

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED
30 JUNE 2019**

TABLE OF CONTENTS	
SUMMARY OF KEPPEL DC REIT RESULTS.....	2
INTRODUCTION.....	3
1 UNAUDITED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019.....	4
1(A)(i) STATEMENT OF PROFIT AND LOSS AND DISTRIBUTION STATEMENT.....	4
1(A)(ii) STATEMENT OF COMPREHENSIVE INCOME	6
1(B)(i) BALANCE SHEETS.....	7
1(B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	9
1(C) CONSOLIDATED STATEMENT OF CASH FLOWS.....	10
1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	12
1(D)(ii) DETAIL OF CHANGES IN THE UNITS	16
1(D)(iii) TOTAL NUMBER OF ISSUED UNITS.....	16
1(D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS	16
2 AUDIT.....	16
3 AUDITORS' REPORT.....	16
4 ACCOUNTING POLICIES	16
5 CHANGES IN ACCOUNTING POLICIES.....	16
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	17
7 NET ASSET VALUE (NAV) / NET TANGIBLE ASSET (NTA) PER UNIT	17
8 REVIEW OF PERFORMANCE	18
9 PROSPECTS.....	19
10 RISK FACTORS AND RISK MANAGEMENT.....	19
11 DISTRIBUTIONS	21
12 DISTRIBUTION STATEMENT.....	22
13 INTERESTED PERSON TRANSACTIONS.....	23
14 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1).....	23
CONFIRMATION BY THE BOARD	25

SUMMARY OF KEPPEL DC REIT RESULTS

	2Q 2019 \$'000	2Q 2018 \$'000	+/(-) %	1H 2019 \$'000	1H 2018 \$'000	+/(-) %
Gross Revenue	47,460	41,927	+13.2	95,493	79,935	+19.5
Property Expenses	(4,200)	(3,852)	+9.0	(9,003)	(7,772)	+15.8
Net Property Income	43,260	38,075	+13.6	86,490	72,163	+19.9
Distributable Income to Unitholders (DI)	27,246	23,079	+18.1	54,353	43,946	+23.7
Distribution per Unit (DPU) (cents) ^{1,2}	1.93	1.82	+6.0	3.85	3.62	+6.4
Annualised Distribution Yield (%) ^{2,3}				4.61	4.34	+27bps

Notes:

- 1 Excludes an amount of capital expenditure that has been set aside for KDC SGP 3 and KDC SGP 5 (Capex Reserves).
- 2 Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2019, eligible unitholders will receive a distribution of 3.85 cents per Unit.
- 3 Annualised distribution yields were computed based on 2Q 2019 closing price of \$1.670.

For details, refer to **Paragraph 1A(i) - Statement of profit and loss and distribution statement** and **Paragraph 8 - Review of Performance**.

Distribution	10th Distribution Distribution for the period from 1 January to 30 June 2019
Distribution type	(a) Taxable Income (b) Tax-exempt Income
Distribution rate	Distribution for the period from 1 January to 30 June 2019 (a) Taxable Income – 2.82 cents per Unit (b) Tax-exempt Income – 1.03 cents per Unit
Distribution amount (\$'000)	52,057
Book Closure Date	24 July 2019
Payment Date	28 August 2019

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 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-related assets, with an initial focus on Asia Pacific and Europe.

On 14 March 2018, Keppel DC REIT entered into a contract to acquire the remainder of the 999-year leasehold land interest in Keppel DC Dublin 1 in first half of 2020 for an agreed value of €30.0 million.

On 7 August 2018, Keppel DC REIT entered into an agreement to construct Intellicentre 3 East Data Centre on the vacant land within the current Intellicentre 2 Data Centre site. The completion is expected to be in 2020.

As at 30 June 2019, the REIT has a portfolio size of approximately \$1.98 billion. The portfolio comprises 15 high quality well located data centres in Singapore, Malaysia, Australia, the United Kingdom (UK), the Netherlands, Republic of Ireland (Ireland), Italy and Germany.

Asia-Pacific

1)	Keppel DC Singapore 1	Singapore	(KDC SGP 1)
2)	Keppel DC Singapore 2	Singapore	(KDC SGP 2)
3)	Keppel DC Singapore 3	Singapore	(KDC SGP 3)
4)	Keppel DC Singapore 5	Singapore	(KDC SGP 5)
5)	Basis Bay Data Centre	Malaysia	(Basis Bay DC)
6)	Gore Hill Data Centre	Australia	(Gore Hill DC)
7)	Intellicentre 2 Data Centre	Australia	(IC2 DC)
8)	iseek Data Centre	Australia	(iseek DC)

Europe

9)	GV7 Data Centre	UK	(GV7 DC)
10)	Cardiff Data Centre	UK	(Cardiff DC)
11)	Almere Data Centre	The Netherlands	(Almere DC)
12)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)
13)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)
14)	Milan Data Centre	Italy	(Milan DC)
15)	maincubes Data Centre	Germany	(maincubes DC)

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

- 1H – Refers to the first half from 1 January to 30 June 2019 and the corresponding period of the preceding year.
- 2Q – Refers to the second quarter from 1 April to 30 June 2019 and the corresponding period of the preceding year.
- Distributable income includes an amount of capital expenditure set aside for KDC SGP 3 and KDC SGP 5 (Capex Reserves). The DPU has excluded Capex Reserves.
- Nm – Not meaningful

1 UNAUDITED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Directors of Keppel DC REIT Management Pte. Ltd., as the manager of Keppel DC REIT, advise the following unaudited results of the Group for the financial period ended 30 June 2019:

1(A)(i) STATEMENT OF PROFIT AND LOSS AND DISTRIBUTION STATEMENT

Performance between 2019 and 2018 results

Statement of profit and loss and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Profit and Loss (Group)

		2Q 2019	2Q 2018		1H 2019	1H 2018	
		\$'000	\$'000	+ / (-) %	\$'000	\$'000	+ / (-) %
	Note						
Gross rental income	1	45,063	41,009	9.9	90,771	77,929	16.5
Other income	2	2,397	918	>100.0	4,722	2,006	>100.0
Gross Revenue		47,460	41,927	13.2	95,493	79,935	19.5
Property operating expenses	3	(4,200)	(3,852)	9.0	(9,003)	(7,772)	15.8
Net Property Income		43,260	38,075	13.6	86,490	72,163	19.9
Finance income		112	182	(38.5)	304	596	(49.0)
Finance costs	4	(4,073)	(4,214)	(3.3)	(8,129)	(8,207)	(1.0)
Trustees' fees		(112)	(73)	53.4	(197)	(147)	34.0
Manager's base fee	5	(2,458)	(2,141)	14.8	(4,913)	(4,060)	21.0
Manager's performance fee	5	(1,438)	(1,219)	18.0	(2,887)	(2,311)	24.9
Net realised gains on derivatives		-	-	-	1,043	498	>100.0
Other trust expenses	6	(2,920)	(2,452)	19.1	(5,709)	(3,304)	72.8
Profit before tax		32,371	28,158	15.0	66,002	55,228	19.5
Tax expenses	7	(2,600)	(1,822)	42.7	(5,205)	(3,203)	62.5
Profit after tax		29,771	26,336	13.0	60,797	52,025	16.9
Attributable to:							
Unitholders		29,003	25,570	13.4	59,201	50,524	17.2
Non-controlling interests		768	766	0.3	1,596	1,501	6.3
		29,771	26,336	13.0	60,797	52,025	16.9
<u>Distribution Statement</u>							
Profit after tax attributable to Unitholders		29,003	25,570	13.4	59,201	50,524	17.2
Net tax and other adjustments	8	(1,757)	(2,491)	(29.5)	(4,848)	(6,578)	(26.3)
Income available for distribution	9	27,246	23,079	18.1	54,353	43,946	23.7
Distribution per Unit (cents)	10	1.93	1.82	6.0	3.85	3.62	6.4

Notes (2019 and 2018):

1 In 2Q 2019, higher gross rental income was mainly due to the acquisition of KDC SGP 5.

In 1H 2019, higher gross rental income was mainly due to the acquisitions of maincubes DC and KDC SGP 5.

2 In 2Q 2019 and 1H 2019, higher other income was mainly due to the higher rental top up recognised.

3 Included as part of the property operating expenses were the following:

	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000	1H 2018 \$'000
Property-related taxes	(674)	(596)	(1,424)	(1,199)
Facility management costs	(2,202)	(2,054)	(4,403)	(4,067)
Repairs and maintenance	(422)	(239)	(998)	(628)
Other property-related costs	(902)	(963)	(2,178)	(1,878)
	<u>(4,200)</u>	<u>(3,852)</u>	<u>(9,003)</u>	<u>(7,772)</u>

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

5 Increase in Manager's base fees and performance fees were mainly due to the acquisitions of KDC SGP 5 and maincubes DC, as well as the higher net property income.

6 Included in other trust expenses in 2Q 2019 and 1H 2019 were higher amortisation of intangible assets, offset by lower foreign exchange loss.

7 Tax expenses comprise (i) tax in relation to the taxable income that are not accorded full tax transparency treatment, (ii) tax expenses of the Group's overseas properties, and (iii) net deferred tax expenses recognised on tax losses carried forward and fair value changes in investment properties.

8 Included in the net tax and other adjustments were the following:

	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000	1H 2018 \$'000
Trustee's fees	93	54	159	108
Rental income adjustment on a straight-line basis	(492)	(1,090)	(929)	(2,173)
Amortisation of capitalised transaction costs	82	78	176	154
Foreign exchange losses	712	372	850	318
Deferred tax	848	362	2,567	556
Amortisation of intangible assets	2,000	1,175	4,000	1,951
Other net adjustments	(5,000)	(3,442)	(11,671)	(7,492)
Net tax and other adjustments	<u>(1,757)</u>	<u>(2,491)</u>	<u>(4,848)</u>	<u>(6,578)</u>

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

9 Higher DI in 2Q 2019 was mainly due to the acquisition of KDC SGP 5.

Higher DI in 1H 2019 was mainly due to the acquisitions of maincubes DC and KDC SGP 5.

10 The DPU was computed based on DI (Note 9) and has excluded Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2019, eligible unitholders will receive a distribution of 3.85 cents per Unit.

1(A)(ii) STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income, together with a comparative statement for the corresponding period of the immediate preceding financial year

Statement of Comprehensive Income (Group)

	2Q 2019 \$'000	2Q 2018 \$'000	+/(-) %	1H 2019 \$'000	1H 2018 \$'000	+/(-) %
Profit after tax	29,771	26,336	13.0	60,797	52,025	16.9
Other comprehensive income						
Movement in fair value of cash flow hedges	(2,408)	(429)	>100.0	(5,402)	985	Nm
Foreign currency translation movement	(7,992)	(14,050)	(43.1)	(12,854)	(8,341)	54.1
Total other comprehensive loss	(10,400)	(14,479)	(28.2)	(18,256)	(7,356)	>100.0
Total comprehensive income	19,371	11,857	63.4	42,541	44,669	(4.8)
Attributable to:						
Unitholders	18,606	11,094	67.7	40,944	43,233	(5.3)
Non-controlling interests	765	763	0.3	1,597	1,436	11.2
	19,371	11,857	63.4	42,541	44,669	(4.8)

Note:

These other comprehensive income items relate to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency transaction reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

1(B)(i) BALANCE SHEETS

Balance sheets together with a comparative statement for the end of the immediately preceding financial year

	Note	Group			Trust		
		30-Jun-19 \$'000	31-Dec-18 \$'000	+ / (-) %	30-Jun-19 \$'000	31-Dec-18 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	2,033,589	2,028,672	0.2	456,860	456,000	0.2
Investment in subsidiaries	2	-	-	-	1,205,063	1,205,063	-
Loans to subsidiaries	2	-	-	-	240,869	223,338	7.8
Deposit	3	769	777	(1.0)	769	777	(1.0)
Derivative financial assets	4	1,484	3,238	(54.2)	-	2,044	Nm
Deferred tax assets	5	2,297	-	Nm	4,036	-	Nm
Total non-current assets		2,038,139	2,032,687	0.3	1,907,597	1,887,222	1.1
Current assets							
Trade and other receivables	6	80,271	85,723	(6.4)	17,499	32,060	(45.4)
Intangible assets	7	-	4,000	Nm	-	4,000	Nm
Other asset	8	-	6,213	Nm	-	-	-
Derivative financial assets	4	2,932	2,106	39.2	-	1,952	Nm
Cash and cash equivalents		143,889	128,415	12.0	77,728	67,752	14.7
Total current assets		227,092	226,457	0.3	95,227	105,764	(10.0)
TOTAL ASSETS		2,265,231	2,259,144	0.3	2,002,824	1,992,986	0.5
Current liabilities							
Loans from subsidiaries	9	-	-	-	120,000	130,000	(7.7)
Loans and borrowings	10	123,521	133,563	(7.5)	-	-	-
Trade and other payables	11	28,169	42,481	(33.7)	15,083	29,569	(49.0)
Provision for taxation	12	9,557	16,948	(43.6)	2,562	2,781	(7.9)
Total current liabilities		161,247	192,992	(16.4)	137,645	162,350	(15.2)
Non-current liabilities							
Loans from subsidiaries	9	-	-	-	581,026	543,952	6.8
Loans and borrowings	10	609,808	573,084	6.4	-	-	-
Derivative financial liabilities	4	8,932	4,459	>100.0	-	341	Nm
Deferred tax liabilities	5	17,353	12,615	37.6	4	4	-
Total non-current liabilities		636,093	590,158	7.8	581,030	544,297	6.7
TOTAL LIABILITIES		797,340	783,150	1.8	718,675	706,647	1.7
NET ASSETS		1,467,891	1,475,994	(0.5)	1,284,149	1,286,339	(0.2)
Represented by:							
Unitholders' funds		1,436,536	1,444,839	(0.6)	1,284,149	1,286,339	(0.2)
Non-controlling interests	13	31,355	31,155	0.6	-	-	-
		1,467,891	1,475,994	(0.5)	1,284,149	1,286,339	(0.2)
Net asset value per Unit (\$)	14	1.06	1.07	(0.9)	0.95	0.95	-
Aggregate leverage / Deposited properties (%)	15	31.9	30.8	110bps	Nm	Nm	Nm

Notes:

- 1 Included in the investment properties were leases of \$32.7 million capitalised at the lower of its fair value and the present value of the minimum lease payments for isseek DC and KDC DUB 1.

<u>Investment Properties</u>	<u>Tenure</u>	<u>Carrying Value (\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	287,549
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051 [^]	169,312
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 [^]	257,555
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041	322,198
Basis Bay Data Centre	Freehold	27,974
Gore Hill Data Centre	Freehold	196,283
Intellicentre 2 Data Centre	Freehold	51,071
iseek Data Centre	Leasehold, expiring 29 June 2047 [^]	41,791
GV7 Data Centre	Leasehold, expiring 28 Sept 2183 [^]	63,026
Cardiff Data Centre	Freehold	64,900
Almere Data Centre	Freehold	137,606
Keppel DC Dublin 1	Leasehold, expiring 11 April 2041 [^]	109,695
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	113,748
Milan Data Centre	Freehold	56,734
maincubes Data Centre	Freehold	134,147
		2,033,589

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

- 2 These relate to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.
- 3 Deposit was paid to the vendor for the acquisition of the remainder of the 999-year leasehold land interest in KDC DUB 1 in 2018.
- 4 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.
- 5 These relate to the net deferred tax assets/liabilities recognised in different tax jurisdictions that arose on tax losses carried forward and fair value changes in certain investment properties.
- 6 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) 1-17 *Leases* in 2018 and SFRS(I) 16 *Leases* in 2019, but not yet received from the clients.
- 7 This relates to intangible assets with finite useful lives recognised in relation to a rental top up provided by the vendors. The intangible assets have been amortised on a straight-line basis over the relevant rental top up periods.
- 8 2018 other asset relates to the economic benefits to be derived from an overseas asset acquired in 2017.
- 9 These relate to loans from subsidiaries. The higher balances as at 30 June 2019 were mainly due to the additional loans drawn, partially offset by the repayment of certain loans.
- 10 These relate to external borrowings of \$701.0 million (refer to Paragraph 1(B)(ii)), lease liabilities recognised for isseek DC and KDC DUB 1 and capitalised debt-related transaction costs. The higher external borrowings as at 30 June 2019 were mainly due to issuance of medium term notes, partially offset by the repayment of certain bank borrowings.
- 11 Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.
- 12 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.
- 13 This relates to the non-controlling interests' share of net assets.
- 14 This excludes the non-controlling interests' share of net assets.
- 15 Aggregate leverage relates to the \$701.0 million external borrowings drawn down (refer to Paragraph 1(B)(ii)) 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 for isseek DC and KDC DUB 1. If these lease liabilities pertaining to land rent commitments were included, the ratio would be 32.9% (31 December 2018: 31.9%).

1(B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES

	Group	
	As at 30 Jun 19 \$'000	As at 31 Dec 18 \$'000
<u>Unsecured borrowings¹</u>		
Amount repayable within one year	120,000	130,000
Amount repayable after one year	581,026	543,952
	701,026	673,952

Note:

- 1 Keppel DC REIT has unsecured borrowings of approximately \$478.4 million (2018: \$523.6 million) and \$68.8 million (2018: \$72.7 million) and \$153.8 million (2018: \$77.7 million) under its term loan facilities, revolving credit facilities and Multicurrency Medium Term Note Programme respectively.

As at 30 June 2019, the Group had total borrowings of approximately \$701.0 million and unutilised facilities of approximately \$216.8 million to meet its future obligations. The all-in average interest rate for borrowings was 1.7% per annum for the financial period ended 30 June 2019.

1(C) CONSOLIDATED STATEMENT OF CASH FLOWS

	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000	1H 2018 \$'000
Operating activities				
Profit after tax for the financial period	29,771	26,336	60,797	52,025
Adjustments for:				
Tax expenses	2,600	1,822	5,205	3,203
Finance income	(112)	(182)	(304)	(596)
Finance costs	4,073	4,214	8,129	8,207
Amortisation of intangible assets	2,000	1,175	4,000	1,951
Management fees payable in Units	394	66	781	212
Unrealised currency translation differences	(7,031)	(3,528)	(4,268)	(3,151)
	31,695	29,803	74,340	61,851
Changes in working capital:				
- Trade and other receivables	11,095	823	7,244	(16,206)
- Trade and other payables	(5,460)	(11,340)	(10,835)	(6,727)
Cash generated from operations	37,330	19,386	70,749	38,918
Net tax paid	(1,033)	(292)	(6,556)	(1,094)
Net cash generated from operating activities	36,297	19,094	64,193	37,824
Cash flows from investing activities				
Acquisition of interests in investment properties (Note A)	-	(292,449)	-	(414,543)
Acquisition of an intangible asset	-	(8,000)	-	(8,000)
Rental top up received	-	8,000	-	8,000
Additions to investment properties	(241)	(3,950)	(9,110)	(9,893)
Capital expenditures on investment properties	(5,164)	(5,307)	(16,220)	(6,515)
Deposit paid	-	-	-	(808)
Net cash used in investing activities	(5,405)	(301,706)	(25,330)	(431,759)
Cash flows from financing activities				
Gross proceeds from private placement	-	303,072	-	303,072
Proceeds from borrowings and medium term note	-	84,639	83,326	221,203
Payment of financing transaction costs	-	(81)	(115)	(152)
Repayment of borrowings	(10,000)	(75,976)	(46,890)	(75,976)
Finance costs paid	(3,840)	(3,986)	(7,645)	(7,754)
Distributions paid to Unitholders	-	-	(50,008)	(39,338)
Dividends paid to non-controlling interests	(741)	(658)	(1,397)	(1,319)
Payment of transaction costs relating to equity fund-raising	-	(2,183)	-	(2,183)
Net cash (used in) / generated from financing activities	(14,581)	304,827	(22,729)	397,553
Net increase in cash and cash equivalents	16,311	22,215	16,134	3,618
Cash and cash equivalents at beginning of period	127,892	97,155	128,415	116,098
Effects of exchange rate fluctuations on cash held	(314)	1,039	(660)	693
Cash and cash equivalents at end of period	143,889	120,409	143,889	120,409
Cash and cash equivalent balances	143,889	121,433	143,889	121,433
Less: Rental top up received in advance held in a designated account (Note B)	-	(1,024)	-	(1,024)
Cash and cash equivalents per Consolidated Statement of Cash Flows	143,889	120,409	143,889	120,409

1(C) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Note A – Acquisition of interests in investment properties

In June 2018, Keppel DC REIT announced the completion of the acquisition of a 99% interest in Keppel DC Singapore 5 Pte. Ltd. (KDCS5PL), which in turns holds KDC SGP 5, located at 13 Sunview Way, Singapore 627541. A business transfer agreement with Keppel DCS3 Services Pte. Ltd. (Facility Manager) was entered into to transfer the employees, contracts and assets for the purpose of providing facility management services of KDCS5PL to the Facility Manager. This acquisition has been accounted for as an asset acquisition.

Keppel DC REIT completed the acquisition of maincubes DC in Offenbach am Main, Germany on 30 March 2018. The remaining 90% balance of the purchase consideration was paid, along with the release of the 10% deposit, to the vendor as settlement of the purchase consideration.

Note B - Rental top up received in advance held in a designated account

This refers to the remaining rental top up payments received in advance by the Group held in a designated account for the 100% interest in Milan DC. These rental top up payments had been recognised periodically under other income till December 2018.

Cash flow analysis (1H 2019 vs 1H 2018)

Cash generated from operating activities for the 1H 2019 was \$64.2 million, \$26.4 million higher than \$37.8 million for the corresponding period last year. This was mainly due to higher operational cash inflow and lower working capital requirement, partially offset by higher net tax paid during the period.

Net cash used in investing activities for 1H 2019 was \$25.3 million, comprising mainly an additional consideration paid to a vendor of an overseas asset acquired in 2017, upfront land premium paid for KDC SGP 5 and capital expenditures. Net cash used in investing activities for the corresponding period last year was \$431.8 million, comprising the acquisitions of KDC SGP 5 and maincubes DC, capital expenditures and deposit paid for the acquisition of the remaining 999-year leasehold land interest in KDC DUB 1.

The Group recorded net cash used in financing activities of \$22.7 million in 1H 2019 as compared to net cash generated from financing activities of \$397.6 million for the corresponding period last year. Net cash used in 1H 2019 was mainly due to distributions paid to Unitholders, repayment of borrowings and finance costs, partially offset by the proceeds from bank borrowings and medium term notes issued. Net cash generated from financing activities for 1H 2018 comprised mainly proceeds from borrowings drawn down to finance the acquisition of maincubes DC, partially offset by distributions paid to Unitholders and finance costs.

Cash flow analysis (2Q 2019 vs 2Q 2018)

Cash generated from operating activities for the quarter was \$36.3 million, \$17.2 million higher than \$19.1 million for the corresponding quarter last year. This was mainly due to lower working capital requirements.

Net cash used in investing activities for 2Q 2019 was \$5.4 million, comprising mainly capital expenditures. Net cash used in investing activities for the corresponding quarter last year was \$301.7 million for capital expenditures and additions to investment properties.

The Group recorded net cash used in financing activities of \$14.6 million in 2Q 2019 as compared to net cash generated from financing activities of \$304.8 million for the corresponding quarter last year. Net cash used in 2Q 2019 was mainly due to repayment of borrowings and finance costs. Net cash generated from financing activities for 2Q 2018 comprised mainly the placement proceeds raised to finance the acquisition of KDC SGP 5, proceeds from borrowings drawn down to finance the acquisition of maincubes DC, partially offset by finance costs and distributions paid to Unitholders.

Usage of proceeds of the Preferential Offering

Further to the announcement dated 22 January 2019 titled "Unaudited Results for the Year ended 31 December 2018 (the Announcement)", the Manager wishes to update that there has been no significant use of the net proceeds raised from the Preferential Offering (the Net Proceeds) for the quarter ended 30 June 2019.

1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

GROUP (2019)	Note	Foreign Currency		Hedging Reserve	Other Reserve	Accumulated Profits	Unitholders' Funds	Non- Controlling Interests	Total
		Units in Issue	Translation Reserve						
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019		1,378,025	16,416	885	(95,751)	145,264	1,444,839	31,155	1,475,994
Operations									
Profit after tax for the period		-	-	-	-	30,198	30,198	828	31,026
Net increase in net assets resulting from operations		-	-	-	-	30,198	30,198	828	31,026
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(50,008)	(50,008)	-	(50,008)
Payment of management fees in Units		498	-	-	-	-	498	-	498
Net decrease in net assets resulting from Unitholders' transactions		498	-	-	-	(50,008)	(49,510)	-	(49,510)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(656)	(656)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(2,994)	-	-	(2,994)	-	(2,994)
Foreign currency translation movement	1	-	(4,866)	-	-	-	(4,866)	4	(4,862)
Net decrease in other comprehensive income		-	(4,866)	(2,994)	-	-	(7,860)	4	(7,856)
At 31 March 2019		1,378,523	11,550	(2,109)	(95,751)	125,454	1,417,667	31,331	1,448,998
Operations									
Profit after tax for the period		-	-	-	-	29,003	29,003	768	29,771
Net increase in net assets resulting from operations		-	-	-	-	29,003	29,003	768	29,771
Unitholders' transactions									
Payment of management fees in Units		263	-	-	-	-	263	-	263
Net increase in net assets resulting from Unitholders' transactions		263	-	-	-	-	263	-	263
Dividends paid to non-controlling interests		-	-	-	-	-	-	(741)	(741)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(2,408)	-	-	(2,408)	-	(2,408)
Foreign currency translation movement	1	-	(7,989)	-	-	-	(7,989)	(3)	(7,992)
Net decrease in other comprehensive income		-	(7,989)	(2,408)	-	-	(10,397)	(3)	(10,400)
At 30 June 2019		1,378,786	3,561	(4,517)	(95,751)	154,457	1,436,536	31,355	1,467,891

Note:

- 1 These other comprehensive income items relate to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

GROUP (2018)	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 2018		1,078,173	22,145	(285)	(95,751)	85,434	1,089,716	26,786	1,116,502
Operations									
Profit after tax for the period		-	-	-	-	24,954	24,954	735	25,689
Net increase in net assets resulting from operations		-	-	-	-	24,954	24,954	735	25,689
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(39,338)	(39,338)	-	(39,338)
Payment of management fees in Units		146	-	-	-	-	146	-	146
Net decrease in net assets resulting from Unitholders' transactions		146	-	-	-	(39,338)	(39,192)	-	(39,192)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(661)	(661)
Other comprehensive income									
Movement in hedging reserve	1	-	-	1,414	-	-	1,414	-	1,414
Foreign currency translation movement	1	-	5,771	-	-	-	5,771	(62)	5,709
Net increase in other comprehensive income		-	5,771	1,414	-	-	7,185	(62)	7,123
At 31 March 2018		1,078,319	27,916	1,129	(95,751)	71,050	1,082,663	26,798	1,109,461
Operations									
Profit after tax for the period		-	-	-	-	25,570	25,570	766	26,336
Net increase in net assets resulting from operations		-	-	-	-	25,570	25,570	766	26,336
Unitholders' transactions									
Net increase in net assets resulting from Unitholders' contribution		-	-	-	-	299,035	299,035	-	299,035
Distributions to Unitholders		-	-	-	-	(31,227)	(31,227)	-	(31,227)
Payment of management fees in Units		-	-	-	-	66	66	-	66
Net increase in net assets resulting from Unitholders' transactions		-	-	-	-	267,874	267,874	-	267,874
Acquisition of an interest in a subsidiary		-	-	-	-	-	-	1,204	1,204
Dividends paid to non-controlling interests		-	-	-	-	-	-	(658)	(658)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(429)	-	-	(429)	-	(429)
Foreign currency translation movement	1	-	(14,047)	-	-	-	(14,047)	(3)	(14,050)
Net decrease in other comprehensive income		-	(14,047)	(429)	-	-	(14,476)	(3)	(14,479)
At 30 June 2018		1,078,319	13,869	700	(95,751)	364,494	1,361,631	28,107	1,389,738

Note:

- 1 These other comprehensive income items relate to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

<u>TRUST (2019)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Unitholders' Funds</u> \$'000
At 1 January 2019		1,378,025	3,655	(95,751)	410	1,286,339
Operations						
Profit after tax for the period		-	-	-	21,077	21,077
Net increase in net assets resulting from operations		-	-	-	21,077	21,077
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(50,008)	(50,008)
Payment of management fees in Units		498	-	-	-	498
Net decrease in net assets resulting from Unitholders' transactions		498	-	-	(50,008)	(49,510)
Other comprehensive income						
Movement in hedging reserve	1	-	(399)	-	-	(399)
Net decrease in other comprehensive income		-	(399)	-	-	(399)
At 31 March 2019		1,378,523	3,256	(95,751)	(28,521)	1,257,507
Operations						
Profit after tax for the period		-	-	-	25,600	25,600
Net increase in net assets resulting from operations		-	-	-	25,600	25,600
Unitholders' transactions						
Distribution to Unitholders		-	-	-	-	-
Payment of management fees in Units		263	-	-	-	263
Net increase in net assets resulting from Unitholders' transactions		263	-	-	-	263
Other comprehensive income						
Movement in hedging reserve	1	-	779	-	-	779
Net increase in other comprehensive income		-	779	-	-	779
At 30 June 2019		1,378,786	4,035	(95,751)	(2,921)	1,284,149

Note:

- 1 The other comprehensive income item relates to the fair value changes of the cash flow hedges as a result of foreign currency forward contracts and interest rate swaps entered into by the Trust.

1(D)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

TRUST (2018)	Note	Unit in Issue '000	Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Profits \$'000	Unitholders' Funds \$'000
At 1 January 2018		1,078,173	99	(95,751)	(23,336)	959,185
Operations						
Profit after tax for the period		-	-	-	19,430	19,430
Net increase in net assets resulting from operations		-	-	-	19,430	19,430
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(39,338)	(39,338)
Payment of management fees in Units		146	-	-	-	146
Net decrease in net assets resulting from Unitholders' transactions		146	-	-	(39,338)	(39,192)
Other comprehensive income						
Movement in hedging reserve	1	-	(878)	-	-	(878)
Net decrease in other comprehensive income		-	(878)	-	-	(878)
At 31 March 2018		1,078,319	(779)	(95,751)	(43,244)	938,545
Operations						
Profit after tax for the period		-	-	-	35,097	35,097
Net increase in net assets resulting from operations		-	-	-	35,097	35,097
Unitholders' transactions						
Net increase in net assets resulting from Unitholders' contribution		-	-	-	299,035	299,035
Distribution to Unitholders		-	-	-	(31,227)	(31,227)
Payment of management fees in Units		66	-	-	-	66
Net increase in net assets resulting from Unitholders' transactions		66	-	-	267,808	267,874
Other comprehensive income						
Movement in hedging reserve	1	-	1,706	-	-	1,706
Net increase in other comprehensive income		-	1,706	-	-	1,706
At 30 June 2018		1,078,385	927	(95,751)	259,661	1,243,222

Note:

- 1 The other comprehensive income item relates to the fair value changes of the cash flow hedges as a result of foreign currency forward contracts and interest rate swaps entered into by the Trust.

1(D)(ii) DETAIL OF CHANGES IN THE UNITS

GROUP AND TRUST	1 Apr 19 to 30 Jun 19	1 Jan 19 to 31 Mar 19	1 Jan 18 to 30 Jun 18
	No. of Units	No. of Units	No. of Units
Issued Units as at beginning of period	1,351,941,999	1,351,578,450	1,127,171,336
Management fees paid in Units	179,047	363,549	150,067
Issuance of placement Units	-	-	224,000,000
Issued Units as at end of period	1,352,121,046	1,351,941,999	1,351,321,403

1(D)(iii) TOTAL NUMBER OF ISSUED UNITS

Keppel DC REIT did not hold any treasury units as at 30 June 2019 and 31 December 2018.

	Group	
	As at 30 Jun 19	As at 31 Dec 18
Total number of issued Units	1,352,121,046	1,351,578,450

1(D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS

Not applicable.

2 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.

3 AUDITORS' REPORT

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

Not applicable.

4 ACCOUNTING POLICIES

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation have been consistently applied during the current reporting period except that in the current financial year, the Group has adopted new and revised standards and SFRS (I) Interpretation that are effective for annual period beginning on 1 January 2019.

5 CHANGES IN ACCOUNTING POLICIES

If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to Paragraph 4 - Accounting Policies.

6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

	2Q 2019	2Q 2018	1H 2019	1H 2018
Earnings per Unit (EPU)				
EPU (basic and diluted) (cents)	2.15	1.99	4.38	4.19
Weighted average number of Units ¹	1,352,062,020	1,282,398,326	1,351,940,076	1,205,247,529
Profit after tax ² (\$'000)	29,003	25,570	59,201	50,524
Distribution per Unit (DPU)				
DPU³ (cents)	1.93	1.82	3.85	3.62
Total number of Units in issue at end of period	1,352,121,046	1,351,321,403	1,352,121,046	1,351,321,403
Income available for distribution to Unitholders (\$'000)	27,246	23,079	54,353	43,946

7 NET ASSET VALUE (NAV) / NET TANGIBLE ASSET (NTA) PER UNIT

	Group	
	As at 30 Jun 19	As at 31 Dec 18
NAV² per Unit⁴ (\$)	1.06	1.07
Adjusted NAV ² per unit ⁴ (excluding the distributable income)	1.02	1.03
NTA² per Unit⁴ (\$)	1.06	1.07
Adjusted NTA ² per unit ⁴ (excluding the distributable income)	1.02	1.03

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 for the period after tax.
- 3 DPU excludes Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2019, eligible unitholders will receive a distribution of 3.85 cents per Unit.
- 4 The NAV per Unit and the NTA per Unit were computed based on the issued Units at the end of the financial period.

8 REVIEW OF PERFORMANCE

Review of the Performance between 2019 and 2018 results

(1H 2019 vs 1H 2018)

Gross rental income for 1H 2019 was \$90.8 million, an increase of \$12.9 million or 16.5% from 1H 2018 of \$77.9 million. This was mainly contributed by the acquisitions of KDC SGP 5 and maincubes DC. The increase was partially offset by lower variable income from the other Singapore properties. Furthermore, overseas contributions decreased from the depreciation of AUD, EUR and GBP against SGD.

Other income of \$4.7 million was \$2.7 million higher than 1H 2018 due to higher rental top up income recognised.

Property operating expenses for 1H 2019 was \$9.0 million, an increase of \$1.2 million or 15.8% from 1H 2018 of \$7.8 million. This was mainly due to the acquisition of KDC SGP 5, as well as higher property-related expenses recorded at Gore Hill DC and KDC DUB 2.

Net property income of \$86.5 million for 1H 2019 was \$14.3 million or 19.9% higher than 1H 2018.

Profit after tax for 1H 2019 was \$60.8 million, an increase of \$8.8 million or 16.9% as compared to 1H 2018 of \$52.0 million. This was mainly due to higher net property income and net realised gains on derivatives, partially offset by higher amortisation expense, Manager's fees and tax expenses.

(2Q 2019 vs 2Q 2018)

Gross rental income for 2Q 2019 was \$45.1 million, an increase of \$4.1 million or 9.9% from 2Q 2018 of \$41.0 million. This was mainly contributed by acquisition of KDC SGP 5. The increase was partially offset by lower variable income from the other Singapore properties as well as lower overseas contribution due to the depreciation of AUD, EUR and GBP against SGD.

Other income of \$2.4 million was \$1.5 million higher than 2Q 2018 due to higher rental top up income recognised.

Property operating expenses for 2Q 2019 was \$4.2 million, an increase of \$0.3 million or 9.0% increase from 2Q 2018. This was mainly due to the acquisition of KDC SGP 5 as well as higher property-related expenses recorded at Gore Hill DC.

Net property income of \$43.3 million for 2Q 2019 was \$5.2 million or 13.6% higher than 2Q 2018.

Profit after tax for 2Q 2019 was \$29.8 million, an increase of \$3.5 million or 13.0% as compared to 2Q 2018. This was mainly due to higher net property income, partially offset by higher amortisation expenses, Manager's fees and tax expenses.

9 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 Global Economic Prospects published in June 2019, the World Bank expects global economic growth in 2019 to ease to 2.6%, down from its earlier forecast of 2.9%, citing geopolitical risks and renewed trade tensions.

Demand in the data centre industry remains strong, supported by the strong growth in data creation and storage requirements as enterprises and individuals continue to adopt cloud solutions. 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, according to BroadGroup Consulting. Looking ahead, the development and adoption of new technologies such as 5G mobile networks, autonomous vehicles, virtual reality, the Internet of Things, will continue to contribute to the digitalisation wave and correspondingly, demand for data centres globally.

Increased interests in the data centre industry has attracted new investors, competing for capital and quality assets, as evidenced by recent data centre funds launched in Asia Pacific and Europe.

With the Manager's competencies in investment and asset management, and its ability to leverage the Keppel Group's capabilities in project development and facilities management, the Manager will continue to seek opportunities to capture value and strengthen its presence across key data centre hubs in Asia Pacific and Europe.

10 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.

Operational risk

Measures have been put in place to ensure sustainability of net property income. These measures include steps taken to negotiate for favourable terms/covenants, manage expenses, and actively monitor rental payments from clients and continuously evaluate the Group's counter-parties.

In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary. The Manager manages such risks through multiple layers of redundancy and back-up systems supported by detailed operational procedures and maintenance programmes. However, the Manager notes that no system of risk management can provide absolute assurance against all potential risks.

Competition risk

The Manager will actively manage the properties and grow strong relationships with its clients by providing value-added property-related services. Through such active asset management and enhancements, the Manager seeks to maintain high client retention and occupancy levels and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new clients.

The Manager will work with the facility managers (where applicable) to actively manage (i) contract and colocation renewals and (ii) new contracts and colocation arrangements to maintain high client retention levels and minimise vacancy periods. The Manager also intends to leverage on its relationship with existing data centre clients as well as data centre brokers to secure new clients for the Group's new and existing data centre facilities.

11 DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Name of distribution:	<u>10th</u> Distribution Distribution for the period from 1 January to 30 June 2019
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	Distribution for the period from 1 January to 30 June 2019 (a) Taxable income – 2.82 cents per Unit (b) Tax-exempt income – 1.03 cents per Unit
Distribution amount (\$'000):	52,057
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>

(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:	(i) <u>7th</u> Distribution for the period from 1 January to 15 May 2018 (ii) <u>8th</u> Distribution for the period from 16 May to 30 June 2018
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	<u>7th</u> Distribution for the period from 1 January to 15 May 2018 (a) Taxable income – 1.63 cents per Unit (b) Tax-exempt income – 1.14 cents per Unit <u>8th</u> Distribution for the period from 16 May to 30 June 2018 (a) Taxable income – 0.48 cents per Unit (b) Tax-exempt income – 0.37 cents per Unit
Distribution amount (\$'000):	(i) <u>7th</u> Distribution - 31,227 (ii) <u>8th</u> Distribution - 11,486
Tax rate:	(c) <u>Taxable Income Distribution:</u> Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns. Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors up to 31 March 2020, as extended in Budget Statement for Financial Year 2015, delivered on 23 February 2015. All other investors will receive their distributions after deduction of tax at the rate of 17%. (d) <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income, exempt dividend income and interest income received by Keppel DC REIT.

(c) Book closure date

The Transfer Books and Register of Unitholders of Keppel DC REIT for the 10th Distribution will be closed at 5.00 p.m. on **24 July 2019** for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the distribution is payable: **28 August 2019**

12 DISTRIBUTION STATEMENT

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

Other than as disclosed in Paragraph 11(a), no distribution has been declared / recommended.

13 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 2019 \$'000	1H 2018 \$'000
Keppel Corporation Limited and its subsidiaries		
- Manager's acquisition fees	86	4,308
- Manager's management fees	7,800	6,375
- Fixed rental income in relation to 99% interest of KDC SGP 5	62,667 ¹	2,970
- Variable rental income	37,681	28,141
- Facility management and property management fees	1,522	1,476
- Support services fees	283	274
Perpetual (Asia) Limited		
- Trustee fees	159	108

¹ Pursuant to Unitholders' approval obtained at the Annual General Meeting held on 16 April 2019, the lease agreement and the facility management agreement between Keppel DC Singapore 5 and Keppel DCS3 Services Pte. Ltd. were executed on 12 June 2019.

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

14 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.

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

Kelvin Chua / Winnie Mak
Company Secretaries
16 July 2019

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 2019 to 30 June 2019 to be false or misleading in any material respects.

On behalf of the Board,



Christina Tan Hua Mui
Chairman



Lee Chiang Huat
Director

16 July 2019