

Keppel DC REIT Management Pte Ltd

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MEDIA RELEASE

Unaudited Results of Keppel DC REIT for First Quarter Ended 31 March 2019

15 April 2019

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 first quarter ended 31 March 2019.

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

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Keppel DC REIT achieves 6.7% year-on-year increase in DPU to 1.92 cents for 1Q 2019

Key Highlights

- Declares DPU of 1.92 cents for 1Q 2019, 6.7% above 1Q 2018's DPU of 1.80 cents
- Diversified sources of funding with issuance of €50 million in floating rate notes due 2026
- Maintained strong portfolio occupancy of 93.2% and long WALE of 8.0 years
- Low aggregate leverage of 32.5% provides financial flexibility and comfortable debt headroom to pursue growth

(\$'000)	1Q 2019	1Q 2018	+ / (-) %
Gross Revenue	48,033	38,008	+26.4
Property Expenses	(4,803)	(3,920)	+22.5
Net Property Income	43,230	34,088	+26.8
Distributable Income to Unitholders ⁽¹⁾	27,109	20,867	+29.9
Distribution per Unit ⁽²⁾ (DPU) (cents)	1.92	1.80	+6.7
Annualised Distribution Yield ⁽³⁾ (%)	5.12	4.80	+32 bps

(1) Distributable income included Capex Reserves for Keppel DC Singapore 3 and Keppel DC Singapore 5.

(2) DPU was computed based on the distributable income to Unitholders and excluded Capex Reserves.

(3) Annualised by quarters and computed based on 1Q 2019's closing price of \$1.500 per Unit.

Financial Review

Keppel DC REIT Management Pte. Ltd., as Manager of Keppel DC REIT, is pleased to announce that the REIT has delivered distributable income of \$27.1 million for 1Q 2019, 29.9% higher than 1Q 2018's \$20.9 million.

Distributable income was higher year-on-year (y-o-y) due mainly to the enlarged asset base following the acquisitions¹ of maincubes Data Centre in Offenbach am Main, Germany, and Keppel DC Singapore 5 in 2018.

Accordingly, Keppel DC REIT achieved DPU of 1.92 cents for 1Q 2019, 6.7% higher than the DPU of 1.80 cents in 1Q 2018. Distribution yield for Keppel DC REIT was 5.12%, based on the market closing price of \$1.50 per Unit on the last trading day of 1Q 2019.

Portfolio Review

As at 31 March 2019, portfolio occupancy rate remained healthy at 93.2%, and portfolio weighted average lease expiry (WALE) remained long at 8.0 years.

The Manager maintains a proactive asset management strategy to improve the efficiency and returns of its portfolio.

¹ The maincubes Data Centre and Keppel DC Singapore 5 acquisitions were completed in March and June 2018 respectively.

At Keppel DC Singapore 3, the Manager has undertaken retrofitting works to make way for expansion within a client's premises. When completed in mid-2019, this is expected to increase the returns on this asset.

The power upgrading and fit-out works at Keppel DC Dublin 2 to make way for client expansion is on track for completion in 2H 2019, and the asset enhancement works to improve energy efficiency at Keppel DC Dublin 1 is expected to be completed by 2020.

Capital Management

During the quarter, the Manager issued €50 million in floating-rate notes due 2026². This will provide the REIT with greater financial flexibility while diversifying the REIT's sources of funding. With this, the REIT's weighted average term to maturity has been extended to 3.3 years.

The REIT's average cost of debt remained competitive at 1.7% per annum and its interest coverage ratio remained high at 12.9 times. Aggregate leverage remained low at 32.5%, providing the REIT with a healthy debt headroom to pursue further growth.

To mitigate the REIT's exposure to fluctuations in interest rates, the Manager has hedged 81% of its borrowings as at 31 March 2019, through floating-to-fixed interest rate swaps. Forecasted foreign-sourced distributions have also been substantially hedged with foreign currency forward contracts till 2H 2020 to safeguard distributions against exchange rates fluctuations.

Looking Ahead

In its Interim Economic Outlook published in March 2019, the Organisation for Economic Co-operation and Development (OECD) expects global growth to ease, citing political uncertainties in Europe, weaker growth in China, and ongoing trade tensions.

Demand in the data centre industry continues to be supported by the rapid growth in data creation and storage needs, increasing digitalisation and cloud adoption, data sovereignty regulations, as well as the strong growth in colocation demand from hyperscale cloud players. Improved connectivity as well as the development and adoption of new technologies such as 5G mobile networks, driverless vehicles, virtual reality, the Internet of Things (IOT), will also continue to support demand for data centres globally.

Keppel DC REIT, with its established track record and enlarged portfolio of assets in key data centre hubs in Asia-Pacific and Europe, is well-placed to benefit from the growth of the data centre market. The Manager will continue to maintain its focused investment strategy to capture value and strengthen its presence across key data centre hubs.

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² Under Keppel DC REIT's \$500 million Multicurrency Medium Term Note Programme established in 2017.

About Keppel DC REIT (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, with an initial focus on Asia Pacific and Europe.

Its current portfolio comprises 15 high-quality data centres strategically located in key data centre hubs. With an aggregate lettable area of approximately 1,112,983 sq ft, the portfolio spans 10 cities in eight countries in 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 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.