1 January to 30 June 2022 and the corresponding period of the preceding year.
- Distributable income includes an amount of capital expenditure set aside for certain properties (Capex Reserves). DPU is computed based on the DI after the deduction of Capex Reserves that has been set aside.
- Nm – Not meaningful

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT AND LOSS AND DISTRIBUTION STATEMENT

FOR THE FIRST HALF ENDED 30 JUNE 2022

	1H 2022 \$'000	1H 2021 \$'000	+ / (-) %	Reference
Gross rental income	133,125	131,454	1.3	(a)
Other income	2,415	3,693	(34.6)	(b)
Gross Revenue	135,540	135,147	0.3	
Property operating expenses	(12,305)	(11,313)	8.8	(c)
Net Property Income	123,235	123,834	(0.5)	
Finance income	4,120	40	>100	(d)
Finance costs	(13,097)	(10,097)	29.7	(d)
Trustees' fees	(265)	(236)	12.3	
Manager's base fee	(8,792)	(7,605)	15.6	(e)
Manager's performance fee	(4,210)	(4,222)	(0.3)	
Net gains on derivatives	4,295	478	>100	(f)
Other trust expenses	(2,269)	(2,798)	(18.9)	(g)
Profit before tax and fair value changes of investment properties	103,017	99,394	3.6	
Net change in fair value of an investment property	-	(1,168)	(100)	(h)
Profit before tax	103,017	98,226	4.9	
Tax expenses	(9,104)	(9,077)	0.3	(i)
Profit after tax	93,913	89,149	5.3	
Attributable to:				
Unitholders	92,370	87,527	5.5	
Non-controlling interests	1,543	1,622	(4.9)	
	93,913	89,149	5.3	
Earnings per Unit (cents)				
- basic and diluted	5.38	5.36	0.4	
<u>Distribution Statement</u>				
Profit after tax attributable to Unitholders	92,370	87,527	5.5	
Net tax and other adjustments	(1,212)	(3,271)	(62.9)	(j)
Income available for distribution	91,158	84,256	8.2	(k)
Distribution per Unit (cents)	5.049	4.924	2.5	(l)

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2022 and 2021):

- (a) In 1H 2022, gross rental income was higher mainly due to the full period contributions from Guangdong DC and Eindhoven DC, the acquisition of London DC, contract renewals, as well as the contributions from the asset enhancement initiatives (AEI) at DC1 and the Dublin assets, and the completion of Intellicentre 3 East Data Centre (IC3 East DC).

This was partially offset by the divestment of iseek DC, net lower contributions from the Singapore colocation assets, largely arising from the provisions made for DXC at KDC SGP 1 and higher electricity costs. Additionally, EUR, GBP and AUD had depreciated against SGD.

- (b) In 1H 2022, other income was lower mainly due to lower rental top up, partially offset by one-off government incentives received at Guangdong DC.

- (c) The following were included as part of the operating expenses:

	1H 2022 \$'000	1H 2021 \$'000
Property-related taxes	(1,919)	(1,722)
Facility management and related costs	(6,463)	(6,447)
Repairs and maintenance	(968)	(637)
Other property-related costs	(2,955)	(2,507)
	<u>(12,305)</u>	<u>(11,313)</u>

- (d) Finance income increased mainly due to the coupon income from the debt securities issued by M1 Network Private Limited (NetCo).

Included in finance costs were interest expenses, amortisation of debt-related transaction costs from borrowings and lease charges recognised.

- (e) The increase in Manager's base fee was mainly due to the full period contributions from Guangdong DC, Eindhoven DC and investment in debt securities as well as London DC.

- (f) These relate to the net gains on the foreign currency forward contracts entered into by the Group for hedging purposes.

- (g) Other trust expenses were lower mainly due to the lower fair value loss of financial asset at fair value through profit or loss, offset by higher foreign exchange loss.

- (h) Net change in fair value of an investment property in 1H 2021 pertains to a revaluation loss of iseek DC based on an independent valuation.

- (i) Tax expenses comprise (a) tax in relation to the taxable income i.e. income that has not been accorded tax transparency, (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.

- (j) Included in the net tax and other adjustments were the following:

	1H 2022 \$'000	1H 2021 \$'000
Trustee's fees	224	195
Rental income adjustment on a straight-line basis	(1,216)	(758)
Amortisation of capitalised transaction costs	466	445
Net change in fair value of an investment property	-	1,168
Foreign exchange losses / (gains)	640	(1,359)
Deferred tax	3,439	3,117
Net change in fair value of financial assets at fair value through profit or loss	190	2,723
Other net adjustments	(4,955)	(8,802)
Net tax and other adjustments	<u>(1,212)</u>	<u>(3,271)</u>

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

- (k) Higher DI in 1H 2022 was mainly due to contributions from the acquisitions of Guangdong DC, London DC and Eindhoven DC, NetCo debt securities, DC1's AEI as well as the completion of IC3 East DC.

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2022 and 2021):

- (l) The DPU was computed based on DI (Note j) after the deduction of Capex Reserves which has been set aside. Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2022, eligible unitholders will receive a distribution of 5.049 cents per Unit.

Consolidated Earnings Per Unit and Distribution Per Unit

	1H 2022	1H 2021
<u>Earnings per Unit (EPU)</u>		
EPU (basic and diluted) (cents)	5.38	5.36
Weighted average number of Units ¹	1,717,110,596	1,633,438,555
Profit after tax ² (\$'000)	92,370	87,527
<u>Distribution per Unit (DPU)</u>		
DPU³ (cents)	5.049	4.924
Total number of Units in issue at end of period	1,717,755,601	1,633,593,886
Income available for distribution to Unitholders (\$'000)	91,158	84,256

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 is computed based on the distributable income to Unitholders after the deduction of Capex Reserves that has been set aside.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2022

	1H 2022 \$'000	1H 2021 \$'000	+ / (-) %
Profit after tax	93,913	89,149	5.3
Other comprehensive income			
Movement in fair value of cash flow hedges	36,394	10,448	>100
Foreign currency translation movement	(18,981)	10,508	Nm
Total other comprehensive income	17,413	20,956	16.9
Total comprehensive income	111,326	110,105	1.1
Attributable to:			
Unitholders	109,791	108,488	1.2
Non-controlling interests	1,535	1,617	(5.1)
	111,326	110,105	1.1

Note:

Other comprehensive income 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 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 2022

	Note	Group			Trust			Reference
		30-Jun-22 \$'000	31-Dec-21 \$'000	+ /(-) %	30-Jun-22 \$'000	31-Dec-21 \$'000	+ /(-) %	
Non-current assets								
Investment properties	4	3,465,109	3,401,436	1.9	532,824	526,726	1.2	(a)
Investment in subsidiaries		-	-	-	2,243,024	2,128,751	5.4	(b)
Loans to subsidiaries		-	-	-	323,459	335,854	(3.7)	(b)
Investment in a joint venture		-	-	-	-	-	-	(c)
Notes receivables		84,189	85,768	(1.8)	84,189	85,768	(1.8)	(d)
Trade and other receivables		22,375	24,798	(9.8)	-	-	-	(e)
Financial asset at fair value through profit or loss		376	-	Nm	-	-	-	(f)
Derivative financial assets		35,816	3,954	>100.0	2,269	1,747	29.9	(g)
Deferred tax assets		1,804	2,006	(10.1)	-	-	-	(h)
Total non-current assets		3,609,669	3,517,962	2.6	3,185,765	3,078,846	3.5	
Current assets								
Notes receivables		3,067	2,932	4.6	3,067	2,932	4.6	(d)
Trade and other receivables		57,778	50,373	14.7	36,960	31,079	18.9	(e)
Financial asset at fair value through profit or loss		392	-	Nm	-	-	-	(f)
Derivative financial assets		5,138	2,540	>100.0	4,945	2,540	94.7	(g)
Deposits		21,424	10,402	>100.0	-	-	-	(i)
Cash and cash equivalents		188,228	195,941	(3.9)	90,020	90,590	(0.6)	
Total current assets		276,027	262,188	5.3	134,992	127,141	6.2	
TOTAL ASSETS		3,885,696	3,780,150	2.8	3,320,757	3,205,987	3.6	
Current liabilities								
Loans from subsidiaries		-	-	-	40,214	158,659	(74.7)	(j)
Loans and borrowings	5	47,136	163,037	(71.1)	-	-	-	(k)
Trade and other payables		42,300	50,143	(15.6)	14,220	21,429	(33.6)	(l)
Derivative financial liabilities		124	892	(86.1)	-	317	(100.0)	(g)
Provision for taxation		6,012	6,537	(8.0)	2,030	2,239	(9.3)	(m)
Total current liabilities		95,572	220,609	(56.7)	56,464	182,644	(69.1)	
Non-current liabilities								
Loans from subsidiaries		-	-	-	1,234,573	1,045,121	18.1	(j)
Loans and borrowings	5	1,311,946	1,136,233	15.5	7,827	7,726	1.3	(k)
Trade and other payables		3,620	-	Nm	-	-	-	(l)
Derivative financial liabilities		838	5,290	(84.2)	-	-	-	(g)
Provision		18,922	20,025	(5.5)	-	-	-	(n)
Deferred tax liabilities		63,970	62,317	2.7	13,191	13,191	-	(h)
Total non-current liabilities		1,399,296	1,223,865	14.3	1,255,591	1,066,038	17.8	
TOTAL LIABILITIES		1,494,868	1,444,474	3.5	1,312,055	1,248,682	5.1	
NET ASSETS		2,390,828	2,335,676	2.4	2,008,702	1,957,305	2.6	
Represented by:								
Unitholders' funds	6	2,348,255	2,293,247	2.4	2,008,702	1,957,305	2.6	
Non-controlling interests		42,573	42,429	0.3	-	-	-	(o)
		2,390,828	2,335,676	2.4	2,008,702	1,957,305	2.6	
Net asset value per Unit (\$)		1.37	1.34	2.2	1.17	1.14	2.6	(p)
Aggregate leverage / Deposited properties (%)		35.3	34.6	70bps	Nm	Nm	Nm	(q)

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference:

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

	Group	
	As at 30 Jun 22	As at 31 Dec 21
NAV¹ per Unit² (\$)	1.37	1.34
Adjusted NAV ¹ per unit ² (excluding the distributable income)	1.32	1.30
NTA¹ per Unit² (\$)	1.37	1.34
Adjusted NTA ¹ per unit ² (excluding the distributable income)	1.32	1.30

- 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.

Balance sheet analysis

- (a) Included in the investment properties were leases of \$7.7 million (2021: \$12.1 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 22</u> <u>(\$'000)</u>	<u>As at 31 Dec 21</u> <u>(\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	349,404	343,725
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051	183,418	183,000
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052	318,330	316,378
Keppel DC Singapore 4	Leasehold, expiring 30 June 2050	426,268	426,000
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041	362,112	360,000
DC1	Leasehold, expiring 31 July 2044	273,000	273,000
Basis Bay Data Centre	Freehold	21,304	22,107
Guangdong Data Centre	Leasehold, expiring 17 January 2067	142,136	148,005
Gore Hill Data Centre	Freehold	227,490	224,135
Intellicentre Campus	Freehold	103,436	102,323
Cardiff Data Centre	Freehold	44,892	47,447
GV7 Data Centre	Leasehold, expiring 28 Sept 2183	62,158	65,696
London Data Centre	Freehold	104,371	-
Almere Data Centre	Freehold	146,660	155,270
Amsterdam Data Centre	Freehold	42,926	45,028
Eindhoven Campus	Freehold	54,264	57,450
Keppel DC Dublin 1	Leasehold, expiring 31 Dec 2998	146,958	150,612
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	134,870	141,296
Milan Data Centre	Freehold	57,124	60,478
maincubes Data Centre	Freehold	146,660	155,270
Kelsterbach Data Centre	Freehold	117,328	124,216
		<u>3,465,109</u>	<u>3,401,436</u>

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

KEPPEL DC REIT AND ITS SUBSIDIARIES

Balance sheet analysis (cont'd)

(b) These relate to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.

In 1H 2022, Keppel DC REIT established 2 wholly-owned subsidiaries¹. Both entities were incorporated in the United States, being (i) KDCR US Parent LLC and (ii) KDCR US 1 LLC (the "US Subsidiaries"). Each of their principal activity is to serve as an investment holding company.

(c) This relates to the investment in preference shares in a joint venture.

(d) These relate to the investment in debt securities issued by a joint venture.

(e) 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.

(f) This relates to rental top up provided by the vendor of London DC.

(g) 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.

(h) These relate to the net deferred tax assets/liabilities recognised in different tax jurisdictions that arose on tax depreciation, tax losses carried forward and fair value changes in certain investment properties.

(i) These mainly relate to deposits paid in 2022 to the vendor for the acquisitions of Guangdong DC 2 and Guangdong DC 3. Deposits paid in 2021 relate to amount paid to the vendor for the acquisition of London DC.

(j) These relate to loans from subsidiaries. The higher balances as at 30 June 2022 were mainly due to the additional loans drawn.

(k) These relate to external borrowings of \$1,353.7 million, lease liabilities pertaining to land rent options and capitalised debt-related transaction costs. External borrowings were higher as at 30 June 2022 mainly due to proceeds drawn from new loan facilities.

(l) Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.

(m) Included in income tax provision were income tax expense accrued for the Group and provision of withholding tax expense in relation to the income received from the Group's overseas investments.

(n) This relates to a provision for contractual obligations 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.

(o) This relates to the non-controlling interests' share of net assets.

(p) This excludes the non-controlling interests' share of net assets.

(q) Aggregate leverage relates to the \$1,353.7 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.

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

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
FOR THE HALF YEAR ENDED 30 JUNE 2022

GROUP (2022)	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 2022		2,054,294	5,869	(3,616)	(95,751)	332,451	2,293,247	42,429	2,335,676
Operations									
Profit after tax for the period		-	-	-	-	92,370	92,370	1,543	93,913
Net increase in net assets resulting from operations		-	-	-	-	92,370	92,370	1,543	93,913
Unitholders' transactions									
Distributions to Unitholders		(16,006)	-	-	-	(44,140)	(60,146)	-	(60,146)
Payment of management fees in Units		5,363	-	-	-	-	5,363	-	5,363
Net decrease in net assets resulting from Unitholders' transactions		(10,643)	-	-	-	(44,140)	(54,783)	-	(54,783)
Dividends paid to non- controlling interests		-	-	-	-	-	-	(1,391)	(1,391)
Other comprehensive income									
Movement in hedging reserve	1	-	-	36,394	-	-	36,394	-	36,394
Foreign currency translation movement	1	-	(18,973)	-	-	-	(18,973)	(8)	(18,981)
Net increase in other comprehensive income		-	(18,973)	36,394	-	-	17,421	(8)	17,413
At 30 June 2022		2,043,651	(13,104)	32,778	(95,751)	380,681	2,348,255	42,573	2,390,828

Note:

- 1 Other comprehensive income 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 2022**

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 Other comprehensive income 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 2022

<u>TRUST (2022)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Profits/ (Losses)</u> \$'000	<u>Unitholders' Funds</u> \$'000
At 1 January 2022		2,054,294	(95,751)	(1,238)	1,957,305
Operations					
Profit after tax for the period		-	-	106,180	106,180
Net increase in net assets resulting from operations		-	-	106,180	106,180
Unitholders' transactions					
Distribution to Unitholders		(16,006)	-	(44,140)	(60,146)
Payment of management fees in Units		5,363	-	-	5,363
Net decrease in net assets resulting from Unitholders' transactions		(10,643)	-	(44,140)	(54,783)
At 30 June 2022		2,043,651	(95,751)	60,802	2,008,702

<u>TRUST (2021)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Losses</u> \$'000	<u>Unitholders' Funds</u> \$'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

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2022

	1H 2022 \$'000	1H 2021 \$'000
Operating activities		
Profit after tax	93,913	89,149
Adjustments for:		
Tax expenses	9,104	9,077
Finance income	(4,120)	(40)
Finance costs	13,097	10,097
Net change in fair value of derivatives	(3,286)	(1,241)
Net change in fair value of financial assets at fair value through profit or loss	190	2,723
Net change in fair value of an investment property	-	1,168
Management fees payable in Units	2,290	1,071
Unrealised currency translation differences	466	807
	111,654	112,811
Changes in working capital:		
- Trade and other receivables	(2,817)	(10,052)
- Trade and other payables	(8,491)	(5,699)
Cash generated from operations	100,346	97,060
Net tax paid	(5,608)	(1,823)
Net cash generated from operating activities	94,738	95,237
Cash flows from investing activities		
Acquisition of interests in investment property (Note A)	(92,431)	-
Additions to investment properties	(4,924)	-
Capital expenditures on investment properties	(18,124)	(60,160)
Acquisition of a financial asset	(1,004)	-
Rental top up received	1,004	-
Coupon received from notes receivables	4,056	-
Repayment of notes receivables	1,444	-
Deposit paid to a vendor	(21,424)	-
Net cash used in investing activities	(131,403)	(60,160)
Cash flows from financing activities		
Proceeds from borrowings	318,161	65,046
Payment of financing transaction costs	(357)	(186)
Repayment of borrowings	(208,233)	(44,675)
Payment of lease liability	(4,378)	-
Finance costs paid	(12,697)	(9,347)
Distributions paid to Unitholders	(60,146)	(78,308)
Dividends paid to non-controlling interests	(1,391)	(1,586)
Net cash generated from/(used in) financing activities	30,959	(69,056)
Net decrease in cash and cash equivalents	(5,706)	(33,979)
Cash and cash equivalents at beginning of period	195,941	244,387
Effects of exchange rate fluctuations on cash held	(2,007)	(1,699)
Cash and cash equivalents at end of period	188,228	208,709

Note A – Acquisition of interests in investment property

In January 2022, Keppel DC REIT completed the acquisition of London 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow analysis (1H 2022 vs 1H 2021)

Net cash generated from operating activities for the 1H 2022 was \$94.7 million, \$0.5 million lower than the \$95.2 million for the corresponding period last year. This was mainly due to lower working capital requirements, partially offset by higher net tax paid.

Net cash used in investing activities for 1H 2022 was \$131.4 million, comprising mainly acquisition of London DC, capital expenditures and deposit paid for Guangdong DC 2 and Guangdong DC 3, partially offset by coupon received and repayment of notes receivables. Net cash used in investing activities for the corresponding period last year was \$60.2 million, comprising mainly capital expenditures which include completion of AEI works for DC1.

The Group recorded net cash generated from financing activities of \$31.0 million in 1H 2022 as compared to net cash used in financing activities of \$69.1 million for the corresponding period last year. Net cash generated from 1H 2022 was mainly from a net increase in borrowings. These were partially offset by distributions paid to Unitholders and finance costs. Net cash used in 1H 2021 was mainly due to distributions paid to Unitholders, a net increase in borrowings and finance costs.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

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 2022 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 2021 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 2021, except for the adoption of new and revised standards effective as of 1 January 2022.

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) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)

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 2021 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 2021 are disclosed in Note 8 Fair Value of Assets and Liabilities

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

3 SEASONAL OPERATIONS

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

4 INVESTMENT PROPERTIES

	Group	
	30-Jun-22 \$'000	31-Dec-21 \$'000
At 1 January	3,401,436	3,005,038
Acquisitions ^(a)	102,833	195,523
Additions ^(b)	7,326	10,263
Disposal of a subsidiary ^(c)	-	(43,269)
Capital expenditure	18,124	77,571
Transfer from property under development	-	27,169
Net change in fair value ^(d)	-	159,475
Currency translation differences	(64,610)	(30,334)
At 30 June 2022 / 31 December 2021	3,465,109	3,401,436

(a) Keppel DC REIT completed the acquisition of London DC on 11 January 2022. The acquisition has been accounted for as an asset acquisition.

In 2021, Keppel DC REIT completed the acquisitions of Eindhoven DC and Guangdong DC.

(b) The additions include transaction-related costs and any costs other than capital expenditures capitalised as part of the investment properties.

(c) In 2021, Keppel DC REIT completed the divestment of iseek DC.

(d) For the unaudited half year results for the period ended 30 June 2022, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2021 taking into account progress payments and capitalised expenditures made during the six-month period.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

5 LOANS AND BORROWINGS

	Group	
	30-Jun-22 \$'000	31-Dec-21 \$'000
<u>Unsecured borrowings¹</u>		
Amount repayable within one year	47,136	158,659
Amount repayable after one year	1,306,591	1,130,921
	1,353,727	1,289,580
Total borrowings	1,353,727	1,289,580
Capitalised transactions costs of debt financing	(2,472)	(2,414)
<u>Lease liabilities</u>		
Within one year	-	4,378
After one year	7,827	7,726
Total loans and borrowings	1,359,082	1,299,270

Note:

- 1 Keppel DC REIT has unsecured borrowings of approximately \$635.9 million (2021: \$834.6 million) and \$461.2 million (2021: \$299.7 million) and \$256.6 million (2021: \$155.3 million) under its term loan facilities, revolving credit facilities and Multicurrency Debt Issuance Programme respectively.

As at 30 June 2022, the Group had total borrowings of approximately \$1,353.7 million and unutilised facilities of approximately \$537.4 million to meet its future obligations. The all-in average interest rate for borrowings was 1.9% per annum for the financial period ended 30 June 2022.

6 UNITHOLDERS' FUNDS

Units in Issue

GROUP AND TRUST	1 Jan 22 to 30 Jun 22	1 Jan 21 to 31 Dec 21
	No. of Units	No. of Units
Issued Units as at beginning of period	1,715,511,855	1,633,120,606
Management fees paid in Units	2,243,746	1,391,249
Issuance of placement Units	-	81,000,000
Issued Units as at end of period	1,717,755,601	1,715,511,855

Total number of issued units

Keppel DC REIT did not hold any treasury units as at 30 June 2022 and 31 December 2021.

	Group	
	As at 30 Jun 22	As at 31 Dec 21
Total number of issued Units	1,717,755,601	1,715,511,855

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

7 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 2022 \$'000	1H 2021 \$'000
Fixed rental income from related corporations	15,163	14,341
Variable rental income from related corporations	43,750	49,594
Management base fees to the Manager	(8,792)	(7,605)
Management performance fees to the Manager	(4,210)	(4,222)
Acquisition and development management fees to the Manager	(1,078)	(1,637)
Facility management fees to related corporations	(3,121)	(3,520)
Project management fees to related corporations	(102)	-
Support services fee to a related corporation	(304)	(158)

8 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 2022

8 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 2022				
Financial asset at fair value through profit or loss	–	–	768	768
Derivative financial assets	–	40,954	–	40,954
Investment properties	–	–	3,465,109	3,465,109
	–	40,954	3,465,877	3,506,831
Derivative financial liabilities	–	(962)	–	(962)
31 December 2021				
Derivative financial assets	–	6,494	–	6,494
Investment properties	–	–	3,401,436	3,401,436
	–	6,494	3,401,436	3,407,930
Derivative financial liabilities	–	(6,182)	–	(6,182)
Trust				
30 June 2022				
Derivative financial assets	–	7,214	–	7,214
Investment properties	–	–	532,824	532,824
	–	7,214	532,824	540,038
Derivative financial liabilities	–	–	–	–
31 December 2021				
Derivative financial assets	–	4,287	–	4,287
Investment properties	–	–	526,726	526,726
	–	4,287	526,726	531,013
Derivative financial liabilities	–	(317)	–	(317)

There were no transfers between levels of the fair value hierarchy for the Group in the first half ended 30 June 2022.

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 2022

8 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 2021.

<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: 4.40% to 9.31%	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 5.50% to 11.25% Terminal yield rate: 5.49% to 10.50%	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 2022, in line with the Property Fund Guidelines on annual valuation.

Rental support provided by the vendor of London DC to the Group is classified as financial assets at fair value through profit or loss.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

9 SEGMENTAL INFORMATION

By type of asset class (\$'000)	1H 2022			Total
	Colocation	Fully-fitted	Shell and core	
Gross revenue	83,948	33,167	18,425	135,540
Net property income	73,082	32,902	17,251	123,235
Finance income	55	35	-	90
Finance costs	(5,529)	(3,727)	(2,764)	(12,020)
Net change in fair value of financial assets at fair value through profit or loss	-	-	(190)	(190)
Reportable segment profit before tax	68,254	28,867	12,424	109,545
Unallocated amounts:				
- Finance income				4,030
- Finance costs				(1,077)
- Other corporate expenses:				(9,481)
Profit before tax				103,017
	As at 30-Jun-22			
By type of asset class (\$'000)	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,103,060	842,569	721,848	3,667,477
Other unallocated amounts				218,219
Consolidated assets				3,885,696
Segment liabilities	567,847	389,813	445,714	1,403,374
Other unallocated amounts				91,494
Consolidated liabilities				1,494,868
Other segment items:				
Capital expenditures / Additions	17,057	-	8,393	25,450
	1H 2021			
By type of asset class (\$'000)	Colocation	Fully-fitted	Shell and core	Total
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)
Net change in fair value of financial assets at fair value through profit or loss	(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
	As at 31-Dec-21			
By type of asset class (\$'000)	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,124,693	841,964	627,735	3,594,392
Other unallocated amounts				185,758
Consolidated assets				3,780,150
Segment liabilities	592,474	407,772	366,065	1,366,311
Other unallocated amounts				78,163
Consolidated liabilities				1,444,474
Other segment items:				
Capital expenditures / Additions	22,959	58,590	8,260	89,809

Note:

1 Pertains to a revaluation loss of isek 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 2022

9 SEGMENTAL INFORMATION (CONT'D)

By geographical area

	1H 2022	1H 2021
	\$'000	\$'000
<u>Gross Revenue</u>		
- Singapore	71,834	79,600
- Australia	12,272	15,311
- Ireland	16,191	15,577
- Germany	9,040	9,634
- The Netherlands	7,586	6,649
- Other countries	18,617	8,376
Total gross revenue	135,540	135,147

Major Customers

Revenue of \$66.6 million (1H 2021: \$73.6 million) were derived from 2 separate clients from Singapore and Australia (1H 2021: Singapore and Australia).

Investment Properties

	As at 30 Jun 22	As at 31 Dec 21
	\$'000	\$'000
- Singapore	1,912,533	1,902,103
- Australia	330,925	326,458
- Ireland	281,828	291,908
- Germany	263,988	279,486
- The Netherlands	243,850	257,748
- Other countries	431,985	343,733
Total value of investment properties	3,465,109	3,401,436

10 SUBSEQUENT EVENT

On 25 July 2022, the Manager declared a distribution of 5.049 cents per Unit for the period from 1 January 2022 to 30 June 2022.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2022

A. 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.

B. AUDITORS' REPORT

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

Not applicable.

C. REVIEW OF PERFORMANCE

Review of the Performance between 2022 and 2021 results

1H 2022 vs 1H 2021

Gross rental income for 1H 2022 was \$135.5 million, an increase of \$0.4 million or 0.3% from 1H 2021 of \$135.1 million. This was mainly contributed by the full period contributions from Guangdong DC and Eindhoven DC, the acquisition of London DC, contract renewals, as well as the contributions from the AEI at DC1 and the Dublin assets, and the completion of IC3 East DC. This was partially offset by the divestment of iseek DC, net lower contributions from the Singapore colocation assets, largely arising from the provisions made for DXC at KDC SGP 1 and higher electricity costs. Additionally, EUR, GBP and AUD had depreciated against SGD.

Other income of \$2.4 million was \$1.3 million lower than 1H 2021 due to lower rental top up income, partially offset by one-off government incentives received at Guangdong DC.

Property operating expenses for 1H 2022 was \$12.3 million, an increase of \$1.0 million or 8.8% from 1H 2021 of \$11.3 million. This was mainly due to the acquisition of Eindhoven DC, as well as higher property-related expenses recorded at the assets in Dublin.

Net property income of \$123.2 million for 1H 2022 was \$0.6 million or 0.5% lower than 1H 2021.

Profit after tax for 1H 2022 was \$93.9 million, an increase of \$4.8 million or 5.3% as compared to 1H 2021 of \$89.1 million. This was mainly due to higher finance income from the NetCo debt securities and net gains on derivatives recorded, 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 2022

D. 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 2022 Global Economic Prospects report, the World Bank forecast that global economic growth in 2022 will slow to 2.9%, compared to 5.7% in 2021 as the war in Ukraine disrupts activity and trade in the near term, pent-up demand fades, and policy support is withdrawn amid high inflation. In addition, there are also various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity.

Notwithstanding the macroeconomic challenges, industry trends such as the continued acceleration of digitalisation, adoption of technologies such as 5G and artificial intelligence and rise of virtual reality communities will continue to bolster demand for data centres. According to Gartner, worldwide end-user spending on public cloud services is forecasted to grow 20.4% to US\$494.7 billion in 2022 and to US\$600 billion by 2023.

Looking ahead, the Manager will continue to focus on its value creation strategy. Keppel DC REIT will capitalise on growth opportunities in the data centre industry by driving organic growth in its diversified portfolio of data centres, and strengthen its global presence through accretive acquisitions. The Manager will also leverage Keppel Group's innovation initiatives and capabilities in the design, development and management of data centres, to drive further sustainable growth.

E. 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2022

E. RISK FACTORS AND RISK MANAGEMENT (CONT'D)

Operational risk

Measures have been put in place to ensure the sustainability of net property income. These measures include steps taken to discuss 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, working with the respective facilities managers or Master Lessee, 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 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 works 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.

Cybersecurity risk

The Manager recognises the increasing and ever present threats to cybersecurity in today's digital economy. To address data security risks, the Manager actively works with its clients and facility managers to ensure that cyber security governance structures and technology are aligned with leading industry standards. The Manager remains committed to ensure that data security and potential cybersecurity threats are managed in a proactive manner, in order to secure and protect its data and assets.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2022

F. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Name of distribution:	<u>18th</u> Distribution Distribution for the period from 1 January to 30 June 2022
Distribution type:	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate:	Distribution for the period from 1 January to 30 June 2022 (a) Taxable Income – 1.851 cents per Unit (b) Tax-exempt Income – 2.089 cents per Unit (c) Capital Distribution – 1.109 cents per Unit
Distribution amount (\$'000):	86,729
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>

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2022

(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>15th</u> Distribution Distribution for the period from 1 January to 30 June 2021
Distribution type:	(a) Taxable Income (b) Tax-exempt Income (c) Capital 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>

(c) Record date

The Transfer Books and Register of Unitholders of Keppel DC REIT for the 18th Distribution will be closed at 5.00 p.m. on 2 August 2022 for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the distribution is payable: 9 September 2022

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2022

G. DISTRIBUTION STATEMENT

If no distribution has been declared / recommended, a statement to that effect.

Other than as disclosed in Paragraph F - Distributions, no distribution has been declared / recommended.

H. 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 2022 \$'000	1H 2021 \$'000
Temasek Holdings Group		
- Rental income	9,142	9,083
Keppel Corporation Limited and its subsidiaries		
- Variable rental income	42,509	48,263
- Facility management and property management fees	6,680	1,950
- Manager's management fees	12,939	11,827
- Manager's acquisition and development management fees	1,078	1,637
- Project management fees	102	-
- Support services fees	309	313
- Rental top up income	-	2,723
Perpetual (Asia) Limited		
- Trustee fees	224	195

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

I. 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2022

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

Chiam Yee Sheng

Company Secretary
25 July 2022

KEPPEL DC REIT AND ITS SUBSIDIARIES

**OTHER INFORMATION
FOR THE HALF YEAR ENDED 30 JUNE 2022**

**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 2022 to 30 June 2022 to be false or misleading in any material respects.

On behalf of the Board,



Christina Tan Hua Mui
Chairman



Lee Chiang Huat
Director

25 July 2022