

KEPPEL DC REIT
FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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SUMMARY OF KEPPEL DC REIT RESULTS

	4Q 2017 \$'000	4Q 2016 \$'000	+/(-) %	FY 2017 \$'000	FY 2016 \$'000	+/(-) %
Gross Revenue	36,828	26,840	37.2	139,050	99,139	40.3
Property Expenses	(4,180)	(1,898)	>100.0	(13,931)	(8,203)	69.8
Net Property Income	32,648	24,942	30.9	125,119	90,936	37.6
Distributable Income to Unitholders (DI)	20,245	14,770	37.1	82,320	61,048	34.8
Distribution per Unit (DPU) (cents) ^{1, 2}	1.75	1.31	33.6	7.12	6.14	16.0
Adjusted DPU (cents) ^{2, 3}	1.75	1.67	4.8	6.97	6.68	4.3
Distribution Yield (%) ^{2, 4}				4.98	4.29	69 bps
Adjusted Distribution Yield (%) ^{3, 4}				4.87	4.67	20 bps

Notes:

1 4Q 2017 and FY 2017 DPU have excluded an amount of capital expenditure that has been set aside pursuant to the lease agreement entered into for KDC SGP 3 (Capex Reserves). FY 2017 DPU included a one-off capital distribution of approximately 0.15 cents per Unit for the month of December 2016 arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016.

FY 2016 DPU included a one-off net property tax refund recorded in 3Q 2016 of approximately 0.18 cents per Unit higher.

2 Keppel DC REIT declares distributions on a half-yearly basis. Distribution amounting to 3.63 cents per Unit in respect of the half year ended 30 June 2017 was paid on 31 August 2017. For the financial period from 1 July to 31 December 2017, eligible unitholders will receive a distribution of 3.49 cents per Unit.

3 Excluding the one-off capital distribution of approximately 0.15 cents per Unit recorded in 1Q 2017, the adjusted DPU for FY 2017 would be 6.97 cents.

Excluding the impact of the pro-rata Preferential Offering in November 2016 of approximately 0.36 cents per Unit and 0.72 cents per Unit lower in 4Q 2016 and FY 2016 respectively and the one-off net property tax refund in 3Q 2016 of approximately 0.18 cents per Unit higher, the adjusted DPU for 4Q 2016 and FY 2016 would be 1.67 cents and 6.68 cents respectively.

4 DPU and distribution yields were computed based on FY 2017 closing price of \$1.430.

Distribution	6th Distribution Distribution for the period from 1 July to 31 December 2017
Distribution type	(a) Taxable Income (b) Tax-exempt Income
Distribution rate	Distribution for the period from 1 July to 31 December 2017 (a) Taxable Income – 2.39 cents per Unit (b) Tax-exempt Income – 1.10 cents per Unit
Distribution amount (\$'000)	39,338
Book Closure Date	30 January 2018
Payment Date	28 February 2018

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

INTRODUCTION

Keppel DC REIT was listed on Singapore Exchange Securities Trading Limited (SGX-ST) on 12 December 2014 (Listing Date).

Keppel DC REIT's strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centres purposes, as well as real estate-related assets, with an initial focus on Asia-Pacific and Europe.

As at 31 December 2017, Keppel DC REIT has a portfolio size of approximately \$1.51 billion. The portfolio comprises 13 high quality well located data centres in Singapore, Malaysia, Australia, the United Kingdom (UK), the Netherlands, Republic of Ireland (Ireland) and Italy.

Asia-Pacific

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

Europe

8)	GV7 Data Centre	UK	(GV7 DC)	
9)	Cardiff Data Centre	UK	(Cardiff DC)	
10)	Almere Data Centre	The Netherlands	(Almere DC)	
11)	Keppel DC Dublin 1	Ireland	(KDC DUB 1)	
12)	Keppel DC Dublin 2	Ireland	(KDC DUB 2)	(Acquired on 12 September 2017, formerly known as B10 Data Centre)
13)	Milan Data Centre	Italy	(Milan DC)	

In October 2015, Keppel DC REIT announced the forward purchase of maincubes Data Centre which will be developed in Offenbach am Main, Germany, and is expected to be completed in 2018.

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

- FY – Refers to the full year ended 31 December 2017 and the corresponding period of the preceding year.
- 4Q – Refers to the fourth quarter from 1 October to 31 December 2017 and the corresponding period of the preceding year.
- “1H” and “2H” – Refers to the first half from 1 January to 30 June 2017 and the second half from 1 July to 31 December 2017 respectively and the corresponding periods of the preceding year.
- Nm – Not meaningful

1 UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2017

The Directors of Keppel DC REIT Management Pte. Ltd., as the manager of Keppel DC REIT, advise the following unaudited results of the Group for the full year ended 31 December 2017:

1(A)(i)(ii) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT

Performance between 2017 and 2016 results

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

Statement of Total Return (Group)

		4Q 2017 \$'000	4Q 2016 \$'000	+/(-) %	FY 2017 \$'000	FY 2016 \$'000	+/(-) %
	Note						
Gross rental income		34,922	26,051	34.1	134,630	97,155	38.6
Other income	1	1,906	789	>100.0	4,420	1,984	>100.0
Gross Revenue		36,828	26,840	37.2	139,050	99,139	40.3
Property operating expenses	2	(4,180)	(1,898)	>100.0	(13,931)	(8,203)	69.8
Net Property Income		32,648	24,942	30.9	125,119	90,936	37.6
Finance income		336	307	9.4	1,402	1,293	8.4
Finance costs	3	(4,018)	(3,402)	18.1	(14,671)	(12,768)	14.9
Trustee's fees		(74)	(45)	64.4	(295)	(180)	63.9
Manager's base fee		(1,924)	(1,495)	28.7	(7,216)	(5,563)	29.7
Manager's performance fee		(1,139)	(820)	38.9	(4,077)	(3,070)	32.8
Net realised gains on derivatives		-	-	-	934	1,776	(47.4)
Other trust expenses	4	(8,904)	(4,867)	82.9	(15,086)	(744)	>100.0
Net income		16,925	14,620	15.8	86,110	71,680	20.1
Net change in fair value of investment properties	5	(8,519)	(13,994)	(39.1)	(8,519)	(13,994)	(39.1)
Total return for the period before tax		8,406	626	>100.0	77,591	57,686	34.5
Tax expenses	6	(3,130)	(3,739)	(16.3)	(7,317)	(6,743)	8.5
Total return for the period after tax		5,276	(3,113)	Nm	70,274	50,943	37.9
Attributable to:							
Unitholders		2,286	(3,096)	Nm	65,225	50,937	28.1
Non-controlling interests		2,990	(17)	Nm	5,049	6	>100.0
		5,276	(3,113)	Nm	70,274	50,943	37.9

Distribution Statement

Total return for the period attributable to Unitholders		2,286	(3,096)	Nm	65,225	50,937	28.1
Net tax and other adjustments	7	17,959	17,866	0.5	17,095	10,111	69.1
Income available for distribution	8	20,245	14,770	37.1	82,320	61,048	34.8
Distribution per Unit (cents)	9	1.75	1.31	33.6	7.12	6.14	16.0

Notes (2017 and 2016):

- 1 In 4Q 2017, higher other income was mainly due to the higher rental top up recognised as compared to 4Q 2016. The rental top up income for KDC DUB 2 was provided by the vendor for a period of one year from September 2017. The rental top up income for Milan DC was provided by the vendor over the period from 30 September 2016 to 31 December 2018. These amounts will be recognized periodically under other income.

- 2 Included as part of the property operating expenses were the following:

	4Q 2017 \$'000	4Q 2016 \$'000	FY 2017 \$'000	FY 2016 \$'000
Property-related taxes	(575)	169	(1,979)	933
Facility management costs	(2,022)	(1,316)	(6,841)	(5,337)
Repairs and maintenance	(498)	(123)	(1,381)	(1,155)
Other property-related costs	(1,085)	(628)	(3,730)	(2,644)
	(4,180)	(1,898)	(13,931)	(8,203)

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

- 4 Included in other trust expenses in 4Q 2017 were higher unrealised foreign exchange losses on the revaluation of borrowings mainly due to a larger magnitude of appreciation of EUR and GBP against SGD quarter-on-quarter and higher amortisation of intangible assets as compared to 4Q 2016.

Included in other trust expenses in FY 2017 were higher unrealised foreign exchange losses on the revaluation of borrowings mainly due to the appreciation of EUR and GBP against SGD year-on-year and higher amortisation of intangible assets. In FY 2016, there were net unrealised foreign exchange gains on the revaluation of borrowings mainly due to the depreciation of GBP against SGD year-on-year.

- 5 Net change in fair value of investment properties for 2017 and 2016 arose from the net revaluation losses of the Group's investment properties based on independent valuations obtained from third party valuers.

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

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

	4Q 2017 \$'000	4Q 2016 \$'000	FY 2017 \$'000	FY 2016 \$'000
Trustee's fees	54	45	216	180
Rental income adjustment on a straight-line basis	1,817	(505)	(1,126)	608
Amortisation of capitalised transaction costs	246	91	618	357
Net fair value losses in investment properties	10,689	13,994	10,689	13,994
Foreign exchange losses / (gains)	7,041	4,505	10,329	(1,735)
Deferred tax	1,954	2,006	2,480	1,962
Amortisation of intangible assets	905	509	2,482	509
Capital distribution	-	-	2,705	-
Other net adjustments	(4,747)	(2,779)	(11,298)	(5,764)
Net tax and other adjustments	17,959	17,866	17,095	10,111

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

- 8 Higher DI in 4Q 2017 was mainly due to contributions from KDC SGP 3, higher net property income contributions from Cardiff DC and KDC SGP 1. These were partially offset by lower contributions from KDC SGP 2, Basis Bay DC and Gore Hill DC, as well as higher finance costs, Manager's fees and other trust expenses.

Pursuant to the lease agreement entered into for KDC SGP 3, the DI also included KDC SGP 3's Capex Reserves.

- 9 4Q 2016 and FY 2016 DPU included the impact of the pro-rata Preferential Offering in November 2016. The DPU was computed based on DI (Note 8) and has excluded the KDC SGP 3's Capex Reserves.

Keppel DC REIT declares distributions on a half-yearly basis. Distribution amounting to 3.63 cents per Unit in respect of the half year ended 30 June 2017 was paid on 31 August 2017. For the financial period from 1 July to 31 December 2017, eligible unitholders will receive a distribution of 3.49 cents per Unit.

1(B)(i) BALANCE SHEETS

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

	Note	Group			Trust		
		31-Dec-17 \$'000	31-Dec-16 \$'000	+ / (-) %	31-Dec-17 \$'000	31-Dec-16 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	1,570,090	1,225,938	28.1	452,000	455,000	(0.7)
Investment in subsidiaries	2	-	-	-	772,192	515,724	49.7
Loans to subsidiaries	2	-	-	-	214,331	160,236	33.8
Deposit	3	13,474	12,920	4.3	-	-	-
Intangible assets	4	-	3,999	(100.0)	-	3,999	(100.0)
Derivative financial assets	5	1,640	1,685	(2.7)	295	642	(54.0)
Deferred tax assets	6	-	145	(100.0)	-	-	-
Total non-current assets		1,585,204	1,244,687	27.4	1,438,818	1,135,601	26.7
Current assets							
Trade and other receivables	7	56,155	38,691	45.1	20,496	17,102	19.8
Derivative financial assets	5	631	1,663	(62.1)	762	1,663	(54.2)
Intangible assets	4	3,110	-	100.0	2,000	-	100.0
Cash and cash equivalents		118,182	297,958	(60.3)	64,834	273,742	(76.3)
Total current assets		178,078	338,312	(47.4)	88,092	292,507	(69.9)
TOTAL ASSETS		1,763,282	1,582,999	11.4	1,526,910	1,428,108	6.9
Current liabilities							
Loans from a subsidiary		-	-	-	-	3,123	(100.0)
Loans and borrowings	8	3,660	6,655	(45.0)	-	-	-
Trade and other payables	9	48,168	27,990	72.1	20,282	14,281	42.0
Derivative financial liabilities	5	1,396	499	>100.0	442	499	(11.4)
Total current liabilities		53,224	35,144	51.4	20,724	17,903	15.8
Non-current liabilities							
Loans from a subsidiary		-	-	-	546,481	436,198	25.3
Loans and borrowings	8	575,663	464,034	24.1	-	-	-
Derivative financial liabilities	5	1,352	2,148	(37.1)	516	171	>100.0
Deferred tax liabilities	6	16,541	7,805	>100.0	4	4	-
Total non-current liabilities		593,556	473,987	25.2	547,001	436,373	25.4
TOTAL LIABILITIES		646,780	509,131	27.0	567,725	454,276	25.0
NET ASSETS		1,116,502	1,073,868	4.0	959,185	973,832	(1.5)
Represented by:							
Unitholders' funds		1,089,716	1,073,525	1.5	959,185	973,832	(1.5)
Non-controlling interests	10	26,786	343	>100.0	-	-	-
		1,116,502	1,073,868	4.0	959,185	973,832	(1.5)
Net asset value per Unit (\$)	11	0.97	0.95	2.1	0.85	0.87	(2.3)
Aggregate leverage / Deposited properties (%)	12	32.1	28.3	380bps	Nm	Nm	Nm

Notes:

- 1 Included in the investment properties were finance leases of \$33.8 million capitalised at the lower of its fair value and the present value of the minimum lease payments for isseek DC and KDC DUB 1.

<u>Investment Properties</u>	<u>Tenure</u>	<u>Carrying Value</u> <u>(\$'000)</u>
Keppel DC Singapore 1	Leasehold, expiring 30 Sept 2055 [^]	286,000
Keppel DC Singapore 2	Leasehold, expiring 31 July 2051 [^]	166,000
Keppel DC Singapore 3	Leasehold, expiring 31 Jan 2052 [^]	248,300
Basis Bay Data Centre	Freehold	31,350
Gore Hill Data Centre	Freehold	204,000
Intellicentre 2 Data Centre	Freehold	51,255
iseek Data Centre	Leasehold, expiring 29 June 2047 [^]	43,479
GV7 Data Centre	Leasehold, expiring 28 Sept 2183 [^]	68,325
Cardiff Data Centre	Freehold	61,948
Almere Data Centre	Freehold	143,558
Keppel DC Dublin 1	Leasehold, expiring 11 April 2041 [^]	101,613
Keppel DC Dublin 2	Leasehold, expiring 31 Dec 2997	107,801
Milan Data Centre	Freehold	56,461
		<u>1,570,090</u>

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

- 2 These related to the investments in subsidiaries as well as interest-bearing and quasi-equity loans to subsidiaries. The increase in investment in subsidiaries and loans to subsidiaries were due to the acquisitions of 90% interest in KDC SGP 3 and 100% interest in KDC DUB 2.
- 3 This related to the 10% deposit made to the vendor upon signing of the forward sale and purchase agreement for the acquisition of maincubes Data Centre in Offenbach am Main, Germany. Completion of the acquisition is subject to the completion of the construction of the data centre by the vendor, expected to be in 2018, as well as satisfaction of other conditions.
- 4 This related to intangible assets with finite useful lives recognised in relation to a rental top up provided by the vendors of overseas assets acquired. The intangible assets will be amortised on a straight-line basis over the relevant rental top up periods.
- 5 These related to the fair value of the foreign currency forward contracts entered into in relation to the income from the investment properties in Australia, Europe and Malaysia, and the fair value of interest rate swaps entered into by the Group. These were for hedging purposes.
- 6 These related to the net deferred tax assets and liabilities recognised in different tax jurisdictions that arose on tax losses carried forward and fair value changes in certain investment properties.
- 7 Included in trade and other receivables were accrued rental revenue from the clients and deferred lease receivables relating to lease income which had been recognised due to the straight-lining of rental revenue in accordance with *FRS 17 Leases*, but not yet received from the clients.
- 8 These related to external bank borrowings of \$546.5 million drawn down (refer to Paragraph 1(B)(ii)), finance lease liabilities recognised for isseek DC and KDC DUB 1 and capitalised debt-related transaction costs. The higher external borrowings as at 31 December 2017 was due to the bank borrowings drawn down to fund the acquisition of KDC DUB 2.
- 9 Included in trade and other payables were trade creditors, accrued liabilities and deferred other revenue.
- 10 This related to the non-controlling interests' share of net asset value.
- 11 This excluded the non-controlling interests' share of net asset value.
- 12 Aggregate leverage related to the \$546.5 million external borrowings drawn down (refer to Paragraph 1(B)(ii)) and deposited properties 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 finance lease liabilities pertaining to the land rent commitments for isseek DC and KDC DUB 1. If these finance lease liabilities pertaining to land rent commitments were included, the ratio would be 33.4% (31 December 2016: 29.8%).

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

	Group	
	As at 31 Dec 17 \$'000	As at 31 Dec 16 \$'000
<u>Unsecured borrowings</u>¹		
Amount repayable within one year	-	3,123
Amount repayable after one year	546,481	436,198
	546,481	439,321

Note:

- Keppel DC REIT has unsecured borrowings of approximately \$472.9 million (2016: \$436.2 million) and \$73.6 million (2016: \$3.1 million) under its term loan facilities and revolving credit facilities respectively.

As at 31 December 2017, the Group had total borrowings of approximately \$546.5 million and unutilised facilities of approximately \$133.6 million to meet its future obligations. The all-in average interest rate for borrowings was 2.2% per annum for the financial year ended 31 December 2017.

1(C) CONSOLIDATED STATEMENT OF CASH FLOWS

	4Q 2017 \$'000	4Q 2016 \$'000	FY 2017 \$'000	FY 2016 \$'000
Operating activities				
Total return for the financial period	5,276	(3,113)	70,274	50,943
Adjustments for:				
Tax expenses	3,130	3,739	7,317	6,743
Finance income	(336)	(307)	(1,402)	(1,293)
Finance costs	4,018	3,402	14,671	12,768
Amortisation of intangible assets	905	509	2,482	509
Net change in fair value of investment properties	8,519	13,994	8,519	13,994
Management fees paid in Units	63	60	351	264
	21,575	18,284	102,212	83,928
Changes in working capital:				
- Trade and other receivables	3,010	(13,941)	(3,598)	(5,480)
- Trade and other payables	8,752	8,610	23,909	(1,522)
Cash generated from operations	33,337	12,953	122,523	76,926
Net income tax paid	(1,023)	(166)	(4,745)	(1,180)
Net cash from operating activities	32,314	12,787	117,778	75,746
Cash flows from investing activities				
Acquisitions of interests in investment properties (Note A)	-	(110,914)	(292,714)	(110,914)
Acquisition of an intangible asset	-	(4,508)	(1,563)	(4,508)
Rental top up received	-	4,508	1,563	4,508
Additions to investment properties	(888)	(5,457)	(6,256)	(5,457)
Capital expenditures on investment properties	(2,164)	(1,766)	(6,169)	(4,352)
Net cash used in investing activities	(3,052)	(118,137)	(305,139)	(120,723)
Cash flows from financing activities				
Proceeds from issuance of Units	-	279,497	-	279,497
Proceeds from bank borrowings	176,766	185,099	356,661	188,808
Payment of financing transaction costs	(258)	(190)	(514)	(192)
Repayment of bank borrowings	(176,131)	(92,557)	(257,758)	(92,557)
Finance costs paid	(3,626)	(3,176)	(13,489)	(11,891)
Distributions paid to Unitholders	-	-	(72,419)	(58,458)
Dividends paid to non-controlling interests	(685)	(10)	(1,835)	(31)
Payment of transaction costs relating to fund-raising	(703)	(3,186)	(934)	(3,186)
Net cash (used in)/generated from financing activities	(4,637)	365,477	9,712	301,990
Net increase/(decrease) in cash and cash equivalents	24,625	260,127	(177,649)	257,013
Cash and cash equivalents at beginning of period	91,078	33,342	293,959	37,161
Effects of exchange rate fluctuations on cash held	395	490	(212)	(215)
Cash and cash equivalents at end of period	116,098	293,959	116,098	293,959
Cash and cash equivalent balances	118,182	297,958	118,182	297,958
Less: Rental top up received in advance held in a designated account (Note B)	(2,084)	(3,999)	(2,084)	(3,999)
Cash and cash equivalents per Consolidated Statement of Cash Flows	116,098	293,959	116,098	293,959

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

Note A – Acquisitions of interests in investment properties

In January 2017, Keppel DC REIT announced the completion of the acquisition of a 90.0% interest in Keppel DC Singapore 3 Pte. Ltd. (KDCS3PL), which in turn holds KDC SGP 3, located at 27 Tampines Street 92, Singapore 528878. A business transfer agreement with Keppel DCS3 Services Pte. Ltd. (Facility Manager) was entered into to transfer the employees, contracts and assets for the purpose of providing facility management services of KDCS3PL to the Facility Manager. This acquisition has been accounted for as an asset acquisition.

In September 2017, Keppel DC REIT announced the completion of the acquisition of 100.0% interest in Keppel DC Ireland 2 Limited (formerly known as Dataplex Datacentre Limited) (KDCR I2L), which in turn holds Keppel DC Dublin 2 (formerly known as B10 Data Centre) located at Unit B10, Ballycoolin Business and Technology Park, Blanchardstown, Dublin 15, Ireland and on completion date, through KDCR I2L, acquired the 999-year leasehold interest of the property from Ficepot Limited. This acquisition has been accounted for as an asset acquisition.

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

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

Cash flow analysis (FY 2017 vs FY 2016)

Cash generated from operating activities for FY 2017 was \$117.8 million, \$42.1 million higher than \$75.7 million for the corresponding period last year. This was mainly due to higher operational cash inflow and lower working capital requirements during the period.

Net cash used in investing activities for the period was \$305.1 million, \$184.4 million higher than \$120.7 million for the corresponding period last year. This was mainly due to the acquisitions of the 90.0% interest in KDC SGP 3 and 100.0% interest in KDC DUB 2 in 2017 and 100.0% interest in Cardiff DC and Milan DC in 2016. There were also higher capital expenditures incurred during FY 2017.

The Group recorded net cash generated from financing activities of \$9.7 million in FY 2017, \$292.3 million lower as compared to \$302.0 million for the corresponding period last year. Net cash generated in FY 2016 was mainly due to proceeds raised during the preferential offering of new units in November 2016, part of which was used to finance the acquisition of the 90.0% interest in KDC SGP 3 in Jan 2017, net bank borrowings proceeds drawn down to finance the acquisitions of Cardiff DC and Milan DC, partially offset by distributions paid.

Cash flow analysis (4Q 2017 vs 4Q 2016)

Cash generated from operating activities for the quarter was \$32.3 million, \$19.5 million higher than \$12.8 million for the corresponding quarter last year. This was mainly due to higher operational cash inflow and lower working capital requirements during the quarter.

Net cash used in investing activities for the quarter was \$3.1 million, \$115.0 million lower than \$118.1 million for the corresponding period last year. This was mainly due to the acquisitions of the 100.0% interest in Cardiff DC and Milan DC in 2016. There were also higher capital expenditures incurred during 4Q 2017.

The Group recorded net cash used in financing activities of \$4.6 million in 4Q 2017 as compared to net cash generated from financing activities of \$365.5 million for the corresponding quarter last year. Net cash generated in 4Q 2016 was mainly due to proceeds raised during the preferential offering of new units in November 2016, part of which was used to finance the acquisition of the 90.0% interest in KDC SGP 3 in January 2017, as well as the net bank borrowings proceeds drawn down to finance the acquisitions of Cardiff DC and Milan DC.

Usage of proceeds of the Preferential Offering

Further to the announcements dated 17 April 2017 and 16 October 2017 titled “Unaudited Results for the Quarter ended 31 March 2017” and “Unaudited Results for the Third Quarter and Nine Months ended 30 September 2017” respectively (the Announcements), the Manager wishes to update on the use of the net proceeds as at 31 December 2017 raised from the Preferential Offering (the “Net Proceeds”) as follows:

Intended Use	Amount allocated (as stated in Announcements) (\$'000)	Reallocation of the use of Net Proceeds¹ (\$'000)	Amount utilised as at 31 December 2017 (\$'000)	Balance of Net Proceeds as at 31 December 2017 (\$'000)
To fully fund the proposed acquisition of 90.0% of the issued share capital in Keppel DC Singapore 3 Pte. Ltd.	208,590	(1,659) ¹	(206,931)	-
To repay the loan taken up to finance the acquisition of Intellicentre 2	33,408	-	(33,408)	-
To repay loans, for capital expenditure purposes and/or for future acquisitions	27,362	(1,046) ¹	(8,528)	17,788
As settlement of purchase price adjustments for KDC SGP 1 and KDC SGP 2	5,938	-	(5,938)	-
As settlement of one-off capital distribution paid in August 2017	-	2,705 ¹	(2,705)	-
To fund general corporate and/or working capital purposes	20	-	(20)	-
Total Use of Net Proceeds	275,318	-	(257,530)	17,788

Notes:

- 1 Approximately \$2.7 million have been reallocated from the initial intended uses and used instead as settlement of one-off capital distribution paid to Unitholders in respect of the half year ended 30 June 2017 in August 2017.

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

GROUP

	Note	Unitholders' Funds \$'000	Non-controlling Interests \$'000	Total \$'000
At 1 January 2017		1,073,525	343	1,073,868
Operations				
Total return for the period		62,939	2,059	64,998
Net increase in net assets resulting from operations		62,939	2,059	64,998
Unitholders' transactions				
Distributions to Unitholders	1	(72,419)	-	(72,419)
Payment of management fees in Units	2	2,313	-	2,313
Net decrease in net assets resulting from Unitholders' transactions		(70,106)	-	(70,106)
Acquisition of an interest in a subsidiary	3	-	23,194	23,194
Dividends paid to non-controlling interests		-	(1,150)	(1,150)
Hedging Reserve				
Movement in hedging reserve	4	(3,060)	-	(3,060)
Net decrease in hedging reserve		(3,060)	-	(3,060)
Foreign currency translation movement for the period	4	21,221	25	21,246
At 30 September 2017		1,084,519	24,471	1,108,990
Operations				
Total return for the period		2,286	2,990	5,276
Net increase in net assets resulting from operations		2,286	2,990	5,276
Unitholders' transactions				
Payment of management fees in Units		63	-	63
Net increase in net assets resulting from Unitholders' transactions		63	-	63
Dividends paid to non-controlling interests		-	(685)	(685)
Hedging Reserve				
Movement in hedging reserve	4	1,924	-	1,924
Net increase in hedging reserve		1,924	-	1,924
Foreign currency translation movement for the period	4	924	10	934
At 31 December 2017		1,089,716	26,786	1,116,502

Notes:

- 1 This included a one-off capital distribution of \$2.7 million for the period from 1 December 2016 to 19 January 2017 arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016.
- 2 This included the acquisition fees paid in Units in relation to the acquisition of the 90.0% interest in KDC SGP 3.
- 3 In January 2017, Keppel DC REIT announced the completion of the acquisition of a 90.0% interest in KDCS3PL, which in turn holds KDC SGP 3 and a business transfer agreement with Facility Manager was entered into to transfer the employees, contracts and assets for the purpose of providing facility management services of the KDCS3PL to the Facility Manager. This acquisition has been accounted for as an asset acquisition.
- 4 These other comprehensive income items related to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.

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

GROUP

	Note	Unitholders' Funds \$'000	Non-controlling Interest \$'000	Total \$'000
At 1 January 2016		813,114	374	813,488
Operations				
Total return for the period		54,033	23	54,056
Net increase in net assets resulting from operations		54,033	23	54,056
Unitholders' transactions				
Distributions to Unitholders		(58,458)	-	(58,458)
Payment of management fees in Units		204	-	204
Net decrease in net assets resulting from Unitholders' transactions		(58,254)	-	(58,254)
Dividends paid to a non-controlling interest		-	(21)	(21)
Hedging Reserve				
Movement in hedging reserve	1	(6,010)	-	(6,010)
Net decrease in hedging reserve		(6,010)	-	(6,010)
Foreign currency translation movement for the period	1	(17,399)	18	(17,381)
At 30 September 2016		785,484	394	785,878

Operations				
Total return for the period		(3,096)	(17)	(3,113)
Net decrease in net assets resulting from operations		(3,096)	(17)	(3,113)
Unitholders' transactions				
Net increase in net assets resulting from Unitholders' contribution	2	275,318	-	275,318
Payment of management fees in Units		60	-	60
Net increase in net assets resulting from Unitholders' transactions		275,378	-	275,378
Dividends paid to a non-controlling interest		-	(10)	(10)
Hedging Reserve				
Movement in hedging reserve	1	3,461	-	3,461
Net increase in hedging reserve		3,461	-	3,461
Foreign currency translation movement for the period	1	12,298	(24)	12,274
At 31 December 2016		1,073,525	343	1,073,868

Notes:

- These other comprehensive income items related to the fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and the movement in foreign currency translation reserve that arises from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.
- This related to the increase in the Unitholders' funds arising from the Preferential Offering in November 2016, net of issue expenses.

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

TRUST

	Note	Unitholders' Funds 2017 \$'000	Unitholders' Funds 2016 \$'000
At 1 January		973,832	711,951
Operations			
Total return for the period		51,986	51,966
Net increase in net assets resulting from operations		51,986	51,966
Unitholders' transactions			
Distribution to Unitholders	1	(72,419)	(58,458)
Payment of management fees in Units	2	2,313	204
Net decrease in net assets resulting from Unitholders' transactions		(70,106)	(58,254)
Hedging Reserve			
Movement in hedging reserve	3	(2,455)	622
Net (decrease) / increase in hedging reserve		(2,455)	622
At 30 September		953,257	706,285
Operations			
Total return for the period		4,946	(7,771)
Net increase / (decrease) in net assets resulting from operations		4,946	(7,771)
Unitholders' transactions			
Net increase in net assets resulting from Unitholder's contribution	4	-	275,318
Payment of management fees in Units		63	60
Net increase in net assets resulting from Unitholders' transactions		63	275,378
Hedging Reserve			
Movement in hedging reserve	3	919	(60)
Net increase / (decrease) in hedging reserve		919	(60)
At 31 December		959,185	973,832

Notes:

- 1 This included a one-off capital distribution of \$2.7 million for the period from 1 December 2016 to 19 January 2017 arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016.
- 2 This included the acquisition fees paid in Units in relation to the acquisition of the 90.0% interest in KDC SGP 3.
- 3 The other comprehensive income item related to the fair value changes of the cash flow hedges as a result of interest rate swaps entered into by the Trust.
- 4 This related to the increase in the Unitholders' funds arising from the Preferential Offering in November 2016, net of issue expenses.

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

GROUP AND TRUST	1 Oct 17 to 31 Dec 17	1 Jan 17 to 30 Sept 17	1 Jan 16 to 31 Dec 16
	No. of Units	No. of Units	No. of Units
Issued Units as at beginning of period	1,127,123,911	1,125,209,991	882,976,595
Units from fund-raising activity	-	-	241,988,877
Management fees paid in Units	47,425	1,913,920 ¹	244,519
Issued Units as at end of period	1,127,171,336	1,127,123,911	1,125,209,991

Note:

1 Included 1,676,047 Units issued in relation to the acquisition fees paid for the acquisition of the 90.0% interest in KDC SGP 3.

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

Keppel DC REIT did not hold any treasury units as at 31 December 2017 and 31 December 2016.

	Group	
	As at 31 Dec 17	As at 31 Dec 16
Total number of issued Units	1,127,171,336	1,125,209,991

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

Not applicable.

2 AUDIT

Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the auditors.

3 AUDITORS' REPORT

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

Not applicable.

4 ACCOUNTING POLICIES

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

The accounting policies and methods of computation have been consistently applied during the current reporting period except that in the current financial year, the Group has adopted new and revised standards and Interpretation of FRS (INT FRS) that are effective for annual period beginning on 1 January 2017.

5 CHANGES IN ACCOUNTING POLICIES

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

Not applicable.

6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

	4Q 2017	4Q 2016	FY 2017	FY 2016
Earnings per Unit (EPU)				
EPU (basic and diluted) (cents)	0.20	(0.31)	5.77	5.58
Weighted average number of Units ¹	1,127,155,872	1,004,199,784	1,129,883,703	913,536,735
Total return for the period after tax ² (\$'000)	2,286	(3,096)	65,225	50,937
Distribution per Unit (DPU)				
DPU³ (cents)	1.75	1.31	7.12	6.14
Total number of Units in issue at end of period	1,127,171,336	1,125,209,991	1,127,171,336	1,125,209,991
Income available for distribution to Unitholders (\$'000)	20,245	14,770	82,320⁴	61,048

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

	Group	
	As at 31 Dec 17	As at 31 Dec 16
NAV² per Unit⁵ (\$)	0.97	0.95
Adjusted NAV ² per unit (excluding the distributable income)	0.93	0.93
NTA² per Unit⁵ (\$)	0.96	0.95
Adjusted NTA ² per unit (excluding the distributable income)	0.93	0.92

Notes:

- 1 The weighted average number of Units was based on the issued Units during the financial period in review.
- 2 This excluded the non-controlling interests' share of net asset value / net tangible asset and total return for the period after tax.
- 3 4Q 2017 and FY 2017 DPU have excluded KDC SGP 3's Capex Reserves. FY 2017 DPU also included a one-off capital distribution of approximately 0.15 cents per Unit for the month of December 2016 arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016.

4Q 2016 and FY 2016 DPU had included the impact of the pro-rata Preferential Offering in November 2016 of approximately 0.36 cents per Unit and 0.72 cents per Unit lower respectively. FY 2016 DPU also included a one-off net property tax refund recorded in 3Q 2016 of approximately 0.18 cents per Unit higher.

Keppel DC REIT declares distributions on a half-yearly basis. Distribution amounting to 3.63 cents per Unit in respect of the half year ended 30 June 2017 was paid on 31 August 2017. For the financial period from 1 July to 31 December 2017, eligible unitholders will receive a distribution of 3.49 cents per Unit.
- 4 FY 2017 DI included a one-off capital distribution of approximately \$1.7 million for the month of December 2016 arising from the later completion of KDC SGP 3 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016. The DI also included KDC SGP 3's Capex Reserves.
- 5 The NAV per Unit and the NTA per Unit were computed based on the issued Units at the end of the financial period.

8 REVIEW OF PERFORMANCE

Review of the Performance between 2017 and 2016 results

(FY 2017 vs FY 2016)

Gross rental income for FY 2017 was \$134.6 million, an increase of \$37.4 million or 38.6% increase from FY 2016 of \$97.2 million. This was mainly contributed by the acquisitions of KDC DUB 2, Milan DC, Cardiff DC and the 90.0% interest in KDC SGP 3 as well as higher variable income from KDC SGP 1 and the absence of non-cash downward adjustment for the straight-lining of rental income at Almere DC. In addition, overseas contributions increased due to the appreciation of AUD and EUR against SGD. These were partially offset by lower variable income from KDC SGP 2 due to lower recurring and power revenue, lower rental income from Basis Bay DC, lower rental income and a one-off non cash downward adjustment for the straight-lining of rental income at Gore Hill DC as well as depreciation of GBP and MYR against SGD.

Other income of \$4.4 million in FY 2017 arose mainly from the rental top up income as well as ad hoc service revenue charged to clients and net power-related revenue for the recovery of power costs.

Property operating expenses for FY 2017 was \$13.9 million, an increase of \$5.7 million or 69.8% from FY 2016 of \$8.2 million. This was largely due to acquisitions of KDC DUB 2, KDC SGP 3 and Milan DC and the absence of a one-off net property tax refund at KDC SGP 1 and KDC SGP 2 in FY 2016.

As a result, net property income of \$125.1 million for FY 2017 was \$34.2 million or 37.6% higher than FY 2016.

Total return after tax for FY 2017 was \$70.3 million, after taking into account the net fair value loss of \$8.5 million (2016: \$14.0 million) and deferred tax expense of \$1.8 million (2016: \$1.5 million) provided on the fair value gains for the portfolio. Excluding the fair value changes and deferred tax, the total return after tax for FY 2017 was \$80.6 million, an increase of \$14.2 million or 21.4% as compared to FY 2016 of \$66.4 million. This was mainly due to higher net property income and lower current tax expenses in FY 2017 partially offset by higher net unrealised foreign exchange losses, higher finance costs, higher Manager's fees and other expenses compared to FY 2016.

(4Q 2017 vs 4Q 2016)

Gross rental income for 4Q 2017 was \$34.9 million, an increase of \$8.8 million or 34.1% from 4Q 2016 of \$26.1 million. This was mainly contributed by the acquisitions of KDC DUB 2, Milan DC, Cardiff DC, and the 90.0% interest in KDC SGP 3 as well as higher variable income from KDC SGP 1 due to higher recurring revenue. Furthermore, overseas contributions increased due to the impact from the appreciation of AUD, GBP and EUR against SGD. These were partially offset by lower variable income from KDC SGP 2 due to lower recurring and power revenue, lower rental income from Basis Bay DC as well as lower rental income and a one-off non-cash downward adjustment for straight lining of rental income at Gore Hill DC.

Other income of \$1.9 million arose mainly from the rental top up income as well as ad hoc service revenue charged to clients.

Property operating expenses for 4Q 2017 was \$4.2 million, an increase of \$2.3 million from 4Q 2016. This was mainly due to higher property-related expenses from the acquisitions of KDC DUB 2 and KDC SGP 3, and the absence of a one-off property tax refund recorded in 4Q 2016 at KDC SGP 1 and KDC SGP 2 as well as higher property-related expenses incurred at KDC DUB 1, Almere DC and isseek DC.

As a result, net property income of \$32.6 million for 4Q 2017 was \$7.7 million or 30.9% higher than 4Q 2016.

Total return after tax for 4Q 2017 was \$5.3 million, after taking into account the net fair value loss of \$8.5 million (2016: \$14.0 million) and deferred tax expense of \$1.8 million (2016: \$1.5 million) provided on the fair value gains for the portfolio. Excluding the fair value changes and deferred tax, the total return after tax for 4Q 2017 was \$15.6 million, an increase of \$3.2 million or 25.8% as compared to 4Q 2016 of \$12.4 million. This was mainly due to higher net property income from KDC SGP 1, KDC SGP 3 and Cardiff DC as well as lower current tax expenses in 4Q 2017, partially offset by lower variable income from KDC SGP 2, higher finance costs, net unrealised exchange losses, Manager's fees and trust expenses.

9 PROSPECTS

A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

According to the World Bank's Global Economic Prospects report released on 9 January 2018, global economic growth is projected to be 3.1% in 2018, following a stronger than expected recovery in 2017. While growth in the investment, manufacturing and trade sectors is expected to be sustained in the near-term, the World Bank cautioned about possible downside pressure from financial stress, increased protectionism, and rising geopolitical tensions.

Data from 451 Research indicates that the data centre demand drivers remain positive in many key data centre hubs, including cities such as Singapore, Sydney and Amsterdam where Keppel DC REIT is invested in. Demand for data centre capacity is underpinned by the sustained growth of cloud service providers, as well as increased data storage and processing requirements due to end user adoption of new technologies, and data sovereignty regulations.

Keppel DC REIT remains well-positioned to benefit from the growth of the data centre industry, with its global client base and the Manager's established track record. The Manager will continue to seek opportunities to capture value and strengthen its presence across key data centre hubs.

10 RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

Interest rate risk

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

Liquidity risk

The Manager monitors and maintains Keppel DC REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Consideration has been given to funding and expense requirements so as to manage the cash position at any point of time.

10 RISK FACTORS AND RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk assessments of prospective clients are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. In addition, the Manager also monitors the property portfolio's client trade sector mix to assess and manage exposure to any potentially volatile trade sector.

Currency risk

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, Europe and Malaysia, and the distributable income and interest income from progressive payments related to such foreign investments. The Group maintains a natural economic hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

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

Operational risk

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

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

Competition risk

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

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

11 DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Name of distribution:	<u>6th</u> Distribution Distribution for the period from 1 July 2017 to 31 December 2017
Distribution Type:	(a) Taxable Income (b) Tax-exempt Income
Distribution rate:	Distribution for 1 July 2017 to 31 December 2017 (a) Taxable Income – 2.39 cents per unit (b) Tax-exempt Income – 1.10 cents per unit
Distribution amount (\$'000):	39,338
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>Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors up to 31 March 2020, as extended in Budget Statement for Financial Year 2015, delivered on 23 February 2015.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p>(b) <u>Tax-exempt income distribution</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income, exempt dividend income and interest income received by Keppel DC REIT.</p>

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Name of distribution:	4th Distribution Distribution for the period from 1 July 2016 to 31 December 2016
Distribution Type:	(a) Taxable Income (b) Tax-exempt Income
Distribution rate:	Distribution for 1 July 2016 to 31 December 2016 (a) Taxable Income – 1.57 cents per unit (b) Tax-exempt Income – 1.23 cents per unit
Distribution amount (\$'000):	31,506
Tax rate:	<p>(c) <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>Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors up to 31 March 2020, as extended in Budget Statement for Financial Year 2015, delivered on 23 February 2015.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p>(d) <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>

(c) Book closure date

The Transfer Books and Register of Unitholders of Keppel DC REIT will be closed at 5.00pm on **30 January 2018** for purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the distribution is payable: **28 February 2018**

12 DISTRIBUTION STATEMENT

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

Other than as disclosed in Paragraph 12(a), no distribution has been declared / recommended.

13 SEGMENTAL INFORMATION

	FY 2017			
	Colocation	Fully fitted	Shell and core	Total
<u>By type of asset class</u>	\$'000	\$'000	\$'000	\$'000
Gross revenue	98,837	22,756	17,457	139,050
Net property income	86,624	22,270	16,225	125,119
Finance income	399	972	31	1,402
Finance costs	(8,096)	(4,084)	(2,491)	(14,671)
Reportable segment total return before tax	67,824	18,178	13,474	99,476
Unallocated amounts:				
- Finance costs:				-
- Other corporate expenses:				(21,885)
Total return before tax				77,591
	Colocation	Fully fitted	Shell and core	Total
<u>By type of asset class</u>	\$'000	\$'000	\$'000	\$'000
Segment assets	1,056,570	290,577	349,031	1,696,178
Other unallocated amounts				67,104
Consolidated assets				1,763,282
Segment liabilities	306,286	143,198	194,548	644,032
Other unallocated amounts				2,748
Consolidated liabilities				646,780
Other segment items:				
Net change in fair value of investment properties	(3,339)	(590)	(4,590)	(8,519)
Capital expenditure / Additions	12,394	142	(111)	12,425

	FY 2016			
	Colocation	Fully fitted	Shell and core	Total
<u>By type of asset class</u>	\$'000	\$'000	\$'000	\$'000
Gross revenue	67,494	23,057	8,588	99,139
Net property income	60,316	22,790	7,830	90,936
Finance income	282	977	34	1,293
Finance costs	(7,633)	(3,707)	(1,428)	(12,768)
Reportable segment total return before tax	33,334	27,809	2,322	63,465
Unallocated amounts:				
- Finance costs:				-
- Other corporate expenses:				(5,779)
Total return before tax				57,686
	Colocation	Fully fitted	Shell and core	Total
<u>By type of asset class</u>	\$'000	\$'000	\$'000	\$'000
Segment assets	698,553	315,135	357,139	1,370,827
Other unallocated amounts				212,172
Consolidated assets				1,582,999
Segment liabilities	175,144	139,460	191,880	506,484
Other unallocated amounts				2,647
Consolidated liabilities				509,131
Other segment items:				
Net change in fair value of investment properties	(25,239)	8,288	2,957	(13,994)
Capital expenditure / Additions	3,532	182	6,095	9,809

13 SEGMENTAL INFORMATION (CONT'D)

By geographical area

<u>Gross Revenue</u>	FY 2017 \$'000	FY 2016 \$'000
- Singapore	69,391	40,667
- Australia	27,040	28,272
- Ireland	14,117	10,915
- United Kingdom	10,552	6,510
- Other countries	17,950	12,775
Total gross revenue	139,050	99,139

Major Customers

Revenue of \$80.2 million (2016: \$57.4 million) were derived from 2 separate clients from Singapore and Australia (2016: Singapore and Australia).

<u>Investment Properties</u>	FY 2017 \$'000	FY 2016 \$'000
- Singapore	700,300	455,000
- Australia	298,734	312,821
- Ireland	209,414	104,220
- The Netherlands	143,558	137,660
- Other countries	218,084	216,237
Total value of investment properties	1,570,090	1,225,938

14 MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS

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

Refer to paragraph 8 on the review of performance.

15 BREAKDOWN OF SALES

	FY 2017 \$'000	FY 2016 \$'000	+/(-) %
First half year			
Gross revenue reported	66,739	49,636	34.5
Total return after tax	42,792	33,005	29.7
Second half year			
Gross revenue reported	72,311	49,503	46.1
Total return after tax ¹	37,767	33,470	12.8

Notes:

- 1 The total return after tax excluded net fair value losses and their related deferred tax impact of \$10.3 million (2H 2016: \$15.5 million) of the investment properties. These fair value changes and their related deferred taxes had no impact on the distributable income to Unitholders.

16 INTERESTED PERSON TRANSACTIONS

Name of Interested Persons	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000)	
	FY 2017 \$'000	FY 2016 \$'000
Keppel Corporation Limited and its subsidiaries		
- Manager's acquisition fees	3,062	1,154
- Manager's management fees	11,293	4,495
Keppel Telecommunications & Transportation Ltd and its subsidiaries		
- Purchase consideration in relation to 90.0% interest of KDC SGP 3	206,339	-
- Adjustment in purchase consideration of KDC SGP 1 and KDC SGP 2	-	5,938
- Fixed rental income	51,587	-
- Variable rental income	51,749	31,484
- Manager's management fees	-	4,138
- Colocation guarantee income	702	-
- Recovery of expenses paid/incurred on behalf	995	-
- Facility management fees	16,743	3,764
- Support services fees	563	541
Perpetual (Asia) Limited		
- Trustee fees	216	180

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

17 BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY 2017 \$'000	FY 2016 \$'000
1 January 2016 to 30 June 2016	-	29,496
1 July 2016 to 31 December 2016	-	31,506
1 January 2017 to 30 June 2017	40,913	-
1 July 2017 to 31 December 2017	39,338	-
	80,251	61,002

18 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

19 DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

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

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

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

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

By Order of the Board
Keppel DC REIT Management Pte. Ltd.
(Company Registration Number: 199508930C)
As Manager of Keppel DC REIT

KELVIN CHUA HUA YEOW
Company Secretary
22 January 2018