

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

TABLE OF CONTENTS	
SUMMARY OF KEPPEL DC REIT RESULTS.....	2
INTRODUCTION.....	3
1 UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2020.....	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 SEGMENTAL INFORMATION.....	23
14 MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS.....	24
15 BREAKDOWN OF SALES	24
16 INTERESTED PERSON TRANSACTIONS.....	25
17 BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION.....	25
18 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1).....	26
19 DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION	26

SUMMARY OF KEPPEL DC REIT RESULTS

	2H 2020 \$'000	2H 2019 \$'000	+/(-) %	FY2020 \$'000	FY2019 \$'000	+/(-) %
Gross Revenue	141,621	99,333	42.6	265,571	194,826	36.3
Property Expenses	(11,672)	(8,540)	36.7	(21,405)	(17,543)	22.0
Net Property Income	129,949	90,793	43.1	244,166	177,283	37.7
Distributable Income to Unitholders (DI)	81,935	58,892	39.1	156,915	113,245	38.6
Distribution per Unit (DPU) (cents)^{1,2}	4.795	3.760	27.5	9.170	7.610	20.5
Adjusted DPU (cents)³	4.795	3.860	24.2	9.170	7.710	18.9
Distribution Yield (%)⁴				3.26	2.71	55bps

Notes:

- 1 Excludes an amount of capital expenditure that has been set aside.
- 2 Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 July to 31 December 2020, eligible unitholders will receive a distribution of 4.795 cents per Unit.
- 3 Excluding the impact of the pro-rata preferential offering in October 2019 of approximately 0.10 cents per Unit, the adjusted DPU for 2H 2019 and FY 2019 would be approximately 3.860 cents and 7.710 cents respectively.
- 4 Distribution yields were computed based on 2H 2020 closing unit price of \$2.810.

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

Distribution	<u>14th</u> Distribution Distribution for the period from 1 July to 31 December 2020
Distribution type	(a) Taxable Income (b) Tax-exempt Income
Distribution rate	Distribution for the period from 1 July to 31 December 2020 (a) Taxable Income – 2.876 cents per Unit (b) Tax-exempt Income – 1.919 cents per Unit
Distribution amount (\$'000)	78,308
Record Date	3 February 2021
Payment Date	8 March 2021

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.

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 2021.

As at 31 December 2020, the REIT has a portfolio size of approximately \$3.0 billion. The portfolio comprises 19 high quality and well located data centres in Singapore, Malaysia, Australia, the United Kingdom (UK), the Netherlands, Republic of Ireland (Ireland), Italy and Germany, and 1 data centre under development in Australia.

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)	Gore Hill Data Centre	Australia	(Gore Hill DC)
9)	Intellicentre 2 Data Centre	Australia	(IC2 DC)
10)	iseek Data Centre	Australia	(iseek DC)

Europe

11)	GV7 Data Centre	UK	(GV7 DC)	
12)	Cardiff Data Centre	UK	(Cardiff DC)	
13)	Almere Data Centre	The Netherlands	(Almere DC)	
14)	Amsterdam Data Centre	The Netherlands	(Amsterdam DC)	<i>(Acquired on 24 December 2020)</i>
15)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)	<i>(Acquired 999-year leasehold land interest on 31 March 2020)</i>
16)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)	
17)	Milan Data Centre	Italy	(Milan DC)	
18)	maincubes Data Centre	Germany	(maincubes DC)	
19)	Kelsterbach Data Centre	Germany	(Kelsterbach DC)	<i>(Acquired on 1 May 2020)</i>

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

- 2H – Refers to the second half from 1 July to 31 December 2020 and the corresponding period of the preceding year.
- FY – Refers to the financial year ended 31 December 2020 and the corresponding period of the preceding year.
- Distributable income includes an amount of capital expenditure set aside for certain properties (Capex Reserves). The DPU has excluded Capex Reserves.
- Nm – Not meaningful

1 UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2020

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 year ended 31 December 2020:

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

Performance between 2020 and 2019 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)

		2H 2020	2H 2019		FY 2020	FY 2019	
	Note	\$'000	\$'000	+/(-) %	\$'000	\$'000	+/(-) %
Gross rental income	1	138,086	98,544	40.1	257,642	189,315	36.1
Other income	2	3,535	789	>100.0	7,929	5,511	43.9
Gross Revenue		141,621	99,333	42.6	265,571	194,826	36.3
Property operating expenses	3	(11,672)	(8,540)	36.7	(21,405)	(17,543)	22.0
Net Property Income		129,949	90,793	43.1	244,166	177,283	37.7
Finance income	4	119	878	(86.4)	445	1,182	(62.4)
Finance costs	4	(8,963)	(8,431)	6.3	(18,730)	(16,560)	13.1
Trustees' fees		(210)	(189)	11.1	(416)	(386)	7.8
Manager's base fee	5	(7,121)	(5,305)	34.2	(13,741)	(10,218)	34.5
Manager's performance fee	5	(4,166)	(2,907)	43.3	(7,936)	(5,794)	37.0
Net (losses) / gains on derivatives	6	(3,051)	1,599	Nm	(1,092)	2,642	Nm
Other trust expenses	7	(3,502)	(2,792)	25.4	(10,591)	(8,501)	24.6
Profit before tax and fair value changes in investment properties		103,055	73,646	39.9	192,105	139,648	37.6
Net change in fair value of investment properties	8	645	(15,948)	Nm	645	(15,948)	Nm
Profit before tax		103,700	57,698	79.7	192,750	123,700	55.8
Tax expenses	9	(16,299)	(7,387)	>100.0	(21,022)	(12,592)	66.9
Profit after tax		87,401	50,311	73.7	171,728	111,108	54.6
Attributable to:							
Unitholders		85,620	47,301	81.0	168,152	106,502	57.9
Non-controlling interests		1,781	3,010	(40.8)	3,576	4,606	(22.4)
		87,401	50,311	73.7	171,728	111,108	54.6
<u>Distribution Statement</u>							
Profit after tax attributable to Unitholders		85,620	47,301	81.0	168,152	106,502	57.9
Net tax and other adjustments	10	(3,685)	11,591	Nm	(11,237)	6,743	Nm
Income available for distribution	11	81,935	58,892	39.1	156,915	113,245	38.6
Distribution per Unit (cents)	12	4.795	3.760	27.5	9.170	7.610	20.5

Notes (2020 and 2019):

- 1 In 2H 2020, higher gross rental income was mainly due to the acquisitions of Kelsterbach DC and full half year contribution from KDC SGP 4 and DC1 which were acquired in 2H 2019.

In FY 2020, higher gross rental income was mainly due to the acquisitions of Kelsterbach DC and full year contribution from KDC SGP 4 and DC1.

- 2 In 2H 2020 and FY 2020, 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:

	2H 2020 \$'000	2H 2019 \$'000	FY2020 \$'000	FY2019 \$'000
Property-related taxes	(1,752)	(1,442)	(3,405)	(2,866)
Facility management costs	(5,408)	(4,413)	(10,516)	(8,816)
Repairs and maintenance	(1,087)	(637)	(1,589)	(1,635)
Other property-related costs	(3,425)	(2,048)	(5,895)	(4,226)
	<u>(11,672)</u>	<u>(8,540)</u>	<u>(21,405)</u>	<u>(17,543)</u>

- 4 Finance income relates mainly to interest income derived from fixed deposits. Included in finance costs were interest expense, amortisation of debt-related transaction costs from borrowings and lease charges recognised.

- 5 Increase in Manager's base fees and performance fees were mainly due to the acquisition of Kelsterbach DC, as well as full year contribution from KDC SGP 4 and DC1.

- 6 This relates to the net effect of gains and losses arising from the foreign currency forward contracts entered into by the Group for hedging purposes.

- 7 Included in the higher other trust expenses in 2H 2020 and FY 2020 were higher amortisation of intangible assets and higher foreign exchange loss.

- 8 Net change in fair value of investment properties for 2020 pertains to the effects of recognising rental income on a straight-line basis over the lease terms and the net revaluation gains (2019: net revaluation losses) of the Group's investment properties based on independent valuations obtained from third party valuers.

- 9 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.

- 10 Included in the net tax and other adjustments were the following:

	2H 2020 \$'000	2H 2019 \$'000	FY2020 \$'000	FY2019 \$'000
Trustee's fees	172	152	341	311
Rental income adjustment on a straight-line basis	(4,509)	(2,749)	(5,910)	(3,678)
Amortisation of capitalised transaction costs	243	186	451	362
Net fair value (gains) / losses in investment properties	(728)	16,700	(728)	16,700
Foreign exchange (gains) / losses	(97)	(59)	1,077	791
Deferred tax	13,572	2,297	14,763	4,864
Amortisation of intangible assets	2,178	363	5,627	4,363
Other net adjustments	(14,516)	(5,299)	(26,858)	(16,970)
Net tax and other adjustments	<u>(3,685)</u>	<u>11,591</u>	<u>(11,237)</u>	<u>6,743</u>

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

- 11 Higher DI in 2H 2020 and FY 2020 were mainly due to the acquisitions of Kelsterbach DC and the remaining 999-year leasehold land interest in KDC DUB 1 as well as full year contribution from KDC SGP 4 and DC1 which were acquired in 2H 2019. These were partially offset by higher Manager's fee and higher finance costs.

- 12 The DPU was computed based on DI (Note 11) and has excluded Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 July to 31 December 2020, eligible unitholders will receive a distribution of 4.795 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)

	2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
Profit after tax	87,401	50,311	73.7	171,728	111,108	54.6
Other comprehensive income						
Movement in fair value of cash flow hedges	(478)	27	Nm	(19,105)	(5,375)	>100.0
Foreign currency translation movement	15,582	(15,560)	Nm	26,596	(28,414)	Nm
Total other comprehensive income/(loss)	15,104	(15,533)	Nm	7,491	(33,789)	Nm
Total comprehensive income	102,505	34,778	>100.0	179,219	77,319	>100.0
Attributable to:						
Unitholders	100,722	31,782	>100.0	175,626	72,726	>100.0
Non-controlling interests	1,783	2,996	(40.5)	3,593	4,593	(21.8)
	102,505	34,778	>100.0	179,219	77,319	>100.0

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

		<u>Group</u>			<u>Trust</u>		
		31-Dec-20	31-Dec-19	+ / (-)	31-Dec-20	31-Dec-19	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets							
Investment properties	1	3,005,038	2,637,026	14.0	483,182	480,898	0.5
Property under development	2	24,676	-	Nm	-	-	-
Investment in subsidiaries	3	-	-	-	1,946,969	1,421,796	36.9
Loans to subsidiaries	3	-	-	-	332,493	273,611	21.5
Trade and other receivables	4	13,161	-	Nm	-	-	-
Intangible assets	5	-	8,349	(100.0)	-	8,349	(100.0)
Derivative financial assets	6	39	518	(92.5)	39	485	(92.0)
Deferred tax assets	7	2,353	2,149	9.5	-	-	-
Total non-current assets		3,045,267	2,648,042	15.0	2,762,683	2,185,139	26.4
Current assets							
Trade and other receivables	4	54,381	95,848	(43.3)	45,238	390,279	(88.4)
Deposits	8	-	25,349	(100.0)	-	-	-
Intangible assets	5	2,723	-	Nm	2,723	-	Nm
Derivative financial assets	6	34	2,879	(98.8)	34	2,879	(98.8)
Tax Recoverable	12	3,036	-	Nm	-	-	-
Cash and cash equivalents		244,387	155,876	56.8	116,711	61,713	89.1
Total current assets		304,561	279,952	8.8	164,706	454,871	(63.8)
TOTAL ASSETS		3,349,828	2,927,994	14.4	2,927,389	2,640,010	10.9
Current liabilities							
Loans from subsidiaries	9	-	-	-	127,914	36,789	>100.0
Loans and borrowings	10	144,316	40,264	>100.0	-	-	-
Derivative financial liabilities	6	2,362	137	>100.0	1,986	-	Nm
Trade and other payables	11	79,951	60,698	31.7	19,622	29,857	(34.3)
Provision for taxation	12	6,989	7,058	(1.0)	2,913	3,774	(22.8)
Total current liabilities		233,618	108,157	>100.0	152,435	70,420	>100.0
Non-current liabilities							
Loans from subsidiaries	9	-	-	-	1,022,486	833,599	22.7
Loans and borrowings	10	1,043,604	880,455	18.5	11,182	10,898	2.6
Derivative financial liabilities	6	24,447	7,750	>100.0	1,227	142	>100.0
Provision	13	21,100	-	Nm	-	-	-
Deferred tax liabilities	7	44,817	29,084	54.1	8,136	6056	34.3
Total non-current liabilities		1,133,968	917,289	23.6	1,043,031	850,695	22.6
TOTAL LIABILITIES		1,367,586	1,025,446	33.4	1,195,466	921,115	29.8
NET ASSETS		1,982,242	1,902,548	4.2	1,731,923	1,718,895	0.8
Represented by:							
Unitholders' funds		1,944,652	1,868,018	4.1	1,731,923	1,718,895	0.8
Non-controlling interests	14	37,590	34,530	8.9	-	-	-
		1,982,242	1,902,548	4.2	1,731,923	1,718,895	0.8
Net asset value per Unit (\$)	15	1.19	1.14	4.4	1.06	1.05	1.0
Aggregate leverage / Deposited properties (%)	16	36.2	30.7	550bps	Nm	Nm	Nm

Notes:

- 1 Included in the investment properties were leases of \$24.1 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>Carrying Value (\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	305,528
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051 [^]	177,654
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 [^]	268,626
Keppel DC Singapore 4	Leasehold, expiring 30 June 2050	387,250
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041	360,000
DC1	Leasehold, expiring 31 July 2044	212,000
Basis Bay Data Centre	Freehold	23,630
Gore Hill Data Centre	Freehold	205,810
Intellcentre 2 Data Centre	Freehold	58,239
iseek Data Centre	Leasehold, expiring 29 June 2047 [^]	43,896
GV7 Data Centre	Leasehold, expiring 28 Sept 2183	66,346
Cardiff Data Centre	Freehold	65,054
Almere Data Centre	Freehold	150,946
Amsterdam Data Centre	Freehold	44,867
Keppel DC Dublin 1	Leasehold, expiring 31 Dec 2998	153,670
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	143,014
Milan Data Centre	Freehold	61,212
maincubes Data Centre	Freehold	150,706
Kelsterbach Data Centre	Freehold	126,590
		3,005,038

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

Pursuant to Rule 703 of the Listing Manual of the SGX-ST, the Manager has obtained latest independent valuations for all properties; the values are tabulated in the Presentation Slides for "Second Half and Full Year 2020 Financial Results" under "Portfolio Overview".

The valuations for Singapore properties were conducted by CBRE Pte Ltd. The valuations for Basis Bay DC and Amsterdam DC were conducted by CBRE Limited. The valuations for the Australian properties were conducted by Cushman & Wakefield (Valuations) Pty Ltd. The valuations for the properties in UK, Ireland and Germany as well as Almere DC and Milan DC were conducted by Jones Lang LaSalle Limited. The valuation reports are available for inspection by prior appointment at the Manager's registered office at 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632 during business hours for a period of 3 months from today.

- 2 Property under development pertains to costs capitalised for IC3 East DC according to construction progress till date.
- 3 These relate to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.
- 4 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. The non-current other receivables relates to a recoverable from a related corporation.
- 5 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 diminishing balance method over the relevant rental top up periods.
- 6 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.
- 7 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.
- 8 These relate to deposit paid in 2019 to the vendor for the acquisition of Kelsterbach DC.
- 9 These relate to loans from subsidiaries. The higher balances as at 31 December 2020 were mainly due to the additional loans drawn, partially offset by the repayment of certain loans.
- 10 These relate to external borrowings of \$1,165.8 million (refer to Paragraph 1(B)(ii)), lease liabilities pertaining to land rent commitments and options, and capitalised debt-related transaction costs. The higher external borrowings as at 31 December 2020 were mainly due to proceeds drawn from new bank borrowings.
- 11 Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.

Notes (cont'd):

- 12 Included in tax recoverable and income tax provision were income tax credit/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 a provision for contractual obligation assumed on the acquisition of a subsidiary. An amount of cash was set aside by the vendor (refer to Paragraph 1(C) Note B) to settle part of the provision and the remaining amount is recoverable from a related corporation (Note 4).
- 14 This relates to the non-controlling interests' share of net assets.
- 15 This excludes the non-controlling interests' share of net assets.
- 16 Aggregate leverage relates to the \$1,165.8 million external borrowings (refer to Paragraph 1(B)(ii)) 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. If these lease liabilities pertaining to land rent commitments and options were included, the ratio would be 36.7% (31 December 2019: 31.9%).

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

	Group	
	As at 31 Dec 20 \$'000	As at 31 Dec 19 \$'000
<u>Secured borrowings¹</u>		
Amount repayable within one year	15,356	-
	15,356	-
<u>Unsecured borrowings²</u>		
Amount repayable within one year	127,914	36,789
Amount repayable after one year	1,022,486	833,599
	1,150,400	870,388
Total borrowings	1,165,756	870,388

Notes:

- 1 These borrowings were taken over as part of the acquisition of Amsterdam DC and have been fully repaid in early January 2021.
- 2 Keppel DC REIT has unsecured borrowings of approximately \$681.1 million (2019: \$498.2 million) and \$309.2 million (2019: \$221.8 million) and \$160.1 million (2019: \$150.4 million) under its term loan facilities, revolving credit facilities and Multicurrency Medium Term Note Programme respectively.

As at 31 December 2020, the Group had total borrowings of approximately \$1,165.8 million and unutilised facilities of approximately \$402.3 million to meet its future obligations. The all-in average interest rate for borrowings was 1.6% per annum for the financial year ended 31 December 2020.

1(C) CONSOLIDATED STATEMENT OF CASH FLOWS

	2H 2020 \$'000	2H 2019 \$'000	FY 2020 \$'000	FY 2019 \$'000
Operating activities				
Profit after tax for the financial period	87,401	50,311	171,728	111,108
Adjustments for:				
Tax expenses	16,299	7,387	21,022	12,592
Finance income	(119)	(878)	(445)	(1,182)
Finance costs	8,963	8,431	18,730	16,560
Amortisation of intangible asset	2,178	363	5,627	4,363
Net change in fair value of derivatives	3,141	-	3,141	-
Net change in fair value of investment properties	(645)	15,948	(645)	15,948
Management fees payable in Units	908	794	1,765	1,575
Unrealised currency translation differences	12,732	(4,876)	7,296	(9,144)
	130,858	77,480	228,219	151,820
Changes in working capital:				
- Trade and other receivables	(5,995)	1,460	17,804	8,704
- Trade and other payables	20,327	21,092	(1,969)	10,257
Cash generated from operations	145,190	100,032	244,054	170,781
Net tax refunded/(paid)	287	(8,951)	(9,070)	(15,507)
Net cash generated from operating activities	145,477	91,081	234,984	155,274
Cash flows from investing activities				
Acquisition of interests in investment properties (Note A)	(32,923)	(585,653)	(133,709)	(585,653)
Acquisition of a subsidiary, net of cash acquired (Note B)	-	-	7,920	-
Acquisition of an intangible asset	-	(8,712)	-	(8,712)
Rental top up received	-	8,712	-	8,712
Additions to investment properties	(20,952)	(14,655)	(23,318)	(23,765)
Capital expenditures on investment properties	(51,871)	(17,009)	(59,703)	(33,229)
Deposits paid	-	(26,597)	-	(26,597)
Net cash used in investing activities	(105,746)	(643,914)	(208,810)	(669,244)
Cash flows from financing activities				
Gross proceeds from equity fund raising	-	478,242	-	478,242
Proceeds from borrowings and medium term note	133,070	299,846	371,359	383,172
Capital contribution from a non-controlling interest	292	-	2,900	-
Payment of financing transaction costs	(324)	(996)	(924)	(1,111)
Repayment of borrowings	(55,755)	(120,000)	(131,052)	(166,890)
Payment of lease liabilities	-	(3,743)	(51,050)	(3,743)
Interest paid	(8,604)	(4,196)	(17,674)	(11,841)
Distributions paid to Unitholders	(71,440)	(76,533)	(103,272)	(126,541)
Dividends paid to non-controlling interests	(917)	(1,156)	(3,433)	(2,553)
Payment of equity fund raising transaction costs	-	(5,557)	-	(5,557)
Net cash (used in) / generated from financing activities	(3,678)	565,907	66,854	543,178
Net increase in cash and cash equivalents	36,053	13,074	93,028	29,208
Cash and cash equivalents at beginning of period	205,167	143,889	155,876	128,415
Effects of exchange rate fluctuations on cash held	3,167	(1,087)	(4,517)	(1,747)
Cash and cash equivalents at end of period	244,387	155,876	244,387	155,876

Note A – Acquisition of interests in investment properties

In May 2020, Keppel DC REIT completed the acquisition of Kelsterbach 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.

In December 2020, Keppel DC REIT established a wholly-owned subsidiary, KDCR Netherlands 5 B.V. (KN5BV) in the Netherlands¹. KN5BV has share capital of €1.00 and its principal activity is an investment holding company. On 24 December 2020, Keppel DC REIT, through KN5BV, completed the acquisition of a 100% interest in Penta Schiphol-Rijk B.V. (PSR BV), a company incorporated in Netherlands, which in turns hold Amsterdam DC¹. The aggregate consideration paid was €30.2 million in cash and was arrived at on a willing-seller, willing-buyer basis after arms' length negotiations taking into account, among other factors, the net asset value of PSR BV in the amount of approximately €18.5 million. This acquisition has been accounted for as an asset acquisition.

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

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

Note B – Acquisition of a subsidiary, net of cash acquired

Keppel DC REIT completed the acquisition of Borchveste Almere B.V. in May 2020. This represented the effect on the cash flows of the Group after net of consideration paid, assets acquired and liabilities assumed.

Cash flow analysis (FY 2020 vs FY 2019)

Cash generated from operating activities for the FY 2020 was \$235.0 million, \$79.7 million higher than the \$155.3 million for the corresponding period last year. This was mainly due to higher operational cash inflow and lower net tax paid during the year.

Net cash used in investing activities for FY 2020 was \$208.8 million, comprising mainly the acquisitions of Kelsterbach DC, the remaining leasehold land interest of KDC DUB 1 and Amsterdam DC as well as capital expenditures. Net cash used in investing activities for the corresponding period last year was \$669.2 million, comprising the acquisitions of KDC SGP 4 and DC1, a deposit paid to the vendor for the acquisition of Kelsterbach DC and capital expenditures.

The Group recorded net cash generated from financing activities of \$66.9 million in FY 2020 as compared to net cash generated from financing activities of \$543.2 million for the corresponding period last year. Net cash generated in FY 2020 was mainly from bank borrowings. These were partially offset by distributions paid to Unitholders, payment of lease liabilities and repayment of borrowings and finance costs. Net cash generated from financing activities for FY 2019 comprised mainly the issuance of equity, bank borrowings and medium term notes, partially offset by distributions paid to Unitholders, repayment of borrowings and finance costs.

Cash flow analysis (2H 2020 vs 2H 2019)

Cash generated from operating activities for the 2H 2020 was \$145.5 million, \$54.4 million higher than \$91.1 million for the corresponding period last year. This was mainly due to higher operational cash inflow and lower net tax paid in 2H 2020.

Net cash used in investing activities for 2H 2020 was \$105.7 million, comprising mainly the acquisition of Amsterdam DC and capital expenditures. Net cash used in investing activities for the corresponding period last year was \$643.9 million, comprising the acquisitions of KDC SGP 4 and DC1, a deposit paid to the vendor for the acquisition of Kelsterbach DC and capital expenditures.

The Group recorded net cash used in financing activities of \$3.7 million in 2H 2020 as compared to net cash generated from financing activities of \$565.9 million for the corresponding period last year. Net cash used in 2H 2020 was mainly due to distributions paid to Unitholders, repayment of borrowings and finance costs, partially offset by proceeds from bank borrowings. Net cash generated from 2H 2019 was mainly from issuance of equity and bank borrowings, partially offset by distributions paid to Unitholders.

Usage of proceeds of the Equity Fund Raising

Further to the announcement dated 21 January 2020 titled "Unaudited Results for the Year ended 31 December 2019" (the Announcement), the Manager wishes to update on the use of the remaining net proceeds as at 31 December 2020 raised from the Equity Fund Raising (the Net Proceeds) as follows.

Intended Use	Amount allocated (as stated in the Announcements)	Reallocation of the use of Net Proceeds	Amount utilised as at 31 December 2020	Balance of Net Proceeds as at 31 December 2020
	\$'000	\$'000	\$'000	\$'000
To partially fund the acquisitions of 99% interest in KDC SGP 4 and 100% interest in DC1	438,548	16,668	(455,216)	-
To fund capital expenditures or acquisitions	31,086	(13,996) ¹	(2,823)	14,267
Total Use of Net Proceeds	469,634	2,672	(458,039)	14,267

Note:

- 1 During the year, approximately \$2.7 million of transaction costs has been adjusted from the Unitholder's funds and reallocated to other uses.

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

GROUP (2020)	Note	Foreign Currency		Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Profits \$'000	Unitholders' Funds \$'000	Non- Controlling Interests \$'000	Total \$'000
		Units in Issue \$'000	Translation Reserve \$'000						
At 1 January 2020		1,855,019	(11,985)	(4,490)	(95,751)	125,225	1,868,018	34,530	1,902,548
Operations									
Profit after tax for the period		-	-	-	-	82,532	82,532	1,795	84,327
Net increase in net assets resulting from operations		-	-	-	-	82,532	82,532	1,795	84,327
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(31,832)	(31,832)	-	(31,832)
Payment of management fees in Units		1,058	-	-	-	-	1,058	-	1,058
Net decrease in net assets resulting from Unitholders' transactions		1,058	-	-	-	(31,832)	(30,774)	-	(30,774)
Capital contribution of a non- controlling interest into a subsidiary		-	-	-	-	-	-	2,608	2,608
Dividends paid to non- controlling interests		-	-	-	-	-	-	(2,516)	(2,516)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(18,627)	-	-	(18,627)	-	(18,627)
Foreign currency translation movement	1	-	10,999	-	-	-	10,999	15	11,013
Net decrease in other comprehensive income		-	10,999	(18,627)	-	-	(7,628)	15	(7,614)
At 30 June 2020		1,856,077	(986)	(23,117)	(95,751)	175,925	1,912,148	36,432	1,948,580
Operations									
Profit after tax for the period		-	-	-	-	85,620	85,620	1,781	87,401
Net increase in net assets resulting from operations		-	-	-	-	85,620	85,620	1,781	87,401
Unitholders' transactions									
Net increase in net assets resulting from Unitholders' contribution		2,672	-	-	-	-	2,672	-	2,672
Distributions to Unitholders		-	-	-	-	(71,440)	(71,440)	-	(71,440)
Payment of management fees in Units		550	-	-	-	-	550	-	550
Net decrease in net assets resulting from Unitholders' transactions		3,222	-	-	-	(71,440)	(68,218)	-	(68,218)
Capital contribution of a non- controlling interest into a subsidiary		-	-	-	-	-	-	292	292
Dividends paid to non- controlling interests		-	-	-	-	-	-	(917)	(917)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(478)	-	-	(478)	-	(478)
Foreign currency translation movement	1	-	15,580	-	-	-	15,580	2	15,582
Net increase in other comprehensive income		-	15,580	(478)	-	-	15,102	2	15,104
At 31 December 2020		1,859,299	14,594	(23,595)	(95,751)	190,105	1,944,652	37,590	1,982,242

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 (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		-	-	-	-	59,201	59,201	1,596	60,797
Net increase in net assets resulting from operations		-	-	-	-	59,201	59,201	1,596	60,797
Unitholders' transactions									
Distributions to Unitholders		-	-	-	-	(50,008)	(50,008)	-	(50,008)
Payment of management fees in Units		761	-	-	-	-	761	-	761
Net decrease in net assets resulting from Unitholders' transactions		761	-	-	-	(50,008)	(49,247)	-	(49,247)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,397)	(1,397)
Other comprehensive income									
Movement in hedging reserve	1	-	-	(5,402)	-	-	(5,402)	-	(5,402)
Foreign currency translation movement	1	-	(12,855)	-	-	-	(12,855)	1	(12,854)
Net decrease in other comprehensive income		-	(12,855)	(5,402)	-	-	(18,257)	1	(18,256)
At 30 June 2019		1,378,786	3,561	(4,517)	(95,751)	154,457	1,436,536	31,355	1,467,891
Operations									
Profit after tax for the period		-	-	-	-	47,301	47,301	3,010	50,311
Net increase in net assets resulting from operations		-	-	-	-	47,301	47,301	3,010	50,311
Unitholders' transactions									
Net increase in net assets resulting from Unitholders' contribution		469,856	-	-	-	-	469,856	-	469,856
Distributions to Unitholders		-	-	-	-	(76,533)	(76,533)	-	(76,533)
Payment of management fees in Units		6,377	-	-	-	-	6,377	-	6,377
Net increase in net assets resulting from Unitholders' transactions		476,233	-	-	-	(76,533)	399,700	-	399,700
Acquisition of an interest in a subsidiary		-	-	-	-	-	-	1,335	1,335
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,156)	(464)
Other comprehensive income									
Movement in hedging reserve	1	-	-	27	-	-	27	-	27
Foreign currency translation movement	1	-	(15,546)	-	-	-	(15,546)	(14)	(15,560)
Net decrease in other comprehensive income		-	(15,546)	27	-	-	(15,519)	(14)	(8,308)
At 31 December 2019		1,855,019	(11,985)	(4,490)	(95,751)	125,225	1,868,018	34,530	1,902,548

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)

TRUST (2020)	Note	Unit in Issue \$'000	Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Profits \$'000	Unitholders' Funds \$'000
At 1 January 2020		1,855,019	3,222	(95,751)	(43,595)	1,718,895
Operations						
Profit after tax for the period		-	-	-	69,014	69,014
Net increase in net assets resulting from operations		-	-	-	69,014	69,014
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(31,832)	(31,832)
Payment of management fees in Units		1,058	-	-	-	1,058
Net decrease in net assets resulting from Unitholders' transactions		1,058	-	-	(31,832)	(30,774)
Other comprehensive income						
Movement in hedging reserve	1	-	(2,063)	-	-	(2,063)
Net decrease in other comprehensive income		-	(2,063)	-	-	(2,063)
At 30 June 2020		1,856,077	1,159	(95,751)	(6,413)	1,755,072
Operations						
Profit after tax for the period		-	-	-	46,228	46,228
Net increase in net assets resulting from operations		-	-	-	46,228	46,228
Unitholders' transactions						
Net increase in net assets resulting from Unitholders' contribution		2,672	-	-	-	2,672
Distribution to Unitholders		-	-	-	(71,440)	(71,440)
Payment of management fees in Units		550	-	-	-	550
Net decrease in net assets resulting from Unitholders' transactions		3,222	-	-	(71,440)	(68,218)
Other comprehensive income						
Movement in hedging reserve	1	-	(1,159)	-	-	(1,159)
Net decrease in other comprehensive income		-	(1,159)	-	-	(1,159)
At 31 December 2020		1,859,299	-	(95,751)	(31,625)	1,731,923

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

TRUST (2019)	Note	Unit in Issue '000	Hedging Reserve \$'000	Other Reserve \$'000	Accumulated Profits \$'000	Unitholders' Funds \$'000
At 1 January 2019		1,378,025	3,655	(95,751)	410	1,286,339
Operations						
Profit after tax for the period		-	-	-	46,677	46,677
Net increase in net assets resulting from operations		-	-	-	46,677	46,677
Unitholders' transactions						
Distribution to Unitholders		-	-	-	(50,008)	(50,008)
Payment of management fees in Units		761	-	-	-	761
Net decrease in net assets resulting from Unitholders' transactions		761	-	-	(50,008)	(49,247)
Other comprehensive income						
Movement in hedging reserve	1	-	380	-	-	380
Net increase in other comprehensive income		-	380	-	-	380
At 30 June 2019		1,378,786	4,035	(95,751)	(2,921)	1,284,149
Operations						
Profit after tax for the period		-	-	-	35,859	35,859
Net increase in net assets resulting from operations		-	-	-	35,859	35,859
Unitholders' transactions						
Net increase in net assets resulting from Unitholders' contribution		469,856	-	-	-	469,856
Distribution to Unitholders		-	-	-	(76,533)	(76,533)
Payment of management fees in Units		6,377	-	-	-	6,377
Net increase in net assets resulting from Unitholders' transactions		476,233	-	-	(76,533)	399,700
Other comprehensive income						
Movement in hedging reserve	1	-	(813)	-	-	(813)
Net decrease in other comprehensive income		-	(813)	-	-	(813)
At 31 December 2019		1,855,019	3,222	(95,751)	(43,595)	1,718,895

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 Jul 20 to 31 Dec 20	1 Jan 20 to 30 Jun 20	1 Jan 19 to 31 Dec 19
	No. of Units	No. of Units	No. of Units
Issued Units as at beginning of period	1,632,919,713	1,632,395,361	1,351,578,450
Management fees paid in Units	200,893	524,352	3,827,294
Issuance of placement Units	-	-	276,989,617
Issued Units as at end of period	1,633,120,606	1,632,919,713	1,632,395,361

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

Keppel DC REIT did not hold any treasury units as at 31 December 2020 and 31 December 2019.

	Group	
	As at 31 Dec 20	As at 31 Dec 19
Total number of issued Units	1,633,120,606	1,632,395,361

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 2020.

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

	2H 2020	2H 2019	FY 2020	FY 2019
Earnings per Unit (EPU)				
EPU (basic and diluted) (cents)	5.24	3.19	10.30	7.51
Weighted average number of Units ¹	1,633,037,442	1,483,209,010	1,632,901,066	1,418,114,004
Profit after tax ² (\$'000)	85,620	47,301	168,152	106,502
Distribution per Unit (DPU)				
DPU³ (cents)	4.795	3.760	9.170	7.610
Total number of Units in issue at end of period	1,633,120,606	1,632,395,361	1,633,120,606	1,632,395,361
Income available for distribution to Unitholders (\$'000)	81,935	58,892	156,915	113,245

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

	Group	
	As at 31 Dec 20	As at 31 Dec 19
NAV² per Unit⁴ (\$)	1.19	1.14
Adjusted NAV ² per unit ⁴ (excluding the distributable income)	1.14	1.12
NTA² per Unit⁴ (\$)	1.19	1.14
Adjusted NTA ² per unit ⁴ (excluding the distributable income)	1.14	1.12

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 July to 31 December 2020, eligible unitholders will receive a distribution of 4.795 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 2020 and 2019 results

(FY 2020 vs FY 2019)

Gross rental income for FY 2020 was \$257.6 million, an increase of \$68.3 million or 36.1% from FY 2019 of \$189.3 million. This was mainly due to full year contribution from KDC SGP 4 and DC1 as well as the acquisition of Kelsterbach DC.

Other income of \$7.9 million was \$2.4 million higher than FY 2019 mainly due to rental top up income provided by the relevant vendors.

Property operating expenses for FY 2020 was \$21.4 million, an increase of \$3.9 million or 22.0% from FY 2019 of \$17.5 million. This was mainly due to the acquisition of KDC SGP 4, as well as higher property-related expenses recorded at the assets in Dublin.

Net property income of \$244.2 million for FY 2020 was \$66.9 million or 37.7% higher than FY 2019.

Profit after tax for FY 2020 was \$171.7 million, after taking into account the net fair value gain in investment properties of \$0.6 million (2019: net fair value loss of \$15.9 million) and deferred tax expense of \$6.2 million (2019: deferred tax expense of \$2.2 million) provided on the fair value movement for the portfolio. Excluding the fair value changes and related deferred tax impact, profit after tax for FY 2020 was \$177.3 million, an increase of \$48.1 million or 37.2% as compared to FY 2019 of \$129.2 million. This was mainly due to higher net property income, partially offset by higher Manager's fees, higher finance costs and higher tax expenses as compared to FY 2019.

(2H 2020 vs 2H 2019)

Gross rental income for 2H 2020 was \$138.1 million, an increase of \$39.6 million or 40.1% from 2H 2019 of \$98.5 million. This was mainly contributed by the acquisitions of KDC SGP 4, DC1 and Kelsterbach DC.

Other income of \$3.5 million was \$2.7 million higher than 2H 2019 due to higher rental top up income recognised.

Property operating expenses for 2H 2020 was \$11.7 million, an increase of \$3.2 million or 36.7% from 2H 2019 of \$8.5 million. This was mainly due to the acquisition of KDC SGP 4, as well as higher property-related expenses recorded at the assets in Dublin.

Net property income of \$129.9 million for 2H 2020 was \$39.1 million or 43.1% higher than 2H 2019.

Profit after tax for 2H 2020 was \$87.4 million, after taking into account the net fair value gain in investment properties of \$0.6 million (2019: net fair value loss of \$15.9 million) and deferred tax expense of \$6.2 million (2019: deferred tax expense of \$2.2 million) provided on the fair value movement for the portfolio. Excluding the fair value changes and related deferred tax impact, profit after tax for 2H 2020 was \$93.0 million, an increase of \$24.6 million or 36.0% as compared to 2H 2019 of \$68.4 million. This was mainly due to higher net property income, partially offset by higher Manager's fees, higher finance costs and higher tax expenses as compared to 2H 2019.

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 January 2021, the World Bank expects a subdued recovery of 4% of the global economy in 2021 following a 4.3% contraction in 2020, assuming widespread COVID-19 vaccine rollout throughout the year. The World Bank also cautioned that the pandemic may depress economic activity for a prolonged period.

While a number of business sectors have been adversely affected by the pandemic, the digital economy continues to thrive. The widespread lockdowns during the pandemic have contributed to accelerated adoption of technology. The Manager expects this global trend of digitalisation to continue post-pandemic.

According to Synergy Research Group, hyperscale operators generated over 80% of their 9M 2020 revenues from cloud, digital services and online activities, all of which have seen COVID-19 related boosts. Their revenues and capex have grown by strong double-digits in 2020, with spending on data centres having increased by 18% in the year alone.

While the resilience and rapid growth of the data centre market have attracted more competition for assets and capital, the barriers of entry for the data centre sector remain high, especially for quality colocation assets.

The Manager's track record coupled with the ability to leverage the Keppel ecosystem in providing end-to-end solutions, from project development to facilities management to client networking, have ensured that Keppel DC REIT is well positioned to benefit from the growth of the data centre market.

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>14th Distribution</u> Distribution for the period from 1 July to 31 December 2020
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	Distribution for the period from 1 July to 31 December 2020 (a) Taxable income – 2.876 cents per Unit (b) Tax-exempt income – 1.919 cents per Unit
Distribution amount (\$'000):	78,308
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>11th</u> Distribution for the period from 1 July to 24 September 2019 (ii) <u>12th</u> Distribution for the period from 25 September to 31 December 2019
Distribution type:	(a) Taxable income distribution (b) Tax-exempt income distribution
Distribution rate:	<u>11th</u> Distribution for the period from 1 July to 24 September 2019 (a) Taxable income – 1.24 cents per Unit (b) Tax-exempt income – 0.57 cents per Unit <u>12th</u> Distribution for the period from 25 September to 31 December 2019 (a) Taxable income – 0.72 cents per Unit (b) Tax-exempt income – 1.23 cents per Unit
Distribution amount (\$'000):	(i) 11th Distribution – 24,476 (ii) 12th Distribution - 31,832
Tax rate:	(a) <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. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. 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%. All other investors will receive their distributions after deduction of tax at the rate of 17%. (b) <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) Record date

The Transfer Books and Register of Unitholders of Keppel DC REIT for the 14th Distribution will be closed at 5.00 p.m. on 3 February 2021 for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the distribution is payable: 8 March 2021

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 SEGMENTAL INFORMATION

<u>By type of asset class (\$'000)</u>	FY 2020			Total
	Colocation	Fully fitted	Shell and core	
Gross revenue	188,523	46,821	30,227	265,571
Net property income	168,973	46,075	29,118	244,166
Finance income	436	-	9	445
Finance costs	(11,338)	(4,419)	(2,890)	(18,647)
Amortisation of intangible assets	(5,627)	-	-	(5,627)
Net change in fair value of investment properties ¹	20,918	7,686	(27,959)	645
Reportable segment profit before tax	173,572	48,251	(4,413)	217,410
Unallocated amounts:				
- Finance costs				(83)
- Other corporate expenses:				(24,577)
Profit before tax				192,750
<u>By type of asset class (\$'000)</u>	Colocation	Fully fitted	Shell and core	Total
Segment assets	1,991,874	561,016	680,192	3,233,082
Other unallocated amounts				116,746
Consolidated assets				3,349,828
Segment liabilities	605,900	303,061	431,834	1,340,795
Other unallocated amounts				26,791
Consolidated liabilities				1,367,586
Other segment items:				
Capital expenditures / Additions	85,583	71	43,879	129,533

<u>By type of asset class (\$'000)</u>	FY 2019			Total
	Colocation	Fully fitted	Shell and core	
Gross revenue	145,752	33,357	15,717	194,826
Net property income	129,387	33,057	14,839	177,283
Finance income	1,123	32	27	1,182
Finance costs	(9,396)	(4,697)	(2,252)	(16,345)
Amortisation of intangible assets	(4,363)	-	-	(4,363)
Net change in fair value of investment properties ¹	(14,848)	(2,889)	1,789	(15,948)
Reportable segment profit before tax	102,248	23,710	11,948	137,906
Unallocated amounts:				
- Finance costs				(215)
- Other corporate expenses:				(13,991)
Profit before tax				123,700
<u>By type of asset class (\$'000)</u>	Colocation	Fully fitted	Shell and core	Total
Segment assets	1,880,917	533,789	448,178	2,862,884
Other unallocated amounts				65,110
Consolidated assets				2,927,994
Segment liabilities	508,399	286,952	187,376	982,727
Other unallocated amounts				42,719
Consolidated liabilities				1,025,446
Other segment items:				
Capital expenditures / Additions	50,892	3,739	2,363	56,994

Note:

1 Pertains to the effects of recognising rental income on a straight-line basis over the lease terms and the revaluation gains/losses of the Group's investment properties based on independent valuations obtained from third party valuers.

13 SEGMENTAL INFORMATION (CONT'D)

By geographical area

	FY 2020	FY 2019
<u>Gross Revenue</u>	\$'000	\$'000
- Singapore	161,711	107,397
- Australia	29,101	29,099
- Ireland	26,129	22,061
- Germany	21,805	9,925
- Other countries	26,825	26,344
Total gross revenue	265,571	194,826

Major Customers

Revenue of \$154.9 million (2019: \$116.0 million) were derived from 2 separate clients from Singapore and Australia (2019: Singapore and Australia).

	FY 2020	FY 2019
<u>Investment Properties</u>	\$'000	\$'000
- Singapore	1,711,057	1,665,518
- Australia	307,946	286,798
- Ireland	296,684	201,942
- Germany	277,296	137,119
- Other countries	412,055	345,649
Total value of investment properties	3,005,038	2,637,026

14 MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS

In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to paragraph 8 on the review of performance.

15 BREAKDOWN OF SALES

	FY 2020	FY 2019	+/(-) %
	\$'000	\$'000	
First half year			
Gross revenue reported	123,950	95,493	29.8
Profit after tax	84,327	60,797	38.7
Second half year			
Gross revenue reported	141,621	99,333	42.6
Profit after tax ¹	92,964	68,438	35.8

Note:

1 Profit after tax excludes net losses of \$5.6 million relating to net fair value gains and their related deferred tax impact (2H 2019: net losses of \$18.1 million relating to net fair value losses and their related deferred tax impact) of the investment properties. These fair value changes and their related deferred taxes had no impact on the distributable income to Unitholders.

16 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)	
	FY 2020 \$'000	FY 2019 \$'000
Temasek Holdings Group		
- Rental income in relation to a supplementary deed	-	73,580
- Rental income	18,094	2,985
- Professional and consultancy fees	-	165
Keppel Corporation Limited and its subsidiaries		
- Purchase consideration of 99% interest in KDC SGP 4	503	392,848
- Manager's acquisition and development management fees	4,853	5,937
- Manager's management fees	21,677	16,012
- Fixed rental income	-	144,476
- Variable rental income	103,979	76,109
- Rental top up income	5,626	363 ¹
- Facility management fees	4,543	3,075
- Support services fees	850	581
- Recoverables in relation to an obligation assumed	13,161	-
Keppel Infrastructure Trust and its subsidiaries		
- Acquisition of an interest in DC1	-	104,255
Perpetual (Asia) Limited		
- Trustee fees	341	311

¹ With reference to the FY2019 annual report, the rental top up income should be \$363,000.

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

17 BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY 2020 \$'000	FY 2019 \$'000
1 January 2019 to 30 June 2019	-	52,057
1 July 2019 to 31 December 2019	-	56,305
1 January 2020 to 30 June 2020	71,440	-
1 July 2020 to 31 December 2020	78,308	-
	149,748	108,365

18 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.

19 DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

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

Tan Weiqiang, Marc

Company Secretary
26 January 2021