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**MEDIA RELEASE**

**Unaudited Results of Keppel DC REIT for the Fourth Quarter and Full Year Ended 31 December 2019**

**21 January 2020**

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 fourth quarter and full year ended 31 December 2019.

*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 delivers 5.3% year-on-year  
growth in adjusted DPU to 7.71 cents for FY 2019**

**Key Highlights**

- Declared DPU of 1.83 cents for 4Q 2019, bringing total DPU for FY 2019 to 7.61 cents, 4.0% above FY 2018's DPU of 7.32 cents
- Adjusted DPU of 7.71 cents for FY 2019, a 5.3% increase from FY 2018's DPU of 7.32 cents
- Deepening presence in Germany with DPU-accretive acquisition of Kelsterbach Data Centre
- Optimising portfolio returns by increasing power capacity at Keppel DC Singapore 5 and fitting out shell & core space at DC1
- Healthy portfolio occupancy of 94.9% and long WALE of 8.6 years support income stability
- Low aggregate leverage of 30.7% provides comfortable debt headroom for acquisition growth

(\$'000)	4Q 2019	4Q 2018	Change %	FY 2019	FY 2018	Change %
Gross Revenue	52,981	48,043	10.3	194,826	175,535	11.0
Property Expenses	(4,455)	(5,576)	(20.1)	(17,543)	(17,862)	(1.8)
Net Property Income	48,526	42,467	14.3	177,283	157,673	12.4
Distributable Income to Unitholders <sup>(1)</sup>	31,464	26,126	20.4	113,245	96,096	17.8
Distribution per Unit <sup>(2)</sup> (DPU) (cents)	1.83	1.85	(1.1)	7.61	7.32	4.0
Adjusted DPU (cents) <sup>(3)</sup>	1.93	1.85	4.3	7.71	7.32	5.3
Distribution Yield <sup>(4)</sup> (%)				3.66	3.52	14bps

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

(2) DPU was computed based on the distributable income to Unitholders and excludes Capex Reserves. Keppel DC REIT has paid an advanced distribution of 1.81 cents per Unit to eligible Unitholders on 27 November 2019 for the period from 1 July to 24 September 2019 in connection with the private placement launched on 16 September 2019. For the period from 25 September to 31 December 2019, eligible unitholders will receive a distribution of 1.95 cents per Unit.

(3) Excluding the impact of the pro-rata preferential offering in October 2019, the adjusted DPU for 4Q 2019 and FY 2019 would be 1.93 cents and 7.71 cents respectively.

(4) Computed based on FY 2019's closing price of \$2.080 per Unit.

**Financial Review**

Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, is pleased to announce that the REIT has delivered distributable income of \$31.5 million for 4Q 2019, 20.4% higher than 4Q 2018's \$26.1 million. The increase was mainly contributed by the acquisitions of Keppel DC Singapore 4 and DC1 which were completed in 4Q 2019.

Distributable income for FY 2019 was also higher at \$113.2 million, an increase of 17.8% from FY 2018's \$96.1 million, supported by the new acquisitions as well as full year contributions from Keppel DC Singapore 5 and maincubes Data Centre in Offenbach am Main, Germany.

Accordingly, Keppel DC REIT declared DPU of 7.61 cents for FY 2019, 4.0% higher than FY 2018's 7.32 cents. Based on the closing price of \$2.080 on the last trading day of 2019, the REIT's distribution yield was 3.66%.

Excluding the impact of the pro-rata preferential offering in October 2019, DPU for FY 2019 would have been higher at 7.71 cents, a 5.3% increase from FY 2018's DPU of 7.32 cents.

## **Portfolio Review**

In 2019, the Manager continued to grow the REIT, expanding its presence in the key data centre hubs of Singapore and Germany. The strategic additions of Keppel DC Singapore 4 and DC1 increased the REIT's assets under management to approximately \$2.6 billion, up from \$2.0 billion as at end-2018.

The Manager also announced the acquisition of Kelsterbach Data Centre, a master leased asset that is fully leased on a triple-net basis until end-2025. Expected to be completed this year, Kelsterbach Data Centre will be the REIT's second data centre in Germany, which is one of Europe's largest economies, supported by a strong data centre eco-system.

In 4Q 2019, the Manager entered into a supplementary deed with 1-Net Singapore Pte. Ltd. to fit out the existing shell and core space at DC1. When completed in 3Q 2020, the additional fully-fitted space will provide further income to the REIT.

In January 2020, asset enhancement works have also commenced at Keppel DC Singapore 5 to increase the power capacity of the data centre. This involves converting a large portion of the vacant non-DC space in the facility to DC space, with costs estimated at \$29.9 million. This is expected to be completed by 2H 2020.

In Australia, the construction of Intellicentre 3 East Data Centre, which is being built on the vacant land within the Intellicentre 2 Data Centre's site in Sydney, has commenced, with completion expected in 4Q 2020. In Dublin, the asset enhancement works to improve energy efficiency at Keppel DC Dublin 1 remains on track for completion in 1H 2020.

As at 31 December 2019, the REIT's portfolio occupancy rate remained healthy at 94.9% with a long weighted average lease expiry (WALE) of 8.6 years.

## **Capital Management**

The Manager maintains a prudent capital management approach to mitigate the REIT's exposure to fluctuations in interest rates and foreign currency exchange rates.

As at 31 December 2019, the Manager has locked-in 82% of its borrowings through floating-to-fixed interest rate swaps. Forecasted foreign-sourced distributions have also been substantially hedged till 1H 2021.

Keppel DC REIT's average cost of debt remained low at 1.7% per annum and its interest coverage ratio remained high at 13.3 times. The REIT ended the year with a low aggregate leverage of 30.7%, which will provide a healthy debt headroom to pursue further growth by acquisitions.

Keppel DC REIT has been included in the GPR 250 Index from 23 December 2019. Published by Dutch-based Global Property Research B.V., the GPR 250 Index comprises 250 of the most liquid listed property securities in the world.

## **Looking Ahead**

In its Global Economic Prospects published in January 2020, the World Bank expects global growth to improve slightly from the estimated 2.4% in 2019 to 2.5% in 2020, citing gradual recovery in trade and investment.

The Manager believes that the prospects for the data centre market remain robust, buoyed by the digitalisation wave of rapid cloud adoption, smart technologies, big-data analytics, and 5G deployment. According to BroadGroup Consulting, demand for colocation data centres continues to

be driven by strong take-up from hyperscale cloud players, and this demand is set to increase with their time-to-market needs.

Notwithstanding increased competition in the data centre industry, Keppel DC REIT, with its established track record and enlarged portfolio of assets, is well-positioned to benefit from the growth of the data centre market. The Manager will continue to leverage its competencies in investment, asset and capital management and the Keppel Group's network to strengthen its presence across key data centre hubs globally.

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

Listed on 12 December 2014, Keppel DC REIT is the first pure-play data centre REIT listed in Asia and on the Singapore Exchange (SGX-ST).

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 related assets.

As at 31 December 2019, its portfolio comprises 17 data centres<sup>1</sup> strategically located in key data centre hubs. With an aggregate lettable area of approximately 1,411,411 sq ft, the portfolio spans 10 cities in eight countries across Asia Pacific and Europe.

Keppel Telecommunications & Transportation Ltd (Keppel T&T), the Sponsor of the REIT, has also granted Rights of First Refusal (ROFR) to the REIT for future acquisition opportunities of its data centre assets.

The REIT is managed by Keppel DC REIT Management Pte. Ltd.. Keppel Capital Holdings Pte. Ltd. (Keppel Capital) has a 50% interest in the Manager, with the remaining interest held by Keppel T&T. Keppel Capital is a premier asset manager in Asia with assets under management comprising real estate, infrastructure and data centre properties in key global markets.

The Manager's key objectives are to provide the REIT's Unitholders with regular and stable distributions, as well as achieve long-term growth while maintaining an optimal capital structure.

#### **Important Notice**

*The past performance of Keppel DC REIT is not necessarily indicative of its future performance. Certain statements made in this release may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.*

*Prospective investors and unitholders of Keppel DC REIT (Unitholders) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the Manager) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in*

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<sup>1</sup> Excludes Intellicentre 3 Data Centre, which is currently under development and is expected to be completed in 4Q2020.

*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.*