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## MEDIA RELEASE

### **Unaudited Results of Keppel DC REIT for the Second Half and Full Year Ended 31 December 2022**

**31 January 2023**

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 2022.

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

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## Keppel DC REIT achieves 3.7% year-on-year growth in DPU for FY 2022

### Key Highlights

- Resilient portfolio performance driven by accretive acquisitions of quality assets and proactive asset management
- Distributable income (DI) grew 7.7% year-on-year to \$184.9 million in FY 2022
- Higher distribution per Unit (DPU) of 10.214 cents for FY 2022, a 3.7% increase from FY 2021
- Continued pursuit of data centre growth opportunities with disciplined capital management approach

(\$'000)	2H 2022	2H 2021	Change %	FY 2022	FY 2021	Change %
Gross Revenue	141,782	135,918	+4.3	277,322	271,065	+2.3
Property Expenses	(12,472)	(11,598)	+7.5	(24,777)	(22,911)	+8.1
Net Property Income	129,310	124,320	+4.0	252,545	248,154	+1.8
Finance Income	5,134	518	>100	9,254	558	>100
<b>DI</b>	<b>93,714</b>	<b>87,350</b>	<b>+7.3</b>	<b>184,872</b>	<b>171,606</b>	<b>+7.7</b>
<b>DPU<sup>(1)</sup> (cents)</b>	<b>5.165</b>	<b>4.927</b>	<b>+4.8</b>	<b>10.214</b>	<b>9.851</b>	<b>+3.7</b>
Distribution Yield <sup>(2)</sup> (%)				5.77	3.99	178bps

(1) DPU was computed based on the DI to Unitholders after the deduction of Capex Reserves that has been set aside.

(2) Based on closing price of \$1.770 and \$2.470 per Unit as at 31 December 2022 and 31 December 2021 respectively.

### Financial Results

Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, is pleased to announce DI of \$93.7 million for 2H 2022, which was 7.3% higher than \$87.4 million in 2H 2021. This brought DI for FY 2022 to \$184.9 million, an increase of 7.7% from \$171.6 million in the corresponding period a year ago. The growth in DI was due mainly to contributions from the accretive acquisitions<sup>1</sup> of London Data Centre, Guangdong Data Centres 1, 2 and 3, the investment in the NetCo bonds<sup>2</sup>, the contributions post asset enhancement initiatives at DC1 and the Dublin assets as well as the completion of Intellicentre 3 East Data Centre.

Keppel DC REIT has declared a DPU of 5.165 cents for 2H 2022, bringing the FY 2022 DPU to 10.214 cents, representing a 3.7% growth from 9.851 cents in FY 2021. Based on the closing price of \$1.770 per Unit on 31 December 2022, Keppel DC REIT's distribution yield was 5.77% for FY 2022.

### Portfolio Updates

Keppel DC REIT's resilient portfolio performance was driven by the addition of quality assets and active asset management.

In 2022, the Manager expanded its presence in London, one of the top global data centre hubs and in Guangdong, one of China's most established data centre markets, with the acquisitions<sup>1</sup> of London Data Centre and Guangdong Data Centres 2 and 3. As at 31 December 2022, Keppel DC REIT had approximately \$3.7 billion of assets under management, up from \$3.4 billion as at end 2021.

<sup>1</sup> The acquisitions of London Data Centre and Guangdong Data Centre 2 were completed in January 2022 and August 2022 respectively. The acquisition of the building shell of Guangdong Data Centre 3 was completed in August 2022 and is expected to be fully-fitted by the third quarter of 2023.

<sup>2</sup> Bonds issued by M1 Network Private Limited.

Portfolio occupancy remained healthy at 98.5%<sup>3</sup> with a long portfolio weighted average lease expiry (WALE) of 8.4 years<sup>4</sup> as at 31 December 2022. This was mainly attributable to newly acquired assets with remaining lease tenures ranging from 15 to 17 years, and the Manager's continued proactive asset management efforts. Keppel DC REIT has also secured an offer to extend the remaining land tenure of Keppel DC Singapore 5 for a further term of nine years.

In 2022, the Manager secured new, renewal or expansion contracts at its data centres in Singapore, Malaysia, Australia and Ireland, which have helped to defray higher costs. The impact of inflation was mitigated by the positive income reversions and built-in income and rental escalations. More than half of the portfolio has built-in income and rental escalations based on Consumer Price Index or similar indexation, or fixed rate mechanisms. Contracts with no escalation have a short WALE by rental income of approximately 2.2 years.

Keppel DC REIT is able to pass through significantly above 90% of electricity costs to its colocation clients. To provide pricing stability to its clients, the Manager has secured fixed electricity tariffs for its colocation facilities in Singapore for two years starting from January 2023 and at the colocation asset in Australia from November 2022 to December 2023. Master lease clients contract electricity directly with the power suppliers.

### **Capital Management**

The Manager continues to adopt a disciplined approach towards capital management to manage borrowing costs and the impact of currency fluctuations.

Keppel DC REIT's average cost of debt was 2.2% for FY 2022 and its interest coverage ratio healthy at 7.6 times as at 31 December 2022. Aggregate leverage was 36.4%, providing sufficient debt headroom to pursue strategic opportunities.

The Manager borrows in currencies that correspond with its investments to provide a natural hedge to the extent possible, and the borrowings are diversified across five currencies. Keppel DC REIT's debt profile is favourable, with the bulk of debt expiring in 2026 and beyond. As at 31 December 2022, 74% of borrowings are fixed through interest rate swaps.

As at 31 December 2022, forecast foreign sourced distributions have been substantially hedged till end 2023.

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<sup>3</sup> Not adjusted for the ongoing litigation with DXC Technology Services Singapore Pte. Ltd.

<sup>4</sup> By area. WALE by rental income was 5.1 years as a higher proportion of rental income is from colocation assets, which typically have shorter contractual periods.

### Growing in a Sustainable Manner

Environmental, social and governance (ESG) considerations are integral to Keppel DC REIT's strategy and operations. Progress achieved towards the ESG targets are outlined in the table below. More information will be disclosed in the Annual Report 2022.

ESG Targets and Commitments	Progress
Align reporting with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).	The Manager is progressively implementing TCFD recommendations.
Progressively reduce its combined Scope 1 and Scope 2 emissions with an aim to halve this by 2030 from a 2019 baseline.	The Manager continues to explore ways to optimise energy consumption in the day-to-day operations of its colocation assets to reduce its carbon emissions where commercially feasible.
Introduce renewable energy (RE) to at least 50% of the colocation assets by 2030, as well as encourage RE use at all other portfolio assets.	Both Dublin assets continue to procure RE.  RE is procured at more than half of the portfolio's master lease assets.
Achieve at least a 10% reduction in effective power usage effectiveness (PUE) for colocation assets that undergo major asset enhancement works, by 2025 from a 2019 baseline.	Ongoing
Obtain and maintain green certification for all Singapore colocation assets by 2025 and obtain green certification for all colocation assets by 2030.	Green certifications for 80% (4 out of 5 buildings) of Singapore colocation assets were maintained, Keppel DC Singapore 1 has yet to be certified to date.
Achieve an above satisfactory score for the Annual Customer Satisfaction Survey.	Achieved
Achieve zero client dissatisfaction over the physical security of all colocation properties in the Annual Customer Satisfaction Survey.	Achieved
Uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders.	In compliance
Uphold high standards and best practices in cybersecurity and data protection through the Keppel Cybersecurity governance structure, with zero incidents of data breaches and non-compliance with data privacy laws.	In compliance
Maintain high standards and best practices in ethical business conduct and compliance, with zero incidents of fraud, corruption, bribery and non-compliance with laws and regulations.	In compliance
Engage with local communities and contribute to Keppel Capital's target of >500 hours of staff volunteerism in 2022.	The Manager, together with Keppel Capital, dedicated over 1,000 hours to community outreach activities in 2022.
Have female directors represent at least 25% of the Board by 2025.	Achieved

ESG Targets and Commitments	Progress
Provide a safe and healthy environment for all stakeholders, adopting the Keppel Zero Fatality Strategy to achieve a zero-fatality workplace.	In compliance
Achieve at least 20 training hours per employee in 2022.	Achieved 38.3 training hours per employee in 2022.
Achieve at least 75% in employee engagement score in 2022.	Achieved

Keppel DC REIT's commitment to sustainable growth is further reflected in its 'AA' rating in the MSCI ESG Ratings Assessment 2022, an improvement from the 'A' rating in 2021<sup>5</sup>. In recognition of its strong corporate governance practices, Keppel DC REIT saw improvements in its corporate governance ratings in 2022. Keppel DC REIT's ranking improved from sixth to fifth in the Governance Index for Trusts, and from 31<sup>st</sup> to 12<sup>th</sup> position in the Singapore Governance and Transparency Index under the REIT and Business Trust category in 2022.

### Looking Ahead

In the January 2023 Global Economic Prospects report issued by the World Bank, global economic growth is forecast to decelerate to 1.7% in 2023, the third weakest pace in nearly three decades, apart from the global recessions caused by the COVID-19 pandemic in 2020 and the global financial crisis in 2009. Downside risks include higher inflation, tighter monetary policies, deeper weakness in major economies and rising geopolitical tensions.

Notwithstanding the macroeconomic headwinds, Gartner forecasts<sup>6</sup> that worldwide end-user spending on public cloud services will grow 20.7% to US\$591.8 billion in 2023 as compared to 18.8% growth in 2022. The agile and scalable nature of cloud computing will help to support growth during uncertain times. Further, industry trends including the acceleration of digitalisation, adoption of technologies such as the internet of things or artificial intelligence and the rise of the digital economy will continue to bolster demand for data centres. Strong continued growth of the colocation market is projected, driven by demand from large cloud and internet companies, as well as enterprises moving their IT infrastructure off premise.<sup>7</sup>

The Manager remains cautiously optimistic on growth opportunities and will continue to drive growth in its diversified global portfolio of data centres by strengthening its income resilience through acquisitions.

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<sup>5</sup> The MSCI ESG Ratings assessment is designed to measure a company's resilience to long-term, industry material ESG risks.

<sup>6</sup> Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly \$600 Billion in 2023, 31 October 2022. Gartner is an independent research and consultancy company.

<sup>7</sup> Equinix, Digital Realty and NTT Control 30% of the Growing Worldwide Colocation Market, 29 September 2022.

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

Keppel DC REIT was listed on the Singapore Exchange on 12 December 2014 as the first pure-play data centre REIT 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 investment 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), a wholly-owned subsidiary of Keppel Corporation Limited. It is managed by Keppel DC REIT Management Pte. Ltd. (the Manager), a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). 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 and management.

### **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.*