

Keppel DC REIT Management Pte Ltd

(Co Reg No. 199508930C) Tel: (65) 6803 1818
1 Harbourfront Avenue, Level 2 Fax: (65) 6803 1717
Keppel Bay Tower
Singapore 098632
www.keppeldcreit.com

MEDIA RELEASE

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

31 January 2023

The Directors of Keppel DC REIT Management Pte. Ltd., as Manager of Keppel DC REIT, are pleased to announce the unaudited results of Keppel DC REIT for the second half and full year ended 31 December 2022.

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

For more information, please contact:

Media Relations

Mr Stefan Loe
Deputy Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6426
Email: stefan.loe@kepcorp.com

Investor Relations

Ms Renee Goh
Assistant Manager
Investor Relations
Keppel Capital
Tel: (65) 6803 1679
Email: renee.goh@kepcapital.com

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

Key Highlights

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

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

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

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

Financial Results

Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT, is pleased to announce DI of \$93.7 million for 2H 2022, which was 7.3% higher than \$87.4 million in 2H 2021. This brought DI for FY 2022 to \$184.9 million, an increase of 7.7% from \$171.6 million in the corresponding period a year ago. The growth in DI was due mainly to contributions from the accretive acquisitions¹ of London Data Centre, Guangdong Data Centres 1, 2 and 3, the investment in the NetCo bonds², the contributions post asset enhancement initiatives at DC1 and the Dublin assets as well as the completion of Intellicentre 3 East Data Centre.

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

Portfolio Updates

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

In 2022, the Manager expanded its presence in London, one of the top global data centre hubs and in Guangdong, one of China's most established data centre markets, with the acquisitions¹ of London Data Centre and Guangdong Data Centres 2 and 3. As at 31 December 2022, Keppel DC REIT had approximately \$3.7 billion of assets under management, up from \$3.4 billion as at end 2021.

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

² Bonds issued by M1 Network Private Limited.

Portfolio occupancy remained healthy at 98.5%³ with a long portfolio weighted average lease expiry (WALE) of 8.4 years⁴ as at 31 December 2022. This was mainly attributable to newly acquired assets with remaining lease tenures ranging from 15 to 17 years, and the Manager's continued proactive asset management efforts. Keppel DC REIT has also secured an offer to extend the remaining land tenure of Keppel DC Singapore 5 for a further term of nine years.

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

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

Capital Management

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

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

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

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

³ Not adjusted for the ongoing litigation with DXC Technology Services Singapore Pte. Ltd.

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

Growing in a Sustainable Manner

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

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

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

Keppel DC REIT's commitment to sustainable growth is further reflected in its 'AA' rating in the MSCI ESG Ratings Assessment 2022, an improvement from the 'A' rating in 2021⁵. In recognition of its strong corporate governance practices, Keppel DC REIT saw improvements in its corporate governance ratings in 2022. Keppel DC REIT's ranking improved from sixth to fifth in the Governance Index for Trusts, and from 31st to 12th position in the Singapore Governance and Transparency Index under the REIT and Business Trust category in 2022.

Looking Ahead

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

Notwithstanding the macroeconomic headwinds, Gartner forecasts⁶ that worldwide end-user spending on public cloud services will grow 20.7% to US\$591.8 billion in 2023 as compared to 18.8% growth in 2022. The agile and scalable nature of cloud computing will help to support growth during uncertain times. Further, industry trends including the acceleration of digitalisation, adoption of technologies such as the internet of things or artificial intelligence and the rise of the digital economy will continue to bolster demand for data centres. Strong continued growth of the colocation market is projected, driven by demand from large cloud and internet companies, as well as enterprises moving their IT infrastructure off premise.⁷

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

- END -

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

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

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

About Keppel DC REIT (www.keppeldcreit.com)

Keppel DC REIT was listed on the Singapore Exchange on 12 December 2014 as the first pure-play data centre REIT in Asia.

Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate and assets necessary to support the digital economy.

Keppel DC REIT's investments comprise an optimal mix of colocation, fully-fitted and shell and core assets, as well as network assets through its investment in debt securities, thereby reinforcing the diversity and resiliency of its portfolio.

Keppel DC REIT is sponsored by Keppel Telecommunications & Transportation Ltd (Keppel T&T), a wholly-owned subsidiary of Keppel Corporation Limited. It is managed by Keppel DC REIT Management Pte. Ltd. (the Manager), a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure, data centres and alternative assets in key global markets through its listed REITs and Trust, as well as private funds. The Keppel Group, through Keppel T&T and the private data centre funds has currently over \$2 billion worth of data centre assets under development and management.

Important Notice

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

Prospective investors and unitholders of Keppel DC REIT (Unitholders) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel DC REIT Management Pte. Ltd., as manager of Keppel DC REIT (the Manager) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this release. None of the Manager, the trustee of Keppel DC REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this release or its contents or otherwise arising in connection with this release. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel DC REIT (Units) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including possible loss of principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (SGX-ST). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION
ANNOUNCEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31
DECEMBER 2022**CONTENTS

	Page
SUMMARY AND INTRODUCTION	2-3
CONDENSED CONSOLIDATED PROFIT AND LOSS AND DISTRIBUTION STATEMENT	4-6
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONDENSED BALANCE SHEETS	8-10
CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	11-14
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	15-16
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	17-26
OTHER INFORMATION	
A. AUDIT	27
B. AUDITOR'S REPORT	27
C. REVIEW OF PERFORMANCE	27
D. PROSPECTS	28
E. RISK FACTORS AND RISK MANAGEMENT	28-29
F. DISTRIBUTIONS	30-31
G. DISTRIBUTION STATEMENT	32
H. INTERESTED PERSON TRANSACTIONS	32
I. BREAKDOWN OF SALES	32
J. BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION	33
K.CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)	33
L. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION	33

KEPPEL DC REIT AND ITS SUBSIDIARIES

SUMMARY OF KEPPEL DC REIT RESULTS

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

Notes:

- 1 Computed based on the DI to Unitholders after the deduction of Capex Reserves that has been set aside.
- 2 Based on closing unit price of \$1.770 and \$2.470 per Unit as at 31 December 2022 and 31 December 2021 respectively.

For details, refer to **Condensed profit and loss and distribution statement and Other Information Paragraph 3 - Review of Performance.**

Distribution	19 th Distribution Distribution for the period from 1 July to 31 December 2022
Distribution type	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate	Distribution for the period from 1 July to 31 December 2022 (a) Taxable Income – 2.137 cents per Unit (b) Tax-exempt Income – 1.797 cents per Unit (c) Capital Distribution – 1.231 cents per Unit
Distribution amount (\$'000)	88,768
Record Date	8 February 2023
Payment Date	14 March 2023

KEPPEL DC REIT AND ITS SUBSIDIARIES

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 principally 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 and assets necessary to support the digital economy.

As at 31 December 2022, the REIT has a portfolio size of approximately \$3.7 billion. The portfolio comprises mainly 23 high quality well located data centres in Singapore, Malaysia, China, 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 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)	Guangdong Data Centre 1	China	(Guangdong DC 1)	
9)	Guangdong Data Centre 2	China	(Guangdong DC 2)	<i>Acquired on 12 August 2022</i>
10)	Guangdong Data Centre 3	China	(Guangdong DC 3)	<i>Acquired on 12 August 2022¹</i>
11)	Gore Hill Data Centre	Australia	(Gore Hill DC)	
12)	Intellicentre Campus	Australia	(IC DC)	

Europe

13)	Cardiff Data Centre	UK	(Cardiff DC)	
14)	GV7 Data Centre	UK	(GV7 DC)	
15)	London Data Centre	UK	(London DC)	<i>Acquired on 11 January 2022</i>
16)	Almere Data Centre	The Netherlands	(Almere DC)	
17)	Amsterdam Data Centre	The Netherlands	(Amsterdam DC)	
18)	Eindhoven Campus	The Netherlands	(Eindhoven DC)	
19)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)	
20)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)	
21)	Milan Data Centre	Italy	(Milan DC)	
22)	maincubes Data Centre	Germany	(maincubes DC)	
23)	Kelsterbach Data Centre	Germany	(Kelsterbach DC)	

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

- 2H – Refers to the second half from 1 July to 31 December 2022 and the corresponding period of the preceding year.
- FY – Refers to the financial year ended 31 December 2022 and the corresponding period of the preceding year
- Nm – Not meaningful

¹ Comprising building shell of Guangdong Data Centre 3

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT AND LOSS AND DISTRIBUTION STATEMENT

FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

	2H 2022 \$'000	2H 2021 \$'000	+ / (-) %	FY 2022 \$'000	FY 2021 \$'000	+ / (-) %	Referen ce
Gross rental income	140,392	134,343	4.5	273,517	265,797	2.9	(a)
Other income	1,390	1,575	(11.7)	3,805	5,268	(27.8)	(b)
Gross Revenue	141,782	135,918	4.3	277,322	271,065	2.3	
Property operating expenses	(12,472)	(11,598)	7.5	(24,777)	(22,911)	8.1	(c)
Net Property Income	129,310	124,320	4.0	252,545	248,154	1.8	
Finance income	5,134	518	>100.0	9,254	558	>100.0	(d)
Finance costs	(17,975)	(11,118)	61.7	(31,072)	(21,215)	46.5	(d)
Trustees' fees	(259)	(234)	10.7	(524)	(470)	11.5	
Manager's base fee	(8,949)	(7,770)	15.2	(17,741)	(15,375)	15.4	(e)
Manager's performance fee	(4,388)	(4,189)	4.8	(8,598)	(8,411)	2.2	(e)
Net gains on derivatives	4,332	3,922	10.5	8,627	4,400	96.1	(f)
Other trust expenses	(4,360)	(4,267)	2.2	(6,629)	(7,065)	(6.2)	(g)
Profit before joint venture	102,845	101,182	1.6	205,862	200,576	2.6	
Share of results of a joint venture	(8,983)	(1,000)	>100.0	(8,983)	(1,000)	>100.0	(h)
Profit before divestment of a subsidiary and net change in fair value of investment properties	93,862	100,182	(6.3)	196,879	199,576	(1.4)	
Loss on divestment of a subsidiary	-	(200)	(100.0)	-	(200)	(100.0)	(i)
Net change in fair value of investment properties	68,289	152,541	(55.2)	68,289	151,373	(54.9)	(j)
Profit before tax	162,151	252,523	(35.8)	265,168	350,749	(24.4)	
Tax expenses	(21,890)	(20,099)	8.9	(30,994)	(29,176)	6.2	(k)
Profit after tax	140,261	232,424	(39.7)	234,174	321,573	(27.2)	
Attributable to:							
Unitholders	138,535	226,129	(38.7)	230,905	313,656	(26.4)	
Non-controlling interests	1,726	6,295	(72.6)	3,269	7,917	(58.7)	
	140,261	232,424	(39.7)	234,174	321,573	(27.2)	
Earnings per Unit (cents)							
- basic and diluted	8.06	13.37	(39.7)	13.44	18.87	(28.8)	
<u>Distribution Statement</u>							
Profit after tax attributable to Unitholders	138,535	226,129	(38.7)	230,905	313,656	(26.4)	
Net tax and other adjustments	(44,821)	(138,779)	(67.7)	(46,033)	(142,050)	(67.6)	(l)
Income available for distribution	93,714	87,350	7.3	184,872	171,606	7.7	(m)
Distribution per Unit (cents)	5.165	4.927	4.8	10.214	9.851	3.7	(n)

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2022 and 2021):

- (a) In 2H 2022 and FY 2022, gross rental income was higher mainly due to acquisitions of Guangdong DC 1, 2 and building shell of Guangdong DC 3, London DC, Eindhoven DC, positive income reversions, as well as contributions following the completion of asset enhancement initiatives (AEIs) at the Dublin assets and completion of Intellicentre 3 East Data Centre (IC3 East DC).

This was partially offset by the net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses (including electricity, staff and maintenance costs) and provisions made for DXC at KDC SGP 1. In addition, the depreciation of foreign currencies against the SGD and the cessation of contribution following the divestment of iseek DC resulted in lower foreign sourced income.

- (b) In FY 2022, other income was lower mainly due to the cessation of rental top up at KDC SGP 4, partially offset by one-off government incentives received at Guangdong DC 1.

- (c) The following were included as part of the operating expenses:

	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Property-related taxes	(1,794)	(1,727)	(3,713)	(3,449)
Facility management and related costs	(6,237)	(6,853)	(12,700)	(13,300)
Repairs and maintenance	(874)	(503)	(1,842)	(1,140)
Other property-related costs	(3,567)	(2,515)	(6,522)	(5,022)
	(12,472)	(11,598)	(24,777)	(22,911)

- (d) In 2H 2022 and FY2022, finance income increased mainly due to the income from the debt securities issued by M1 Network Private Limited (NetCo) and coupon income from Guangdong DC 3.

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

- (e) Increase in Manager's base fee and performance fee were mainly due to the acquisitions of London DC, Guangdong DC 2 and building shell of Guangdong DC 3, as well as full period contributions from Guangdong DC 1, IC3 East DC and Eindhoven DC.

- (f) These relate to the net gains on the foreign currency forward contracts entered into by the Group for hedging purposes.

- (g) Other trust expenses were lower mainly due to the cessation of rental top up at KDC SGP 4, which results in a lower fair value loss of financial asset at fair value through profit or loss (FVTPL). These were partially offset by higher foreign exchange loss.

- (h) Share of loss of a joint venture (NetCo) arising mainly from depreciation of the fixed assets. This does not affect Keppel DC REIT's distributable income and has been adjusted in full in net tax and other adjustments (refer to Note I). For share of NetCo's other comprehensive income, refer to Statement of Comprehensive Income.

- (i) Loss on divestment of a subsidiary in 2H 2021 and FY2021 pertains to the loss on divestment of iseek DC.

- (j) Net change in fair value of investment properties for 2022 pertains to the net revaluation gains of the Group's investment properties based on independent valuations obtained from third party valuers and the effects of recognising rental income on a straight-line basis over the lease terms.

- (k) Tax expenses comprise (a) tax in relation to the taxable income that are not accorded full tax transparency treatment, (b) tax expenses of the Group's overseas properties, and (c) net deferred tax expenses recognised on tax depreciation, tax losses carried forward and fair value changes in investment properties.

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2022 and 2021):

(l) Included in the net tax and other adjustments were the following:

	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Trustee's fees	218	194	442	389
Rental income adjustment on a straight-line basis	(1,618)	(2,047)	(2,834)	(2,805)
Amortisation of capitalised transaction costs	474	498	940	943
Net change in fair value of investment properties	(68,172)	(147,943)	(68,172)	(146,775)
Foreign exchange losses	1,836	1,655	2,476	296
Deferred tax	17,586	15,541	21,025	18,658
Net change in fair value of financial assets at fair value through profit or loss	187	-	377	2,723
Loss on divestment of a subsidiary	-	200	-	200
Share of results of a joint venture	8,983	1,000	8,983	1,000
Other net adjustments	(4,315)	(7,877)	(9,270)	(16,679)
Net tax and other adjustments	(44,821)	(138,779)	(46,033)	(142,050)

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

(m) Higher DI in 2H 2022 and FY 2022 were mainly due to higher net property income as well as the resultant contributions derived from the hedging contracts for foreign-sourced income. These were partially offset by higher finance costs.

(n) DPU was computed based on DI (Note m) after the deduction of Capex Reserves which has been set aside.

Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 July to 31 December 2022, a distribution of 5.165 cents per Unit has been declared.

Consolidated Earnings Per Unit and Distribution Per Unit

	2H 2022	2H 2021	FY 2022	FY 2021
Earnings per Unit (EPU)				
EPU (basic and diluted) (cents)	8.06	13.37	13.44	18.87
Weighted average number of Units ¹	1,718,236,951	1,691,034,292	1,717,678,403	1,662,472,755
Profit after tax ² (\$'000)	138,535	226,129	230,905	313,656
Distribution per Unit (DPU)				
DPU³ (cents)	5.165	4.927	10.214	9.851
Total number of Units in issue at end of period/year	1,718,650,015	1,715,511,855	1,718,650,015	1,715,511,855
Income available for distribution to Unitholders (\$'000)	93,714	87,350	184,872	171,606

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 after tax for the period.
- 3 Computed based on the DI to Unitholders after the deduction of Capex Reserves which has been set aside.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

	2H 2022 \$'000	2H 2021 \$'000	+/(-) %	FY 2022 \$'000	FY 2021 \$'000	+/(-) %
Profit after tax	140,261	232,424	(39.7)	234,174	321,573	(27.2)
Other comprehensive income						
Movement in hedging reserves	14,009	9,531	47.0	50,403	19,979	>100.0
Share of movement in hedging reserves of a joint venture	35,458	-	Nm	35,458	-	Nm
Realisation of net currency translation differences upon divestment of a subsidiary	-	110	(100.0)	-	110	(100.0)
Foreign currency translation movement	(37,076)	(19,346)	91.6	(56,057)	(8,838)	>100.0
Total other comprehensive income/(loss)	12,391	(9,705)	Nm	29,804	11,251	>100.0
Total comprehensive income	152,652	222,719	(31.5)	263,978	332,824	(20.7)
Attributable to:						
Unitholders	150,929	216,422	(30.3)	260,720	324,910	(19.8)
Non-controlling interests	1,723	6,297	(72.6)	3,258	7,914	(58.8)
	152,652	222,719	(31.5)	263,978	332,824	(20.7)

Note:

Other comprehensive income items relate to (i) the fair value changes of the mark-to-market derivatives as a result of interest rate swaps entered into by the Group and by the joint venture, and (ii) 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED BALANCE SHEETS AS AT 31 DECEMBER 2022

	Note	Group			Trust			Reference
		31-Dec-22 \$'000	31-Dec-21 \$'000	+ / (-) %	31-Dec-22 \$'000	31-Dec-21 \$'000	+ / (-) %	
Non-current assets								
Investment properties	3	3,639,453	3,401,436	7.0	530,228	526,726	0.7	(a)
Investment in subsidiaries		-	-	-	2,246,084	2,128,751	5.5	(b)
Loans to subsidiaries		-	-	-	311,881	335,854	(7.1)	(b)
Investment in a joint venture	4	26,475	-	Nm	-	-	-	(c)
Notes receivables		82,559	85,768	(3.7)	82,559	85,768	(3.7)	(d)
Trade and other receivables		31,233	24,798	25.9	-	-	-	(e)
Derivative financial assets		49,762	3,954	>100.0	1,607	1,747	(8.0)	(f)
Deposits		13,896	-	Nm	-	-	-	(g)
Deferred tax assets		1,679	2,006	(16.3)	-	-	-	(h)
Total non-current assets		3,845,057	3,517,962	9.3	3,172,359	3,078,846	3.0	
Current assets								
Notes receivables		3,208	2,932	9.4	3,208	2,932	9.4	(d)
Trade and other receivables		61,404	50,373	21.9	14,232	31,079	(54.2)	(e)
Derivative financial assets		7,595	2,540	>100.0	6,784	2,540	>100.0	(f)
Deposits		-	10,402	(100.0)	-	-	-	(g)
Cash and cash equivalents		190,399	195,941	(2.8)	98,079	90,590	8.3	
Total current assets		262,606	262,188	0.2	122,303	127,141	(3.8)	
TOTAL ASSETS		4,107,663	3,780,150	8.7	3,294,662	3,205,987	2.8	
Current liabilities								
Loans from subsidiaries		-	-	-	161,899	158,659	2.0	(i)
Loans and borrowings	5	175,425	163,037	7.6	-	-	-	(j)
Trade and other payables		62,646	50,143	24.9	21,713	21,429	1.3	(k)
Derivative financial liabilities		-	892	(100.0)	-	317	(100.0)	(f)
Provision for taxation		6,569	6,537	0.5	2,549	2,239	13.8	(l)
Total current liabilities		244,640	220,609	10.9	186,161	182,644	1.9	
Non-current liabilities								
Loans from subsidiaries		-	-	-	1,139,538	1,045,121	9.0	(i)
Loans and borrowings	5	1,299,708	1,136,233	14.4	7,928	7,726	2.6	(j)
Trade and other payables		6,338	-	Nm	-	-	-	(k)
Derivative financial liabilities		2,180	5,290	(58.8)	-	-	-	(f)
Provision		18,273	20,025	(8.7)	-	-	-	(m)
Deferred tax liabilities		79,606	62,317	27.7	13,191	13,191	-	(h)
Total non-current liabilities		1,406,105	1,223,865	14.9	1,160,657	1,066,038	8.9	
TOTAL LIABILITIES		1,650,745	1,444,474	14.3	1,346,818	1,248,682	7.9	
NET ASSETS		2,456,918	2,335,676	5.2	1,947,844	1,957,305	(0.5)	
Represented by:								
Unitholders' funds	6	2,414,118	2,293,247	5.3	1,947,844	1,957,305	(0.5)	
Non-controlling interests		42,800	42,429	0.9	-	-	-	(n)
		2,456,918	2,335,676	5.2	1,947,844	1,957,305	(0.5)	
Net asset value per Unit (\$)		1.40	1.34	4.5	1.13	1.14	(0.9)	(o)
Aggregate leverage /		36.4	34.6	180bps	Nm	Nm	Nm	(p)
Deposited properties (%)								

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference:

Net Asset Value (NAV) / Net Tangible Asset (NTA) Per Unit

	Group	
	As at 31 Dec 22	As at 31 Dec 21
NAV¹ per Unit² (\$)	1.40	1.34
Adjusted NAV ¹ per unit ² (excluding the distributable income)	1.35	1.30
NTA¹ per Unit² (\$)	1.40	1.34
Adjusted NTA ¹ per unit ² (excluding the distributable income)	1.35	1.30

- 1 This excludes the non-controlling interests' share of net asset value / net tangible asset and profit and loss after tax for the period.
- 2 The NAV per Unit and the NTA per Unit were computed based on the issued Units at the end of the financial year.

Balance sheet analysis

- (a) Included in the investment properties were leases of \$12.7 million (2021: \$12.1 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>As at 31 Dec 22 (\$'000)</u>	<u>As at 31 Dec 21 (\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	347,228	343,725
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051	183,000	183,000
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052	319,000	316,378
Keppel DC Singapore 4	Leasehold, expiring 30 June 2050	446,000	426,000
Keppel DC Singapore 5	Leasehold, expiring 31 August 2041 [*]	395,389	360,000
DC1	Leasehold, expiring 31 July 2044	286,300	273,000
Basis Bay Data Centre	Freehold	19,994	22,107
Guangdong Data Centre 1	Leasehold, expiring 17 January 2067	135,100	148,005
Guangdong Data Centre 2	Leasehold, expiring 17 January 2067	135,100	-
Guangdong Data Centre 3	Leasehold, expiring 17 January 2067	12,429	-
Gore Hill Data Centre	Freehold	211,531	224,135
Intellicentre Campus	Freehold	113,123	102,323
Cardiff Data Centre	Freehold	41,651	47,447
GV7 Data Centre	Leasehold, expiring 28 Sept 2183	59,033	65,696
London Data Centre	Freehold	92,927	-
Almere Data Centre	Freehold	144,594	155,270
Amsterdam Data Centre	Freehold	41,353	45,028
Eindhoven Campus	Freehold	52,612	57,450
Keppel DC Dublin 1	Leasehold, expiring 31 Dec 2998	152,950	150,612
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	139,850	141,296
Milan Data Centre	Freehold	55,232	60,478
maincubes Data Centre	Freehold	148,701	155,270
Kelsterbach Data Centre	Freehold	106,356	124,216
		<u>3,639,453</u>	<u>3,401,436</u>

[^] Include option to renew for 30 years

^{*} Include offer to extend for a further term of 9 years

KEPPEL DC REIT AND ITS SUBSIDIARIES

Balance sheet analysis (cont'd)

- (b) These relate to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries.
- (c) These relate to the investment in a joint venture and share of post-acquisition reserves, which mainly consists of mark-to-market gains from an interest rate swap.
- (d) These relate to investment in debt securities issued by a joint venture.
- (e) Included in trade and other receivables were accrued rental revenue from the clients.
- (f) 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.
- (g) These mainly relate to deposits paid in 2022 to the vendor for the advance payment of Guangdong DC 3 facilities and equipment. Deposits paid in 2021 relate to amount paid to the vendor for the acquisition of London DC.
- (h) These relate to the net deferred tax assets/liabilities recognised in different tax jurisdictions that arose on tax depreciation, tax losses carried forward and fair value changes in certain investment properties.
- (i) These relate to loans from subsidiaries. The higher balances as at 31 December 2022 were mainly due to the drawdown of loans for acquisitions.
- (j) These relate to external borrowings of \$1,464.8 million, lease liabilities pertaining to a land rent option and an extension offer, and capitalised debt-related transaction costs. The higher external borrowings as at 31 December 2022 were mainly due to proceeds drawn from new bank borrowings.
- (k) Included in trade and other payables were trade creditors, accrued liabilities and deferred revenue.
- (l) 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.
- (m) This relates to a provision for contractual obligation assumed on the acquisition of a subsidiary. Cash has been set aside by the vendor to settle the contractual provision assumed, and the remaining obligation is recoverable from a related corporation.
- (n) This relates to the non-controlling interests' share of net assets.
- (o) This excludes the non-controlling interests' share of net assets.
- (p) Aggregate leverage relates to the \$1,464.8 million external borrowings drawn down and deferred payment as a percentage 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 option and extension offer.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

GROUP (2022)	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 2022		2,054,294	5,869	(3,616)	(95,751)	332,451	2,293,247	42,429	2,335,676
Operations									
Profit after tax for the period		-	-	-	-	92,370	92,370	1,543	93,913
Net increase in net assets resulting from operations		-	-	-	-	92,370	92,370	1,543	93,913
Other comprehensive income									
Movement in hedging reserves	1	-	-	36,394	-	-	36,394	-	36,394
Foreign currency translation movement	1	-	(18,973)	-	-	-	(18,973)	(8)	(18,981)
Net increase in other comprehensive income		-	(18,973)	36,394	-	-	17,421	(8)	17,413
Unitholders' transactions									
Distributions to Unitholders		(16,006)	-	-	-	(44,140)	(60,146)	-	(60,146)
Payment of management fees in Units		5,363	-	-	-	-	5,363	-	5,363
Net decrease in net assets resulting from Unitholders' transactions		(10,643)	-	-	-	(44,140)	(54,783)	-	(54,783)
Dividends paid to non- controlling interests		-	-	-	-	-	-	(1,391)	(1,391)
At 30 June 2022		2,043,651	(13,104)	32,778	(95,751)	380,681	2,348,255	42,573	2,390,828
Operations									
Profit after tax for the period		-	-	-	-	138,535	138,535	1,726	140,261
Net increase in net assets resulting from operations		-	-	-	-	138,535	138,535	1,726	140,261
Other comprehensive income									
Movement in hedging reserves	1	-	-	14,009	-	-	14,009	-	14,009
Share of movement in hedging reserves hedges of a joint venture	1	-	-	35,458	-	-	35,458	-	35,458
Foreign currency translation movement	1	-	(37,073)	-	-	-	(37,073)	(3)	(37,076)
Net decrease in other comprehensive income		-	(37,073)	49,467	-	-	12,394	(3)	12,391
Unitholders' transactions									
Distributions to Unitholders		(19,050)	-	-	-	(67,680)	(86,730)	-	(86,730)
Payment of management fees in Units		1,664	-	-	-	-	1,664	-	1,664
Net increase in net assets resulting from Unitholders' transactions		(17,386)	-	-	-	(67,680)	(85,066)	-	(85,066)
Capital reductions of non- controlling interests		-	-	-	-	-	-	(100)	(100)
Distributions to non- controlling interest		-	-	-	-	-	-	(1,396)	(1,396)
At 31 December 2022		2,026,265	(50,177)	82,245	(95,751)	451,536	2,414,118	42,800	2,456,918

Note:

- Other comprehensive income items relate to (i) the fair value changes of the mark-to-market derivatives as a result of interest rate swaps entered into by the Group and by a joint venture, and (ii) 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D) FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

GROUP (2021)	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 2021		1,859,299	14,594	(23,595)	(95,751)	190,105	1,944,652	37,590	1,982,242	
Operations										
Profit after tax for the period		-	-	-	-	87,527	87,527	1,622	89,149	
Net increase in net assets resulting from operations		-	-	-	-	87,527	87,527	1,622	89,149	
Other comprehensive income										
Movement in hedging reserve	1	-	-	10,448	-	-	10,448	-	10,448	
Foreign currency translation movement	1	-	10,513	-	-	-	10,513	(5)	10,508	
Net increase in other comprehensive income		-	10,513	10,448	-	-	20,961	(5)	20,956	
Unitholders' transactions										
Distributions to Unitholders		-	-	-	-	(78,308)	(78,308)	-	(78,308)	
Payment of management fees in Units		1,304	-	-	-	-	1,304	-	1,304	
Net decrease in net assets resulting from Unitholders' transactions		1,304	-	-	-	(78,308)	(77,004)	-	(77,004)	
Dividends paid to non- controlling interests		-	-	-	-	-	-	(1,586)	(1,586)	
At 30 June 2021		1,860,603	25,107	(13,147)	(95,751)	199,324	1,976,136	37,621	2,013,757	
Operations										
Profit after tax for the period		-	-	-	-	226,129	226,129	6,295	232,424	
Net increase in net assets resulting from operations		-	-	-	-	226,129	226,129	6,295	232,424	
Other comprehensive income										
Movement in hedging reserve	1	-	-	9,531	-	-	9,531	-	9,531	
Realisation of net currency translation differences upon divestment of subsidiary		-	110	-	-	-	110	-	110	
Foreign currency translation movement	1	-	(19,348)	-	-	-	(19,348)	2	(19,346)	
Net decrease in other comprehensive income		-	(19,238)	9,531	-	-	(9,707)	2	(9,705)	
Unitholders' transactions										
Net increase in net assets resulting from Unitholders' contribution		202,024	-	-	-	-	202,024	-	202,024	
Distributions to Unitholders		(10,652)	-	-	-	(93,002)	(103,654)	-	(103,654)	
Payment of management fees in Units		2,319	-	-	-	-	2,319	-	2,319	
Net increase in net assets resulting from Unitholders' transactions		193,691	-	-	-	(93,002)	100,689	-	100,689	
Dividends paid to non- controlling interests		-	-	-	-	-	-	(1,489)	(1,489)	
At 31 December 2021		2,054,294	5,869	(3,616)	(95,751)	332,451	2,293,247	42,429	2,335,676	

Note:

- 1 Other comprehensive income items relate to (i) the fair value changes of the mark-to-market derivatives as a result of interest rate swaps entered into by the Group and (ii) 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)
FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

<u>TRUST (2022)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Profits/ (Losses)</u> \$'000	<u>Unitholders' Funds</u> \$'000
At 1 January 2022		2,054,294	(95,751)	(1,238)	1,957,305
Operations					
Profit after tax for the period		-	-	106,180	106,180
Net increase in net assets resulting from operations		-	-	106,180	106,180
Unitholders' transactions					
Distribution to Unitholders		(16,006)	-	(44,140)	(60,146)
Payment of management fees in Units		5,363	-	-	5,363
Net decrease in net assets resulting from Unitholders' transactions		(10,643)	-	(44,140)	(54,783)
At 30 June 2022		2,043,651	(95,751)	60,802	2,008,702
Operations					
Profit after tax for the period		-	-	24,208	24,208
Net increase in net assets resulting from operations		-	-	24,208	24,208
Unitholders' transactions					
Distribution to Unitholders		(19,050)	-	(67,680)	(86,730)
Payment of management fees in Units		1,664	-	-	1,664
Net decrease in net assets resulting from Unitholders' transactions		(17,386)		(67,680)	(85,066)
At 31 December 2022		2,026,265	(95,751)	17,330	1,947,844

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)
FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

<u>TRUST (2021)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Losses</u> \$'000	<u>Unitholders' Funds</u> \$'000
At 1 January 2021		1,859,299	(95,751)	(31,625)	1,731,923
Operations					
Profit after tax for the period		-	-	86,460	86,460
Net increase in net assets resulting from operations		-	-	86,460	86,460
Unitholders' transactions					
Distribution to Unitholders		-	-	(78,308)	(78,308)
Payment of management fees in Units		1,304	-	-	1,304
Net decrease in net assets resulting from Unitholders' transactions		1,304	-	(78,308)	(77,004)
At 30 June 2021		1,860,603	(95,751)	(23,473)	1,741,379
Operations					
Profit after tax for the period		-	-	115,237	115,237
Net increase in net assets resulting from operations		-	-	115,237	115,237
Unitholders' transactions					
Net increase in net assets resulting from Unitholders' contribution		202,024	-	-	202,024
Distribution to Unitholders		(10,652)	-	(93,002)	(103,654)
Payment of management fees in Units		2,319	-	-	2,319
Net increase in net assets resulting from Unitholders' transactions		193,691	-	(93,002)	100,689
At 31 December 2021		2,054,294	(95,751)	(1,238)	1,957,305

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Operating activities				
Profit after tax	140,261	232,424	234,174	321,573
Adjustments for:				
Tax expenses	21,890	20,099	30,994	29,176
Finance income	(5,134)	(518)	(9,254)	(558)
Finance costs	17,975	11,118	31,072	21,215
Net change in fair value of FVTPL	187	-	377	2,723
Loss on divestment of a subsidiary	-	200	-	200
Share of results of a joint venture	8,983	1,000	8,983	1,000
Net change in fair value of derivatives	(1,177)	(5,827)	(4,463)	(7,068)
Net change in fair value of investment properties	(68,289)	(152,541)	(68,289)	(151,373)
Management fees payable in Units	2,684	1,362	4,974	2,433
Unrealised currency translation differences	3,475	982	3,941	1,789
	120,855	108,299	232,509	221,110
Changes in working capital:				
- Trade and other receivables	(16,987)	(4,041)	(19,804)	(14,091)
- Trade and other payables	23,879	(2,091)	15,388	(7,790)
Cash generated from operations	127,747	102,167	228,093	199,229
Net tax paid	(4,194)	(5,905)	(9,802)	(7,728)
Net cash generated from operating activities	123,553	96,262	218,291	191,501
Cash flows from investing activities				
Acquisition of interests in investment properties (Note A)	(133,022)	(195,523)	(246,877)	(195,523)
Additions to investment properties	(3,745)	(8,764)	(8,669)	(8,764)
Capital expenditures on investment properties	(21,298)	(17,411)	(39,422)	(77,571)
Payment on property under development	-	(26,406)	-	(26,406)
Divestment of subsidiary, net of cash received	-	33,982	-	33,982
Acquisition of a financial asset	-	-	(1,004)	-
Rental top up received	-	-	1,004	-
Coupon received from notes receivables	4,011	-	8,067	-
Repayment of notes receivables	1,489	-	2,933	-
Investment in notes and preference shares in a joint venture	-	(89,700)	-	(89,700)
Deposits paid to a vendor	(14,738)	(10,402)	(14,738)	(10,402)
Net cash used in investing activities	(167,303)	(314,224)	(298,706)	(374,384)
Cash flows from financing activities				
Gross proceeds from equity fund raising	-	204,282	-	204,282
Proceeds from borrowings	199,845	486,137	518,006	551,183
Capital reduction of a non-controlling interest	(100)	-	(100)	-
Payment of financing transaction costs	(152)	(874)	(509)	(1,060)
Repayment of borrowings	(43,318)	(363,726)	(251,551)	(408,401)
Payment of lease liabilities	-	(3,950)	(4,378)	(3,950)
Finance costs paid	(15,438)	(10,442)	(28,135)	(19,789)
Distributions paid to Unitholders	(86,730)	(103,654)	(146,876)	(181,962)
Dividends paid to non-controlling interests	(1,396)	(1,489)	(2,787)	(3,075)
Payment of equity fund raising transaction costs	-	(2,258)	-	(2,258)
Net cash generated from financing activities	52,711	204,026	83,670	134,970
Net increase/(decrease) in cash and cash equivalents	8,961	(13,936)	3,255	(47,913)
Cash and cash equivalents at beginning of period/year	188,228	208,709	195,941	244,387
Effects of exchange rate fluctuations on cash held	(6,790)	1,168	(8,797)	(533)
Cash and cash equivalents at end of period/year	190,399	195,941	190,399	195,941

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Note A – Acquisition of interests in investment properties

In September 2021 and December 2021, Keppel DC REIT completed the acquisitions of Eindhoven DC and Guangdong DC 1 respectively.

In January 2022, Keppel DC REIT completed the acquisition of London DC located at Waterside House, Longshot Lane, Bracknell RG12 1WB, United Kingdom. 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 August 2022, Keppel DC REIT completed the acquisitions of Guangdong DC 2 and building shell of Guangdong DC 3 located at No. 6 and 7 Bluesea Intelligence Valley, Shaping Street, Heshan, Jiangmen, Guangdong Province, People's Republic of China respectively.

Cash flow analysis (FY 2022 vs FY 2021)

Cash generated from operating activities for the FY 2022 was \$218.3 million, \$26.8 million higher than the \$191.5 million for the corresponding period last year. This was mainly due to higher operational cash inflow and lower working capital requirements.

Net cash used in investing activities for FY 2022 was \$298.7 million, comprising mainly the acquisitions of London DC, Guangdong DC 2 and the building shell of Guangdong DC 3 as well as capital expenditures and deposit paid for the advance payment of Guangdong DC 3 facilities and equipment. This was partially offset by coupon received and partial repayment of notes receivables. Net cash used in investing activities for last year was \$374.4 million, comprising mainly the acquisitions of Eindhoven DC and Guangdong DC 1, investment in debt securities as well as capital expenditures which include completion of fit-out works for DC1 and a deposit paid for the acquisition of London DC. These were partially offset by the net proceeds from the divestment of isseek DC.

The Group recorded net cash generated from financing activities of \$83.7 million in FY 2022 as compared to \$135.0 million for last year. Net cash generated in FY 2022 was mainly from the drawdown of bank borrowings. These were partially offset by distributions paid to Unitholders, refinancing of borrowings, settlement of lease liabilities and finance costs. Net cash generated from financing activities for FY 2021 was mainly from the issuance of equity and the drawdown of bank borrowings. These were partially offset by distributions paid to Unitholders, refinancing of borrowings, settlement of lease liabilities and finance costs.

Cash flow analysis (2H 2022 vs 2H 2021)

Net cash generated from operating activities for the 2H 2022 was \$123.6 million, \$27.3 million higher than the \$96.3 million for the corresponding period last year. This was mainly due to higher operational cash inflow and lower working capital requirements.

Net cash used in investing activities for 2H 2022 was \$167.3 million, comprising mainly acquisitions of Guangdong DC 2 and the building shell of Guangdong DC 3 as well as capital expenditures and deposit paid for the advance payment of Guangdong DC 3 facilities and equipment. These were partially offset by coupon received and partial repayment of notes receivables. Net cash used in investing activities for the corresponding period last year was \$314.2 million, comprising mainly acquisitions of Eindhoven DC and Guangdong DC 1, investment in debt securities as well as capital expenditures and a deposit paid for the acquisition of London DC. These were partially offset by the net proceeds from the divestment of isseek DC.

The Group recorded net cash generated from financing activities of \$52.7 million in 2H 2022 as compared to \$204.0 million for the corresponding period last year. Net cash used in 2H 2022 was mainly from the drawdown of bank borrowings. These were partially offset by distributions paid to Unitholders, refinancing of borrowings and finance costs. Net cash from 2H 2021 was mainly from the issuance of equity and the drawdown of bank borrowings. These were partially offset by distributions paid to Unitholders, refinancing of borrowings, settlement of lease liabilities and finance costs.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

1 GENERAL

Keppel DC REIT is a Singapore-domiciled real estate investment trust constituted by the trust deed dated 17 March 2011 (as amended) (the "Trust Deed") between Keppel DC REIT Management Pte. Ltd. and AEP Investment Management Pte. Ltd., together as Trustee-Managers.

Pursuant to the Deed of Appointment and Retirement dated 24 October 2014, the Trustee-Managers were replaced by Keppel DC REIT Management Pte. Ltd. (the "Manager"). Meanwhile, Perpetual (Asia) Limited (the "Trustee") was appointed as the trustee of the Trust on 24 October 2014.

The Trust Deed is governed by the laws of The Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Group in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981 and 16 Collyer Quay #07-01, Singapore 049318 respectively.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 December 2014 and was included under the Central Provident Fund ("CPF") Investment Scheme on 12 December 2014.

The principal activity of the Trust is to principally 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 and assets necessary to support the digital economy.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These condensed consolidated financial statements for the second half and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 Interim Financial Reporting (SFRS (I) 1-34). These condensed financial statements do not include all the disclosures included in the Group's financial report. Accordingly, this report should be read in conjunction with the Group's Annual Report for the financial year ended 31 December 2021 and any public announcements made by Keppel DC REIT during the reporting period.

2.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2021, except for the adoption of new and revised standards effective as of 1 January 2022.

The following are the new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)

The adoption of the above new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated financial statements of the Group.

2.3 Significant Accounting Estimates and Judgements

In the process of applying the Group's accounting policies, there is no instance of application of judgements with significant updates since the audited financial statements as at 31 December 2021 and this is not expected to have a significant effect on the amounts recognised in the condensed consolidated financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and with significant updates since the audited financial statements as at 31 December 2021 are disclosed in Note 8 Fair Value of Assets and Liabilities.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

3 INVESTMENT PROPERTIES

	Group	
	2022 \$'000	2021 \$'000
At 1 January	3,401,436	3,005,038
Acquisitions ^(b)	257,279	195,523
Additions ^(c)	15,790	10,263
Divestment of a subsidiary ^(d)	-	(43,269)
Capital expenditure	39,422	77,571
Transfer from property under development	-	27,169
Net change in fair value	70,969	159,475
Currency translation differences	(145,443)	(30,334)
At 31 December	<u>3,639,453</u>	<u>3,401,436</u>

Reconciliation of fair value measurement to valuation report

	Group	
	2022 \$'000	2021 \$'000
Fair value on investment properties based on valuation report	3,626,736	3,389,332
Add: Carrying amount of lease liabilities ^(e)	12,717	12,104
Carrying amount of investment properties	<u>3,639,453</u>	<u>3,401,436</u>

(a) Investment properties are stated at fair value based on valuations performed by independent valuers, Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank LLP (2021: CBRE Pte. Ltd., CBRE Limited, Cushman & Wakefield (Valuations) Pty Ltd, Cushman & Wakefield Netherlands B.V., Jones Lang LaSalle Limited and Savills Valuation and Professional Services (S) Pte Ltd). The external independent valuers have the appropriate recognised professional qualifications and recent experience in the locations and categories of properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In determining the fair value, the valuers have used capitalisation approach and discounted cash flows approach which makes reference to certain estimates. The key assumptions used to determine the fair value of investment properties include, amongst others, market-corroborated capitalisation yields, terminal yields and discount rates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation approaches and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The capitalisation approach capitalises in perpetuity an income stream with appropriate adjustments for rental shortfalls and overages and discounts the stream using an appropriate capitalisation rate to arrive at the market value. The discounted cash flow approach involves estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of the market and the selection of a target internal rate of return consistent with current market requirements.

(b) Keppel DC REIT completed the acquisitions of London DC on 11 January 2022, and Guangdong DC 2 and building shell of Guangdong DC 3 on 12 August 2022. These acquisitions have been accounted for as asset acquisitions.

In 2021, Keppel DC REIT completed the acquisitions of Eindhoven DC and Guangdong DC 1.

(c) The additions include transaction-related costs and any costs other than capital expenditures capitalised as part of the investment properties.

(d) In 2021, Keppel DC REIT completed the divestment of isek DC.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

3 INVESTMENT PROPERTIES (CONT'D)

- (e) The lease liabilities of the Group relate to estimated payments for certain leasehold lands in Singapore for (i) extension options of which the Group is reasonably certain to exercise and (ii) an offer to extend the remaining land tenure for a further term. In 2022, the Group extended the leasehold land interest in KDC SGP 3 by 30 years.

The lease liabilities of the Trust relate to estimated payments for extension options of certain leasehold lands in Singapore which the Group is reasonably certain to exercise.

4 INVESTMENT IN A JOINT VENTURE

	Group	
	2022 \$'000	2021 \$'000
Equity investments at cost	1,000	1,000
Share of reserves	25,475	(1,000)
	26,475	-

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture, is as follows:

	Group	
	2022 \$'000	2021 \$'000
At 1 January/incorporation of a joint venture	-	1,000
Share of results for the year	(8,983)	(1,000)
Share of movement in fair value of cash flow hedges	35,458	-
At 31 December	26,475	-

5 LOANS AND BORROWINGS

	Group	
	As at 31 Dec 22 \$'000	As at 31 Dec 21 \$'000
<u>Unsecured borrowings</u> ¹		
Amount repayable within one year	175,425	158,659
Amount repayable after one year	1,289,367	1,130,921
	1,464,792	1,289,580
Total borrowings	1,464,792	1,289,580
Capitalised transactions costs of debt financing	(2,305)	(2,414)
<u>Lease liabilities</u>		
Within one year	-	4,378
After one year	12,646	7,726
Total loans and borrowings	1,475,133	1,299,270

¹ Keppel DC REIT has unsecured borrowings of approximately \$687.0 million (2021: \$834.6 million) and \$530.0 million (2021: \$299.7 million) and \$247.8 million (2021: \$155.3 million) under its term loan facilities, revolving credit facilities and Multicurrency Debt Issuance Programme respectively.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

5 LOANS AND BORROWINGS (CONT'D)

As at 31 December 2022, the Group had total borrowings of approximately \$1,464.8 million and unutilised facilities of approximately \$486.9 million. The all-in average interest rate for borrowings was 2.2% per annum for the financial year ended 31 December 2022.

6 UNITHOLDERS' FUNDS

Units in Issue

GROUP AND TRUST	1 Jan 22 to 31 Dec 22	1 Jan 21 to 31 Dec 21
	No. of Units	No. of Units
Issued Units as at beginning of period	1,715,511,855	1,633,120,606
Management fees paid in Units	3,138,160	1,391,249
Issuance of placement Units	-	81,000,000
Issued Units as at end of period	1,718,650,015	1,715,511,855

Total number of issued units

Keppel DC REIT did not hold any treasury units as at 31 December 2022 and 31 December 2021.

	Group	
	As at 31 Dec 22	As at 31 Dec 21
Total number of issued Units	1,718,650,015	1,715,511,855

7 RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group when the Group has the ability, whether directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice-versa, or where the Group and the party are subject to common control or with a Unitholder that has significant influence. Other than disclosed elsewhere in the financial statements, the following are significant transactions with related parties on terms agreed between the parties.

	Group	
	FY 2022 \$'000	FY 2021 \$'000
Fixed rental income from related corporations	30,473	28,902
Variable rental income from related corporations	91,447	99,678
Management base fees to the Manager	(17,741)	(15,375)
Management performance fees to the Manager	(8,598)	(8,411)
Acquisition and development management fees to the Manager	(2,622)	(4,563)
Divestment fees to the Manager	-	(172)
Facility management fees to related corporations	(3,695)	(4,027)
Project management fees to related corporations	(102)	(475)
Support services fee to a related corporation	(615)	(468)
Interest expense to a related corporation	-	(988)
Interest income from a joint venture	8,060	223
Investment in notes and preference shares in a joint venture	-	89,700

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

8 FAIR VALUE OF ASSETS AND LIABILITIES

Determination of fair values

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

Investment properties

External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment properties portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental revenue of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of clients actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of expected future principal and interest cash flows, where the discount rate is computed from the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities with a maturity of less than one period (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

The carrying amounts of the Trust's interest-bearing amounts owing by subsidiaries are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy

The table below analyses fair value measurements for financial assets, financial liabilities and non-financial assets carried at fair value. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

KEPPEL DC REIT AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022**

8 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Assets and liabilities carried at fair value

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022				
Derivative financial assets	–	57,357	–	57,357
Investment properties	–	–	3,639,453	3,639,453
		<u>57,357</u>	<u>3,639,453</u>	<u>3,696,810</u>
Derivative financial liabilities	–	(2,180)	–	(2,180)
31 December 2021				
Derivative financial assets	–	6,494	–	6,494
Investment properties	–	–	3,401,436	3,401,436
	–	<u>6,494</u>	<u>3,401,436</u>	<u>3,407,930</u>
Derivative financial liabilities	–	(6,182)	–	(6,182)
Trust				
31 December 2022				
Derivative financial assets	–	8,391	–	8,391
Investment properties	–	–	530,228	530,228
	–	–	<u>530,228</u>	<u>538,619</u>
31 December 2021				
Derivative financial assets	–	4,287	–	4,287
Investment properties	–	–	526,726	526,726
	–	<u>4,287</u>	<u>526,726</u>	<u>531,013</u>
Derivative financial liabilities	–	(317)	–	(317)

There were no transfers between levels of the fair value hierarchy during the years ended 31 December 2022 and 31 December 2021.

Movement in Level 3 fair value of investment property for the financial year is as shown in Note 3.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

8 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Assets and liabilities carried at fair value (cont'd)

Level 3 fair values – Investment properties

The following table shows the valuation techniques and the significant unobservable inputs used in the determination of fair value.

<u>Valuation method</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Investment properties – data centres		
Capitalisation approach	Capitalisation rate: 3.96% to 11.55% (2021: 4.40% to 9.31%)	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 4.88% to 10.50% (2021: 5.50% to 11.25%) Terminal yield rate: 4.00% to 8.25% (2021: 5.49% to 10.50%)	The estimated fair value varies inversely against the discount rate and terminal yield rate.

Fair value

The basis for fair value measurement of financial assets and liabilities is set out above. The carrying amounts of other financial assets and liabilities approximate their fair values.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

9 SEGMENTAL INFORMATION

<u>By type of asset class (\$'000)</u>	2H 2022			
	Colocation	Fully-fitted	Shell and core	Total
Gross revenue	86,774	36,541	18,467	141,782
Net property income	75,585	36,164	17,561	129,310
Finance income	660	444	-	1,104
Finance costs	(6,322)	(6,988)	(3,565)	(16,875)
Net change in fair value of financial assets at FVTPL	-	-	(187)	(187)
Net change in fair value of investment properties ¹	45,472	22,507	310	68,289
Reportable segment profit before tax	114,230	51,597	13,838	179,665
Unallocated amounts:				
- Finance income				4,030
- Finance costs				(1,100)
- Other corporate expenses:				(20,444)
Profit before tax				162,151
	As at 31-Dec-22			
<u>By type of asset class (\$'000)</u>	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,175,408	979,366	729,290	3,884,064
Other unallocated amounts				223,599
Consolidated assets				4,107,663
Segment liabilities	588,926	567,475	425,181	1,581,582
Other unallocated amounts				69,163
Consolidated liabilities				1,650,745
Other segment items:				
Capital expenditures / Additions	42,696	2,616	9,901	55,213

<u>By type of asset class (\$'000)</u>	2H 2021			
	Colocation	Fully-fitted	Shell and core	Total
Gross revenue	90,892	28,204	16,822	135,918
Net property income	80,369	28,216	15,735	124,320
Finance income	169	124	-	293
Finance costs	(5,503)	(3,362)	(1,887)	(10,752)
Net change in fair value of investment properties ¹	122,727	30,895	(1,081)	152,541
Reportable segment profit before tax	210,061	57,310	(3,673)	263,698
Unallocated amounts:				
- Finance income				225
- Finance costs				(366)
- Other corporate expenses:				(11,034)
Profit before tax				252,523
	As at 31-Dec-21			
<u>By type of asset class (\$'000)</u>	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,124,693	841,964	627,735	3,594,392
Other unallocated amounts				185,758
Consolidated assets				3,780,150
Segment liabilities	592,474	407,772	366,065	1,366,311
Other unallocated amounts				78,163
Consolidated liabilities				1,444,474
Other segment items:				
Capital expenditures / Additions	22,959	58,590	8,260	89,809

Note:

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

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

9 SEGMENTAL INFORMATION (CONT'D)

<u>By type of asset class (\$'000)</u>	FY 2022			
	Colocation	Fully-fitted	Shell and core	Total
Gross revenue	170,722	69,708	36,892	277,322
Net property income	148,667	69,066	34,812	252,545
Finance income	715	479	-	1,194
Finance costs	(11,851)	(10,715)	(6,329)	(28,895)
Net change in fair value of financial assets at FVTPL	-	-	(377)	(377)
Net change in fair value of investment properties ¹	45,472	22,507	310	68,289
Reportable segment profit before tax	182,484	80,464	26,262	289,210
Unallocated amounts:				
- Finance income				8,060
- Finance costs				(2,177)
- Other corporate expenses:				(29,925)
Profit before tax				265,168

<u>By type of asset class (\$'000)</u>	As at 31-Dec-22			
	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,175,408	979,366	729,290	3,884,064
Other unallocated amounts				223,599
Consolidated assets				4,107,663
Segment liabilities	588,926	567,475	425,181	1,581,582
Other unallocated amounts				69,163
Consolidated liabilities				1,650,745
Other segment items:				
Capital expenditures / Additions	42,696	2,616	9,901	55,213

<u>By type of asset class (\$'000)</u>	FY 2021			
	Colocation	Fully-fitted	Shell and core	Total
Gross revenue	184,287	55,819	30,959	271,065
Net property income	163,088	56,070	28,996	248,154
Finance income	208	125	-	333
Finance costs	(11,077)	(5,935)	(3,564)	(20,576)
Net change in fair value of financial assets at FVTPL	(2,723)	-	-	(2,723)
Net change in fair value of investment properties ¹	122,727	29,727	(1,081)	151,373
Reportable segment profit before tax	283,770	81,035	7,613	372,418
Unallocated amounts:				
- Finance income				225
- Finance costs				(639)
- Other corporate expenses:				(21,255)
Profit before tax				350,749

<u>By type of asset class (\$'000)</u>	As at 31-Dec-21			
	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,124,693	841,964	627,735	3,594,392
Other unallocated amounts				185,758
Consolidated assets				3,780,150
Segment liabilities	592,474	407,772	366,065	1,366,311
Other unallocated amounts				78,163
Consolidated liabilities				1,444,474
Other segment items:				
Capital expenditures / Additions	22,959	58,590	8,260	89,809

Note:

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

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

9 SEGMENTAL INFORMATION (CONT'D)

By geographical area

	FY 2022	FY 2021
	\$'000	\$'000
<u>Gross Revenue</u>		
- Singapore	147,619	157,414
- Australia	24,363	28,607
- Ireland	31,807	32,449
- China	19,381	564
- Germany	17,540	19,184
- The Netherlands	15,965	15,762
- Other countries	20,647	17,085
Total gross revenue	277,322	271,065

Major Customers

Revenue of \$121.7 million (2021: \$129.9 million) were derived from 1 separate client from Singapore (2021: Singapore).

Investment Properties

	As at 31 Dec 22	As at 31 Dec 21
	\$'000	\$'000
- Singapore	1,976,917	1,902,103
- Australia	324,654	326,458
- Ireland	292,800	291,908
- China	282,629	148,005
- Germany	255,057	279,486
- The Netherlands	238,559	257,748
- Other countries	268,837	195,728
Total value of investment properties	3,639,453	3,401,436

10 SUBSEQUENT EVENTS

On 31 January 2023, the Manager declared a distribution of 5.165 cents per Unit for the period from 1 July 2022 to 31 December 2022.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

A. 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.

B. AUDITORS' REPORT

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

Not applicable.

C. REVIEW OF PERFORMANCE

Review of the Performance between 2022 and 2021 results

FY 2022 vs FY 2021

Gross rental income for FY 2022 was \$273.5 million, an increase of \$7.7 million or 2.9% from FY 2021 of \$265.8 million. This was mainly due to acquisitions of Guangdong DC 1, 2 and building shell of Guangdong DC 3, London DC, Eindhoven DC, positive income reversions, as well as contributions following the completion of AElS at DC1 and the Dublin assets, and the completion of IC3 East DC.

This was partially offset by the net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses including electricity, staff and maintenance costs and provisions made for DXC at KDC SGP 1. In addition, the depreciation of foreign currencies against the SGD and the cessation of contribution following the divestment of iseek DC resulted in lower foreign sourced income.

Other income of \$3.8 million was \$1.5 million lower than FY 2021 mainly due to the cessation of rental top up at KDC SGP 4, partially offset by one-off government incentives received at Guangdong DC 1.

Property operating expenses for FY 2022 was \$24.8 million, an increase of \$1.9 million or 8.1% from FY 2021 of \$22.9 million. This was mainly due to the assets in Dublin.

Net property income of \$252.5 million for FY 2022 was \$4.4 million or 1.8% higher than FY 2021.

Profit after tax for FY 2022 was \$234.2 million, after taking into account the net fair value gain in investment properties of \$68.3 million (2021: net fair value gain of \$151.4 million) and deferred tax expense of \$13.3 million (2021: deferred tax expense of \$10.1 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 2022 was \$179.2 million, a decrease of \$1.1 million or 0.6% as compared to FY 2021 of \$180.3 million. This was mainly due to depreciation of foreign currencies against the SGD, higher finance costs, higher Manager's fees and share of results of a joint venture, partially offset by higher net contributions from the portfolio, income from the NetCo debt securities and net gains on derivatives recorded.

2H 2022 vs 2H 2021

Gross rental income for 2H 2022 was \$140.4 million, an increase of \$6.1 million or 4.5% from 2H 2021 of \$134.3 million. This was mainly due to acquisitions of Guangdong DC 1, 2 and building shell of DC 3, London DC, Eindhoven DC, contract renewals, as well as contributions following the completion of AElS from the KDC DUB 1.

This was partially offset by the cessation of contribution post the divestment of iseek DC, net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses including electricity, staff and maintenance costs and provisions made for DXC at KDC SGP 1. In addition, the depreciation of foreign currencies against SGD resulted in lower foreign sourced income.

Property operating expenses for 2H 2022 was \$12.5 million, an increase of \$0.9 million or 7.5% from 2H 2021 of \$11.6 million. This was mainly due to higher property-related expenses recorded at the assets in Dublin following the completion of AElS.

Net property income of \$129.3 million for 2H 2022 was \$5.0 million or 4.0% higher than 2H 2021.

Profit after tax for 2H 2022 was \$140.3 million, after taking into account the net fair value gain in investment properties of \$68.3 million (2021: net fair value gain of \$152.5 million) and deferred tax expense of \$13.3 million (2021: deferred tax expense of \$10.1 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 2022 was \$85.3 million, a decrease of \$4.7 million or 5.2% as compared to 2H 2021 of \$90.0 million. This was mainly due to depreciation of foreign currencies against SGD, higher finance costs, higher Manager's fees and share of results of a joint venture, partially offset by higher net contributions from the portfolio, income from the NetCo debt securities and net gains on derivatives recorded.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

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

Notwithstanding the macroeconomic headwinds, Gartner forecasts¹ that worldwide end-user spending on public cloud services will grow 20.7% to US\$591.8 billion in 2023 as compared to 18.8% growth in 2022. The agile and scalable nature of cloud computing will help to support growth during uncertain times. Further, industry trends including the acceleration of digitalisation, adoption of technologies such as the internet of things or artificial intelligence and the rise of the digital economy will continue to bolster demand for data centres. Strong continued growth of the colocation market is projected, driven by demand from large cloud and internet companies, as well as enterprises moving their IT infrastructure off premise.

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

E. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly and embarks on 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.

Liquidity risk

The Manager manages 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.

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, China, Europe and Malaysia, and the distributable income and interest income from progressive payments related to such foreign investments. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located.

The Manager monitors the Group's foreign currency exposure on an on-going basis and continue to manage its exposure to adverse movements in foreign currency exchange rates through financial instruments.

¹ Gartner forecasts World Worldwide Public Cloud End-User Spending to Reach Nearly \$600 Billion in 2023, 31 October 2022. Gartner is an independent research and consultancy company.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

Operational risk

Measures have been put in place to ensure the sustainability of net property income. These measures include steps taken to discuss on early renewals with clients, manage expenses, actively monitor contractual payments from clients and continuously evaluate the Group's counterparties.

In addition, the Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, 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 actively manages 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 rental and income growth.

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 data centre facilities.

Cybersecurity risk

The Manager recognises the increasing and ever present threats to cybersecurity in today's digital economy. To address data security risks, the Manager actively works with facility managers to ensure that cyber security governance structures and technology are aligned with leading industry standards. The Manager remains committed to ensure that data security and potential cybersecurity threats are managed in a proactive manner, in order to secure and protect our data and assets.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

F. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Name of distribution:	<u>19th</u> Distribution for the period from 1 July to 31 December 2022
Distribution type:	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate:	Distribution for the period from 1 July to 31 December 2022 (a) Taxable Income – 2.137 cents per Unit (b) Tax-exempt Income – 1.797 cents per Unit (c) Capital Distribution – 1.231 cents per Unit
Distribution amount (\$'000):	88,768
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> <p>(c) <u>Capital Distribution</u></p> <p>Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel DC REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Keppel DC REIT Units for Singapore income tax purposes.</p>

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

(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>16th</u> Distribution for the period from 1 July to 22 August 2021 (ii) <u>17th</u> Distribution for the period from 23 August to 31 December 2021
Distribution type:	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate:	<u>16th</u> Distribution for the period from 1 July to 22 August 2021 (a) Taxable Income – 0.620 cents per Unit (b) Tax-exempt Income – 0.606 cents per Unit (c) Capital Distribution – 0.195 cents per Unit <u>17th</u> Distribution for the period from 23 August to 31 December 2021 (a) Taxable Income – 0.983 cents per Unit (b) Tax-exempt Income – 1.590 cents per Unit (c) Capital Distribution – 0.933 cents per Unit
Distribution amount (\$'000):	(i) 16th Distribution – 23,215 (ii) 17th Distribution – 60,146
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) <u>Capital Distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel DC REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Keppel DC REIT Units for Singapore income tax purposes.

(c) Record date

The Transfer Books and Register of Unitholders of Keppel DC REIT for the 19th Distribution will be closed at 5.00 p.m. on 8 February 2023 for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the 19th Distribution is payable: 14 March 2023

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

G. DISTRIBUTION STATEMENT

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

Other than as disclosed in Paragraph F - Distributions, no distribution has been declared / recommended.

H. 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 2022 \$'000	FY 2021 \$'000
Temasek Holdings Group		
- Rental income	28,722	18,166
Keppel Corporation Limited and its subsidiaries		
- Variable rental income	88,892	96,989
- Facility management and property management fees	8,554	3,919
- Manager's management fees	26,339	23,787
- Manager's acquisition and development management fees	2,622	4,563
- Manager's divestment fees	-	172
- Project management fees	102	475
- Rental top up income	-	2,723
- Support services fees	857	860
- Interest expense	-	988
- Investment in notes and preference shares in a joint venture	-	89,700
- Interest income from a joint venture	-	76,300
- Reimbursement expenses from a joint venture	-	2,700
Perpetual (Asia) Limited		
- Trustee fees	442	389

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

I. BREAKDOWN OF SALES

	FY 2022 \$'000	FY 2021 \$'000	+/(%)
First half year			
Gross revenue reported	135,540	135,147	0.3
Profit after tax	93,913	89,149	5.3
Second half year			
Gross revenue reported	141,782	135,918	4.3
Profit after tax ¹	85,255	91,110	(6.4)

Note:

1 Profit after tax excludes net gains of \$55.0 million relating to net fair value gains and their related deferred tax impact (2H 2021: net gains of \$141.3 million relating to net fair value gains 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

J. BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY 2022 \$'000	FY 2021 \$'000
1 January 2021 to 30 June 2021	-	80,438
1 July 2021 to 31 December 2021	-	83,361
1 January 2022 to 30 June 2022	86,729	-
1 July 2022 to 31 December 2022	88,768	-
	175,497	163,799

K. 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.

L. 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

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

Chiam Yee Sheng / Darren Tan

Joint Company Secretaries
31 January 2023