

**KEPPEL DC REIT
FINANCIAL STATEMENTS ANNOUNCEMENT****CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION
ANNOUNCEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31
DECEMBER 2023**CONTENTS

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KEPPEL DC REIT AND ITS SUBSIDIARIES

SUMMARY OF KEPPEL DC REIT RESULTS

	2H 2023 \$'000	2H 2022 \$'000	+/(-) %	FY 2023 \$'000	FY 2022 \$'000	+/(-) %
Gross Revenue	140,743	141,782	(0.7)	281,207	277,322	1.4
Property Expenses	(23,145)	(12,472)	85.6	(36,256)	(24,777)	46.3
Net Property Income	117,598	129,310	(9.1)	244,951	252,545	(3.0)
Finance Income	5,380	5,134	4.8	10,929	9,254	18.1
Finance Costs	(25,803)	(17,975)	43.5	(48,518)	(31,072)	56.1
Distributable Income to Unitholders (DI)	76,407	93,714	(18.5)	167,718	184,872	(9.3)
Distribution per Unit (DPU) (cents) ¹	4.332	5.165	(16.1)	9.383	10.214	(8.1)
Distribution Yield (%) ²				4.81	5.77	(96 bps)

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 \$1.950 and \$1.770 per Unit as at 31 December 2023 and 31 December 2022 respectively.

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

Distribution	21st Distribution Distribution for the period from 1 July to 31 December 2023
Distribution type	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate	Distribution for the period from 1 July to 31 December 2023 (a) Taxable Income – 1.810 cents per Unit (b) Tax-exempt Income – 1.837 cents per Unit (c) Capital Distribution – 0.685 cents per Unit
Distribution amount (\$'000)	74,572
Record Date	5 February 2024
Payment Date	11 March 2024

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 2023, the REIT has a portfolio size of approximately \$3.7 billion. The portfolio comprises 23 high quality well located data centres in Singapore, Australia, China, Malaysia, Germany, Republic of Ireland (Ireland), Italy, the Netherlands and the United Kingdom (UK).

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)	Gore Hill Data Centre	Australia	(Gore Hill DC)
8)	Intellicentre Campus	Australia	(IC DC)
9)	Guangdong Data Centre 1	China	(Guangdong DC 1)
10)	Guangdong Data Centre 2	China	(Guangdong DC 2)
11)	Guangdong Data Centre 3 ¹	China	(Guangdong DC 3)
12)	Basis Bay Data Centre	Malaysia	(Basis Bay DC)

Europe

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

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

- 2H – Refers to the second half from 1 July to 31 December 2023 and the corresponding period of the preceding year.
- FY – Refers to the financial year ended 31 December 2023 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 2023

	2H 2023 \$'000	2H 2022 \$'000	+ / (-) %	FY 2023 \$'000	FY 2022 \$'000	+ / (-) %	Reference
Gross rental income	138,979	140,392	(1.0)	276,990	273,517	1.3	(a)
Other income	1,764	1,390	26.9	4,217	3,805	10.8	(b)
Gross Revenue	140,743	141,782	(0.7)	281,207	277,322	1.4	
Property operating expenses	(23,145)	(12,472)	85.6	(36,256)	(24,777)	46.3	(c)
Net Property Income	117,598	129,310	(9.1)	244,951	252,545	(3.0)	
Finance income	5,380	5,134	4.8	10,929	9,254	18.1	(d)
Finance costs	(25,803)	(17,975)	43.5	(48,518)	(31,072)	56.1	(d)
Trustees' fees	(265)	(259)	2.3	(536)	(524)	2.3	
Manager's base fee	(9,241)	(8,949)	3.3	(18,457)	(17,741)	4.0	(e)
Manager's performance fee	(4,015)	(4,388)	(8.5)	(8,350)	(8,598)	(2.9)	(e)
Net (losses)/gains on derivatives	629	4,332	(85.5)	(969)	8,627	Nm	(f)
Other trust expenses	(2,521)	(4,360)	(42.2)	(5,055)	(6,629)	(23.7)	(g)
Profit before joint venture	81,762	102,845	(20.5)	173,995	205,862	(15.5)	
Share of results of a joint venture	(5,880)	(8,983)	(34.5)	(8,284)	(8,983)	(7.8)	(h)
Profit before net change in fair value of investment properties	75,882	93,862	(19.2)	165,711	196,879	(15.8)	
Net change in fair value of investment properties	(27,933)	68,289	Nm	(27,933)	68,289	Nm	(i)
Profit before tax	47,949	162,151	(70.4)	137,778	265,168	(48.0)	
Tax expenses	(7,763)	(21,890)	(64.5)	(15,574)	(30,994)	(49.8)	(j)
Profit after tax	40,186	140,261	(71.3)	122,204	234,174	(47.8)	
Attributable to:							
Unitholders	38,096	138,535	(72.5)	118,530	230,905	(48.7)	
Non-controlling interests	2,090	1,726	21.1	3,674	3,269	12.4	
	40,186	140,261	(71.3)	122,204	234,174	(47.8)	
Earnings per Unit (cents)							
- basic and diluted	2.21	8.06	(72.6)	6.89	13.44	(48.7)	
<u>Distribution Statement</u>							
Profit after tax attributable to Unitholders	38,096	138,535	(72.5)	118,530	230,905	(48.7)	
Net tax and other adjustments	38,311	(44,821)	Nm	49,188	(46,033)	Nm	(k)
Income available for distribution	76,407	93,714	(18.5)	167,718	184,872	(9.3)	(l)
Distribution per Unit (cents)	4.332	5.165	(16.1)	9.383	10.214	(8.1)	(m)

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference (2023 and 2022):

- (a) In 2H 2023, gross rental income was lower mainly due to net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses.

This was partially offset by the full period contribution from prior year acquisitions, as well as positive reversions and escalations.

In FY 2023, gross rental income was higher mainly due to full year contribution from prior year acquisitions, as well as positive reversions and escalations.

This was partially offset by net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses. In addition, the depreciation of foreign currencies against the SGD resulted in lower foreign sourced income.

- (b) In 2H 2023 and FY 2023, other income includes higher ad-hoc service income in overseas assets, offset by lower government incentive sum received for the investments in Guangdong.

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

	2H 2023 \$'000	2H 2022 \$'000	FY 2023 \$'000	FY 2022 \$'000
Property-related taxes	(1,994)	(1,794)	(3,870)	(3,713)
Facility management and related costs	(6,405)	(6,237)	(12,616)	(12,700)
Repairs and maintenance	(742)	(874)	(1,803)	(1,842)
Loss allowance for doubtful receivables	(10,540)	-	(10,540)	-
Other property-related costs	(3,464)	(3,567)	(7,427)	(6,522)
	<u>(23,145)</u>	<u>(12,472)</u>	<u>(36,256)</u>	<u>(24,777)</u>

Loss allowance for doubtful receivables accounted for in 2023 relates to Guangdong DC 1-3.

- (d) In 2H 2023 and FY2023, finance income increased mainly due to the 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 was mainly due to full period contributions from prior year acquisitions.

Decrease in Manager's performance fee was mainly due to lower net property income.

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

- (g) Included in the lower other trust expenses in 2H 2023 and FY 2023 were net foreign exchange gain. Loss allowance of \$0.7 million was made for the uncollected coupon income.

- (h) Share of results of a joint venture (NetCo) arose 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 k). For share of NetCo's other comprehensive income, refer to Statement of Comprehensive Income.

- (i) Net change in fair value of investment properties for 2023 pertains to the net revaluation 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.

- (j) 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 (2023 and 2022):

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

	2H 2023 \$'000	2H 2022 \$'000	FY 2023 \$'000	FY 2022 \$'000
Trustee's fees	224	218	456	442
Rental income adjustment on a straight-line basis	(752)	(1,618)	(2,242)	(2,834)
Amortisation of capitalised transaction costs	348	474	660	940
Net change in fair value of investment properties	28,375	(68,172)	28,375	(68,172)
Foreign exchange (gains)/losses	(1,011)	1,836	(398)	2,476
Deferred tax	3,098	17,586	7,671	21,025
Net change in fair value of financial assets at fair value through profit or loss (FVTPL)	195	187	379	377
Management fees paid and/or payable in units	2,357	2,684	5,153	4,974
Share of results of a joint venture	5,880	8,983	8,284	8,983
Other net adjustments	(403)	(6,999)	850	(14,244)
Net tax and other adjustments	38,311	(44,821)	49,188	(46,033)

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

(l) Lower DI in 2H 2023 and FY 2023 were mainly due to loss allowance made for the receivables from the Guangdong data centres as well as the higher finance costs. These were partially offset by full period contribution from prior year acquisitions, positive reversions and escalations as well as resultant contributions derived from the hedging contracts for foreign-sourced income.

(m) The DPU was computed based on DI (Note l) 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 2023, a distribution of 4.332 cents per Unit has been declared.

Consolidated Earnings Per Unit and Distribution Per Unit

	2H 2023	2H 2022	FY 2023	FY 2022
<u>Earnings per Unit (EPU)</u>				
EPU (basic and diluted) (cents)	2.21	8.06	6.89	13.44
Weighted average number of Units ¹	1,721,028,661	1,718,236,951	1,720,450,648	1,717,678,403
Profit after tax ² (\$'000)	38,096	138,535	118,530	230,905
<u>Distribution per Unit (DPU)</u>				
DPU³ (cents)	4.332	5.165	9.383	10.214
Total number of Units in issue at end of period/year	1,721,429,811	1,718,650,015	1,721,429,811	1,718,650,015
Income available for distribution to Unitholders (\$'000)	76,407	93,714	167,718	184,872

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' profit and loss after tax for the period.
- 3 DPU is computed based on the distributable income to Unitholders after the deduction of Capex Reserves that 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 2023

	2H 2023 \$'000	2H 2022 \$'000	+/(-) %	FY 2023 \$'000	FY 2022 \$'000	+/(-) %
Profit after tax	40,186	140,261	(71.3)	122,204	234,174	(47.8)
Other comprehensive income						
Movement in hedging reserve	(26,881)	14,009	Nm	(25,683)	50,403	Nm
Share of movement in hedging reserves of a joint venture	(11,971)	35,458	Nm	(18,175)	35,458	Nm
Foreign currency translation movement	(171)	(37,076)	(99.5)	(7,587)	(56,057)	(86.5)
Total other comprehensive (loss)/income	(39,023)	12,391	Nm	(51,445)	29,804	Nm
Total comprehensive income	1,163	152,652	(99.2)	70,759	263,978	(73.2)
Attributable to:						
Unitholders	(923)	150,929	Nm	67,097	260,720	(74.3)
Non-controlling interests	2,086	1,723	21.1	3,662	3,258	12.4
	1,163	152,652	(99.2)	70,759	263,978	(73.2)

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 2023

	Note	Group			Trust			Reference
		31-Dec-23 \$'000	31-Dec-22 \$'000	+ / (-) %	31-Dec-23 \$'000	31-Dec-22 \$'000	+ / (-) %	
Non-current assets								
Investment properties	3	3,655,932	3,639,453	0.5	530,837	530,228	0.1	(a)
Investment in subsidiaries		-	-	-	2,268,228	2,246,084	1.0	(b)
Loans to subsidiaries		-	-	-	307,378	311,881	(1.4)	(b)
Investment in a joint venture	4	-	26,475	(100.0)	-	-	-	(c)
Notes receivables		79,073	82,559	(4.2)	79,073	82,559	(4.2)	(d)
Trade and other receivables		18,330	31,233	(41.3)	-	-	-	(e)
Derivative financial assets		29,174	49,762	(41.4)	2,724	1,607	69.5	(f)
Deposits		13,486	13,896	(3.0)	-	-	-	(g)
Deferred tax assets		1,124	1,679	(33.1)	-	-	-	(h)
Total non-current assets		3,797,119	3,845,057	(1.2)	3,188,240	3,172,359	0.5	
Current assets								
Notes receivables		3,487	3,208	8.7	3,487	3,208	8.7	(d)
Trade and other receivables		53,868	61,404	(12.3)	12,746	14,232	(10.4)	(e)
Derivative financial assets		2,344	7,595	(69.1)	2,030	6,784	(70.1)	(f)
Cash and cash equivalents		149,733	190,399	(21.4)	71,191	98,079	(27.4)	(f)
Total current assets		209,432	262,606	(20.2)	89,454	122,303	(26.9)	
TOTAL ASSETS		4,006,551	4,107,663	(2.5)	3,277,694	3,294,662	(0.5)	
Current liabilities								
Loans from subsidiaries		-	-	-	59,351	161,899	(63.3)	(i)
Loans and borrowings	5	72,477	175,425	(58.7)	-	-	-	(j)
Trade and other payables		70,249	62,646	12.1	83,000	21,713	>100.0	(k)
Derivative financial liabilities		148	-	Nm	148	-	Nm	(f)
Provision for taxation		5,740	6,569	(12.6)	763	2,549	(70.1)	(l)
Total current liabilities		148,614	244,640	(39.3)	143,262	186,161	(23.0)	
Non-current liabilities								
Loans from subsidiaries		-	-	-	1,265,869	1,139,538	11.1	(i)
Loans and borrowings	5	1,408,259	1,299,708	8.4	8,137	7,928	2.6	(j)
Trade and other payables		-	6,338	(100.0)	-	-	-	(k)
Derivative financial liabilities		9,029	2,180	>100.0	45	-	Nm	(f)
Provision		-	18,273	(100.0)	-	-	-	(m)
Deferred tax liabilities		86,688	79,606	8.9	15,012	13,191	13.8	(h)
Total non-current liabilities		1,503,976	1,406,105	7.0	1,289,063	1,160,657	11.1	
TOTAL LIABILITIES		1,652,590	1,650,745	0.1	1,432,325	1,346,818	6.3	
NET ASSETS		2,353,961	2,456,918	(4.2)	1,845,369	1,947,844	(5.3)	
Represented by:								
Unitholders' funds	6	2,310,980	2,414,118	(4.3)	1,845,369	1,947,844	(5.3)	(n)
Non-controlling interests		42,981	42,800	0.4	-	-	-	(n)
		2,353,961	2,456,918	(4.2)	1,845,369	1,947,844	(5.3)	
Net asset value per Unit (\$)		1.34	1.40	(4.3)	1.07	1.13	(5.3)	(o)
Aggregate leverage / Deposited properties (%)		37.4	36.4	100bps	Nm	Nm	Nm	(p)

KEPPEL DC REIT AND ITS SUBSIDIARIES

Reference:

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

	Group	
	As at 31 Dec 23	As at 31 Dec 22
NAV¹ per Unit² (\$)	1.34	1.40
Adjusted NAV ¹ per unit ² (excluding the distributable amount)	1.30	1.35
NTA¹ per Unit² (\$)	1.34	1.40
Adjusted NTA ¹ per unit ² (excluding the distributable amount)	1.30	1.35

- 1 This excludes the non-controlling interests' share of the net asset value / net tangible asset.
- 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 \$13.0 million (2022: \$12.7 million) capitalised at the present value of the lease payments for investment properties with option to renew or extend.

<u>Investment Properties</u>	<u>Land Tenure</u>	<u>As at</u> <u>31 Dec 23</u> <u>(\$'000)</u>	<u>As at</u> <u>31 Dec 22</u> <u>(\$'000)</u>
KDC SGP 1	Leasehold, expiring 30 Sept 2055 [^]	347,837	347,228
KDC SGP 2	Leasehold, expiring 31 July 2051	183,000	183,000
KDC SGP 3	Leasehold, expiring 31 Jan 2052	325,700	319,000
KDC SGP 4	Leasehold, expiring 30 June 2050	458,300	446,000
KDC SGP 5	Leasehold, expiring 31 August 2050 [*]	410,484	395,389
DC1	Leasehold, expiring 31 July 2044	289,500	286,300
Gore Hill DC	Freehold	198,563	211,531
IC DC	Freehold	113,401	113,123
Guangdong DC 1	Leasehold, expiring 17 January 2067	131,110	135,100
Guangdong DC 2	Leasehold, expiring 17 January 2067	131,110	135,100
Guangdong DC 3	Leasehold, expiring 17 January 2067	12,062	12,429
Basis Bay DC	Freehold	16,720	19,994
Kelsterbach DC	Freehold	82,030	106,356
maincubes DC	Freehold	164,351	148,701
KDC DUB 1	Leasehold, expiring 31 Dec 2998	157,637	152,950
KDC DUB 2	Leasehold, expiring 31 Dec 2997	145,157	139,850
Milan DC	Freehold	58,968	55,232
Almere DC	Freehold	158,804	144,594
Amsterdam DC	Freehold	43,058	41,353
Eindhoven CC	Freehold	54,224	52,612
Cardiff DC	Freehold	32,959	41,651
GV7 DC	Leasehold, expiring 28 Sept 2183	56,453	59,033
London DC	Freehold	84,504	92,927
		<u>3,655,932</u>	<u>3,639,453</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.

In 2H 2023, Keppel DC REIT liquidated a dormant wholly-owned subsidiary, KDCR Luxembourg 1 S.à r.l., which was incorporated in Luxembourg¹.

- (c) These relate to the subscription of 100% preference shares in a joint venture.
- (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) Deposits relate to amount paid to the vendor in relation to Guangdong DC 3 facilities and equipment.
- (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 balance as at 31 December 2023 was mainly due to appreciation of certain foreign currencies against Singapore Dollar, partially offset by net repayment of borrowings.
- (j) These relate to external borrowings of \$1,470.6 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 2023 were mainly due to appreciation of certain foreign currencies against Singapore Dollar, partially offset by net repayment of 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) Provision in 2022 relates to a contractual obligation assumed on the acquisition of a subsidiary. This has been settled in 2023.
- (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 \$1,470.6 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.

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

KEPPEL DC REIT AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

GROUP (2023)	Note	Foreign Currency Translation		Hedging Reserve	Other Reserve	Accumulated Profits	Unitholders' Funds	Non- Controlling Interests	Total
		Units in Issue	Reserve						
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2023		2,026,265	(50,177)	82,245	(95,751)	451,536	2,414,118	42,800	2,456,918
Operations									
Profit after tax for the period		-	-	-	-	80,434	80,434	1,584	82,018
Net increase in net assets resulting from operations		-	-	-	-	80,434	80,434	1,584	82,018
Other comprehensive income									
Movement in hedging reserves	1	-	-	1,198	-	-	1,198	-	1,198
Share of movement in hedging reserve of a joint venture		-	-	(6,204)	-	-	(6,204)	-	(6,204)
Foreign currency translation movement	1	-	(7,408)	-	-	-	(7,408)	(8)	(7,416)
Net decrease in other comprehensive income		-	(7,408)	(5,006)	-	-	(12,414)	(8)	(12,422)
Unitholders' transactions									
Distributions to Unitholders		(21,157)	-	-	-	(67,611)	(88,768)	-	(88,768)
Payment of management fees in Units		3,498	-	-	-	-	3,498	-	3,498
Net decrease in net assets resulting from Unitholders' transactions		(17,659)	-	-	-	(67,611)	(85,270)	-	(85,270)
Capital reduction of non- controlling interests		-	-	-	-	-	-	(60)	(60)
Dividends paid to non- controlling interests		-	-	-	-	-	-	(1,456)	(1,456)
At 30 June 2023		2,008,606	(57,585)	77,239	(95,751)	464,359	2,396,868	42,860	2,439,728
Operations									
Profit after tax for the period		-	-	-	-	38,096	38,096	2,090	40,186
Net increase in net assets resulting from operations		-	-	-	-	38,096	38,096	2,090	40,186
Other comprehensive income									
Movement in hedging reserves	1	-	-	(26,881)	-	-	(26,881)	-	(26,881)
Share of movement in hedging reserve of a joint venture	1	-	-	(11,971)	-	-	(11,971)	-	(11,971)
Foreign currency translation movement	1	-	(167)	-	-	-	(167)	(4)	(171)
Net decrease in other comprehensive income		-	(167)	(38,852)	-	-	(39,019)	(4)	(39,023)
Unitholders' transactions									
Distributions to Unitholders		(19,098)	-	-	-	(67,805)	(86,903)	-	(86,903)
Payment of management fees in Units		1,938	-	-	-	-	1,938	-	1,938
Net decrease in net assets resulting from Unitholders' transactions		(17,160)	-	-	-	(67,805)	(84,965)	-	(84,965)
Capital reductions of non- controlling interests		-	-	-	-	-	-	(495)	(495)
Distributions to non-controlling interest		-	-	-	-	-	-	(1,470)	(1,470)
At 31 December 2023		1,991,446	(57,752)	38,387	(95,751)	434,650	2,310,980	42,981	2,353,961

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 2023

<u>GROUP (2022)</u>	Note	<u>Units in Issue</u> \$'000	<u>Foreign Currency Translation Reserve</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Non-Controlling Interests</u> \$'000	<u>Total</u> \$'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 increase 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 decrease 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 (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 2023

<u>TRUST (2023)</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 2023		2,026,265	(95,751)	17,330	1,947,844
Operations					
Profit after tax for the period		-	-	51,138	51,138
Net increase in net assets resulting from operations		-	-	51,138	51,138
Unitholders' transactions					
Distribution to Unitholders		(21,157)	-	(67,611)	(88,768)
Payment of management fees in Units		3,498	-	-	3,498
Net decrease in net assets resulting from Unitholders' transactions		(17,659)	-	(67,611)	(85,270)
At 30 June 2023		2,008,606	(95,751)	857	1,913,712
Operations					
Profit after tax for the period		-	-	16,622	16,622
Net increase in net assets resulting from operations		-	-	16,622	16,622
Unitholders' transactions					
Distribution to Unitholders		(19,098)	-	(67,805)	(86,903)
Payment of management fees in Units		1,938	-	-	1,938
Net decrease in net assets resulting from Unitholders' transactions		(17,160)	-	(67,805)	(84,965)
At 31 December 2023		1,991,446	(95,751)	(50,326)	1,845,369

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 2023

<u>TRUST (2022)</u>	Note	<u>Unit in Issue</u> \$'000	<u>Other Reserve</u> \$'000	<u>Accumulated (Losses)/ Profits</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 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

	2H 2023 \$'000	2H 2022 \$'000	FY 2023 \$'000	FY 2022 \$'000
Operating activities				
Profit after tax	40,186	140,261	122,204	234,174
Adjustments for:				
Tax expenses	7,763	21,890	15,574	30,994
Finance income	(5,380)	(5,134)	(10,929)	(9,254)
Finance costs	25,803	17,975	48,518	31,072
Loss allowance for doubtful receivables	11,176	-	11,176	-
Net change in fair value of financial assets at FVTPL	195	187	379	377
Share of results of a joint venture	5,880	8,983	8,284	8,983
Net change in fair value of derivatives	1,270	(1,177)	6,542	(4,463)
Net change in fair value of investment properties	27,933	(68,289)	27,933	(68,289)
Management fees paid and payable in Units	2,357	2,684	5,153	4,974
Unrealised currency translation differences	(970)	3,475	(1,236)	3,941
	116,213	120,855	233,598	232,509
Changes in working capital:				
- Trade and other receivables	7,162	(16,987)	(2,709)	(19,804)
- Trade and other payables	(7,938)	23,879	(11,162)	15,388
Cash generated from operations	115,437	127,747	219,727	228,093
Net tax paid	(4,192)	(4,194)	(8,943)	(9,802)
Net cash generated from operating activities	111,245	123,553	210,784	218,291
Cash flows from investing activities				
Acquisition of interests in investment properties (Note A)	-	(133,022)	-	(246,877)
Additions to investment properties	-	(3,745)	-	(8,669)
Capital expenditures on investment properties	(13,604)	(21,298)	(26,436)	(39,422)
Acquisition of a financial asset	-	-	-	(1,004)
Rental top up received	-	-	-	1,004
Coupon received from notes receivables	3,871	4,011	7,793	8,067
Repayment of notes receivables	1,629	1,489	3,207	2,933
Deposits paid to a vendor	-	(14,738)	-	(14,738)
Net cash used in investing activities	(8,104)	(167,303)	(15,436)	(298,706)
Cash flows from financing activities				
Proceeds from borrowings	112,000	199,845	265,429	518,006
Capital reduction of a non-controlling interest	(495)	(100)	(555)	(100)
Payment of financing transaction costs	(943)	(152)	(1,192)	(509)
Repayment of borrowings	(90,579)	(43,318)	(274,238)	(251,551)
Payment of lease liabilities	-	-	-	(4,378)
Finance costs paid	(25,080)	(15,438)	(47,011)	(28,135)
Distributions paid to Unitholders	(86,903)	(86,730)	(175,671)	(146,876)
Dividends paid to non-controlling interests	(1,470)	(1,396)	(2,926)	(2,787)
Net cash (used in)/generated from financing activities	(93,470)	52,711	(236,164)	83,670
Net (decrease)/increase in cash and cash equivalents	9,671	8,961	(40,816)	3,255
Cash and cash equivalents at beginning of period/year	139,714	188,228	190,399	195,941
Effects of exchange rate fluctuations on cash held	348	(6,790)	150	(8,797)
Cash and cash equivalents at end of period/year	149,733	190,399	149,733	190,399

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Note A – Acquisition of interests in investment properties

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 2023 vs FY 2022)

Cash generated from operating activities for the FY 2023 was \$210.8 million, \$7.5 million lower than the \$218.3 million for the corresponding period last year. This was mainly due to higher working capital requirements.

Net cash used in investing activities for FY 2023 was \$15.4 million, comprising mainly capital expenditures. This was partially offset by coupon received and partial repayment of notes receivables. 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 in relation to Guangdong DC 3 facilities and equipment. This was partially offset by coupon received and partial repayment of notes receivables.

The Group recorded net cash used in financing activities of \$236.2 million in FY 2023 as compared to net cash generated from financing activities of \$83.7 million for FY 2022. Net cash used in FY 2023 was mainly from the distributions paid to Unitholders, refinancing of borrowings and finance costs. These were partially offset by drawdown of bank borrowings. Net cash generated from financing activities for 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.

Cash flow analysis (2H 2023 vs 2H 2022)

Net cash generated from operating activities for the 2H 2023 was \$111.2 million, \$12.4 million lower than the \$123.6 million for the corresponding period last year. This was mainly due to higher working capital requirements.

Net cash used in investing activities for 2H 2023 was \$8.1 million, comprising mainly capital expenditures. 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 \$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 in relation to Guangdong DC 3 facilities and equipment. These were partially offset by coupon received and partial repayment of notes receivables.

The Group recorded net cash used in financing activities of \$93.4 million in 2H 2023 as compared to net cash generated from financing activities of \$52.7 million for the corresponding period last year. Net cash used in 2H 2023 was mainly from the distributions paid to Unitholders, refinancing of borrowings and finance costs. These were partially offset by drawdown of bank borrowings. Net cash from 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

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 MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

These condensed consolidated financial statements for the second half and full year ended 31 December 2023 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 2022 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 2022, except for the adoption of new and revised standards effective as of 1 January 2023.

The adoption of these new and revised SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s effective as of 1 January 2023 did not have any significant impact on the condensed consolidated financial statements of the Group.

2.3 Material 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 2022 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 2022 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 2023

3 INVESTMENT PROPERTIES

	Group	
	2023 \$'000	2022 \$'000
At 1 January	3,639,453	3,401,436
Acquisitions ^(b)	-	257,279
Additions ^(c)	-	15,790
Capital expenditure	33,436	39,422
Net change in fair value	(25,572)	70,969
Currency translation differences	8,615	(145,443)
At 31 December	<u>3,655,932</u>	<u>3,639,453</u>

Reconciliation of fair value measurement to valuation report

	Group	
	2023 \$'000	2022 \$'000
Fair value on investment properties based on valuation report	3,642,911	3,626,736
Add: Carrying amount of lease liabilities ^(d)	13,021	12,717
Carrying amount of investment properties	<u>3,655,932</u>	<u>3,639,453</u>

- (a) Investment properties are stated at fair value based on valuations performed by independent valuers, Savills Valuation and Professional Services (S) Pte Ltd, Colliers Appraisal and Advisory Services Co., Ltd and Knight Frank LLP (2022: Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank LLP). 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.
- (c) The additions include transaction-related costs and any costs other than capital expenditures capitalised as part of the investment properties.
- (d) 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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

4 INVESTMENT IN A JOINT VENTURE

	Group	
	2023 \$'000	2022 \$'000
Equity investments at cost	1,000	1,000
Share of reserves	(1,000)	25,475
	<u>-</u>	<u>26,475</u>

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

	Group	
	2023 \$'000	2022 \$'000
At 1 January	26,475	-
Share of results for the year	(8,284)	(8,983)
Share of movement in fair value of cash flow hedges	(18,191)	35,458
At 31 December	<u>-</u>	<u>26,475</u>

5 LOANS AND BORROWINGS

	Group	
	As at 31 Dec 23 \$'000	As at 31 Dec 22 \$'000
<u>Unsecured borrowings¹</u>		
Amount repayable within one year	72,477	175,425
Amount repayable after one year	1,398,147	1,289,367
	<u>1,470,624</u>	<u>1,464,792</u>
Total borrowings	1,470,624	1,464,792
Capitalised transactions costs of debt financing	(2,836)	(2,305)
<u>Lease liabilities</u>		
After one year	12,948	12,646
Total loans and borrowings	<u>1,480,736</u>	<u>1,475,133</u>

¹ Keppel DC REIT has unsecured borrowings of approximately \$662.4 million (2022: \$687.0 million) and \$462.8 million (2022: \$530.0 million) and \$345.4 million (2022: \$247.8 million) under its term loan facilities, revolving credit facilities and Multicurrency Debt Issuance Programme respectively.

As at 31 December 2023 the Group had total borrowings of approximately \$1,470.6 million and unutilised facilities of approximately \$601.5 million. The all-in average interest rate for borrowings was 3.3% per annum for the financial year ended 31 December 2023.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

6 UNITHOLDERS' FUNDS

Units in Issue

GROUP AND TRUST	1 Jan 23 to 31 Dec 23	1 Jan 22 to 31 Dec 22
	No. of Units	No. of Units
Issued Units as at beginning of period	1,718,650,015	1,715,511,855
Management fees paid in Units	2,779,796	3,138,160
Issued Units as at end of period	1,721,429,811	1,718,650,015

Total number of issued units

Keppel DC REIT did not hold any treasury units as at 31 December 2023 and 31 December 2022.

	Group	
	As at 31 Dec 23	As at 31 Dec 22
Total number of issued Units	1,721,429,811	1,718,650,015

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 2023 \$'000	FY 2022 \$'000
Fixed rental income from related corporations	31,387	30,473
Variable rental income from related corporations	88,586	91,447
Management base fees to the Manager	(18,457)	(17,741)
Management performance fees to the Manager	(8,350)	(8,598)
Acquisition and development management fees to the Manager	-	(2,622)
Facility management fees to related corporations	(3,579)	(3,695)
Project management fees to related corporations	(60)	(102)
Support services fee to a related corporation	(598)	(615)
Interest income from a joint venture	7,784	8,060

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

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 2023**

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 2023				
Derivative financial assets	–	31,518	–	31,518
Investment properties	–	–	3,655,932	3,655,932
	–	31,518	3,655,932	3,687,450
Derivative financial liabilities	–	(9,177)	–	(9,177)
31 December 2022				
Derivative financial assets	–	57,357	–	57,357
Investment properties	–	–	3,639,453	3,639,453
	–	57,357	3,639,453	3,696,810
Derivative financial liabilities	–	(2,180)	–	(2,180)
Trust				
31 December 2023				
Derivative financial assets	–	4,754	–	4,754
Investment properties	–	–	530,837	530,837
	–	4,754	530,837	535,591
Derivative financial liabilities	–	(193)	–	(193)
31 December 2022				
Derivative financial assets	–	8,391	–	8,391
Investment properties	–	–	530,228	530,228
	–	–	530,228	538,619

There were no transfers between levels of the fair value hierarchy during the years ended 31 December 2023 and 31 December 2022.

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 2023

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.

Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Asia Pacific		
Capitalisation approach	Capitalisation rate: 4.75% to 7.75% (2022: 4.75% to 7.75%)	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 6.75% to 10.50% (2022: 6.25% to 10.50%) Terminal yield rate: 5.38% to 8.50% (2022: 5.25% to 8.25%)	The estimated fair value varies inversely against the discount rate and terminal yield rate.
Europe		
Capitalisation approach	Capitalisation rate: 4.12% to 15.54% (2022: 3.96% to 11.55%)	The estimated fair value varies inversely against the capitalisation rate.
Discounted cash flow approach	Discount rate: 5.75% to 8.34% (2022: 4.88% to 7.81%) Terminal yield rate: 4.50% to 8.00% (2022: 4.00% to 6.50%)	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 2023

9 SEGMENTAL INFORMATION

<u>By type of asset class (\$'000)</u>	2H 2023			
	Colocation	Fully-fitted	Shell and core	Total
Gross revenue	85,006	36,648	19,089	140,743
Net property income	74,180	25,875	17,543	117,598
Finance income	19	608	116	743
Finance costs	(8,297)	(9,458)	(6,656)	(24,411)
Net change in fair value of financial assets at FVTPL	-	-	(195)	(195)
Net change in fair value of investment properties ¹	6,355	9,933	(44,221)	(27,933)
Reportable segment profit before tax	121,779	(7,213)	(52,063)	62,503
Unallocated amounts:				
- Finance income				4,637
- Finance costs				(1,392)
- Other corporate expenses:				(17,799)
Profit before tax				47,949
	As at 31-Dec-23			
<u>By type of asset class (\$'000)</u>	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,179,773	985,357	680,963	3,846,093
Other unallocated amounts				160,458
Consolidated assets				4,006,551
Segment liabilities	587,494	560,511	416,647	1,564,652
Other unallocated amounts				87,938
Consolidated liabilities				1,652,590
Other segment items:				
Capital expenditures / Additions	24,814	6,977	1,645	33,436

<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

Note:

1 Pertains to the net revaluation (losses)/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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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9 SEGMENTAL INFORMATION (CONT'D)

<u>By type of asset class (\$'000)</u>	FY 2023			
	Colocation	Fully-fitted	Shell and core	Total
Gross revenue	168,330	74,568	38,309	281,207
Net property income	146,266	63,357	35,328	244,951
Finance income	182	1,216	184	1,582
Finance costs	(15,887)	(18,160)	(12,016)	(46,063)
Net change in fair value of financial assets at FVTPL	-	-	(379)	(379)
Net change in fair value of investment properties ¹	6,355	9,933	(44,221)	(27,933)
Reportable segment profit before tax	187,042	20,303	(40,069)	167,276
Unallocated amounts:				
- Finance income				9,347
- Finance costs				(2,455)
- Other corporate expenses:				(36,390)
Profit before tax				137,778
	As at 31-Dec-23			
<u>By type of asset class (\$'000)</u>	Colocation	Fully-fitted	Shell and core	Total
Segment assets	2,179,773	985,357	680,963	3,846,093
Other unallocated amounts				160,458
Consolidated assets				4,006,551
Segment liabilities	587,494	560,511	416,647	1,564,652
Other unallocated amounts				87,938
Consolidated liabilities				1,652,590
Other segment items:				
Capital expenditures / Additions	24,814	6,977	1,645	33,436

<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
	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

Note:

1 Pertains to the revaluation (losses)/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.

KEPPEL DC REIT AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

9 SEGMENTAL INFORMATION (CONT'D)

By geographical area

	FY 2023	FY 2022
<u>Gross Revenue</u>	<u>\$'000</u>	<u>\$'000</u>
- Singapore	144,758	147,619
- Australia	23,085	24,363
- China	24,842	19,381
- Ireland	33,519	31,807
- Germany	17,559	17,540
- The Netherlands	16,214	15,965
- Other countries	21,230	20,647
Total gross revenue	281,207	277,322

Major Customers

Revenue of \$118.8 million (2022: \$121.7 million) was derived from one client from Singapore (2022: Singapore).

Investment Properties

	As at 31 Dec 23	As at 31 Dec 22
	<u>\$'000</u>	<u>\$'000</u>
- Singapore	2,014,821	1,976,917
- Australia	311,964	324,654
- China	274,282	282,629
- Ireland	302,794	292,800
- Germany	246,381	255,057
- The Netherlands	256,086	238,559
- Other countries	249,604	268,837
Total value of investment properties	3,655,932	3,639,453

10 SUBSEQUENT EVENTS

On 26 January 2024, the Manager declared a distribution of 4.332 cents per Unit for the period from 1 July 2023 to 31 December 2023.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

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 2023 and 2022 results

FY 2023 vs FY 2022

Gross rental income for FY 2023 was \$277.0 million, an increase of \$3.5 million or 1.3% from FY 2022 of \$273.5 million. This was mainly due to full year contribution from prior year acquisitions, as well as positive reversions and escalations.

This was partially offset by the net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses. In addition, the depreciation of foreign currencies against SGD resulted in lower foreign sourced income.

Other income of \$4.2 million was \$0.4 million higher than FY 2022 mainly due to higher ad-hoc service income in overseas assets, offset by lower government incentive sum for the investments received in Guangdong.

Property operating expenses for FY 2023 was \$36.3 million, an increase of \$11.5 million or 46.3% from FY 2022 of \$24.8 million. This was mainly due to loss allowance made for the receivables from the Guangdong data centres.

Net property income of \$244.9 million for FY 2023 was \$7.6 million or 3.0% lower than FY 2022.

Profit after tax for FY 2023 was \$122.2 million, after taking into account the net fair value loss in investment properties of \$27.9 million (2022: net fair value gain of \$68.3 million) and deferred tax credit of \$3.6 million (2022: deferred tax expense of \$13.3 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 2023 was \$146.5 million, a decrease of \$32.7 million or 18.2% as compared to FY 2022 of \$179.2 million. This was mainly due to higher finance costs, loss allowances made and net losses on derivatives recorded, partially offset by net higher contributions from the portfolio.

2H 2023 vs 2H 2022

Gross rental income for 2H 2023 was \$139.0 million, a decrease of \$1.4 million or 1.0% from 2H 2022 of \$140.4 million. This was mainly due to net lower contributions from the Singapore colocation assets, largely arising from the higher facility expenses.

This was partially offset by the full period contribution from prior year acquisitions, as well as positive reversions and escalations.

Other income of \$1.8 million was \$0.4 million higher than 2H 2022 mainly due to higher ad-hoc service income in overseas assets, offset by lower government incentive sum for the investments received in Guangdong.

Property operating expenses for 2H 2023 was \$23.1 million, an increase of \$10.6 million or 85.6% from 2H 2022 of \$12.5 million. This was mainly due to loss allowance made for the receivables from the Guangdong data centres.

Net property income of \$117.6 million for 2H 2023 was \$11.7 million or 9.1% lower than 2H 2022.

Profit after tax for 2H 2023 was \$40.2 million, after taking into account the net fair value loss in investment properties of \$27.9 million (2022: net fair value gain of \$68.3 million) and deferred tax credit of \$3.6 million (2022: deferred tax expense of \$13.3 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 2023 was \$64.5 million, a decrease of \$20.8 million or 24.4% as compared to 2H 2022 of \$85.3 million. This was mainly due to higher finance costs, loss allowances made and lower net gains on derivatives recorded, partially offset by net higher contributions from the portfolio.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

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 World Bank's Global Economic Prospects 2024 report, global growth is projected to slow for the third year in a row to 2.4% in 2024, almost three-quarters of a percentage point below the average of the 2010s. Ongoing conflicts in Ukraine and the Middle East, the sharp slowdown amid tight global financial conditions and evolving government policies affecting the data centre and online industries in markets such as China, are expected to continue to weigh on global growth¹.

Despite these challenges, the rapid growth of artificial intelligence along with other modern technologies, such as streaming, gaming and autonomous driving, is expected to underpin continued strong data centre demand. This will spur innovations in data centre design and technology as operators aim to deliver the capacity to meet the increased power density requirements of high-performance computing.²

Going forward, the Manager will continue its pursuit of data centre growth opportunities in key international data centre hubs and drive growth through active asset management and portfolio optimisation.

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 counterparties (including clients) are done prior to entering into contractual arrangements, using credit, financial and other information from credit agencies and other reliable sources. Updates are performed when sectorial or geographical conditions or conditions specific to the counterparty indicate potential deterioration.

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 Global Economic Prospects 2024, The World Bank, Jan 2024

² Global Data Center Trends 2023, CBRE, Jul 2023

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

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.

Climate risk

The effects of climate change are increasingly apparent globally and gaining attention from countries to corporates. Understanding and addressing climate-related impacts is crucial to ensuring the business remains sustainable and resilient. In this regard, the Group is focused on strengthening the portfolio (covering all significant colocation assets) and operational capabilities against climate change risks, as well as assessing potential opportunities the Group can capitalise on as the world endeavours to transit to a low-carbon economy.

The Taskforce on Climate-related Financial Disclosures (TCFD) has classified climate-related risks into two categories – physical risks and transition risks.

Firstly, physical risks that arise from changes in the climate can be event driven or a result of longer-term shifts. The Manager continues to maintain an appropriate level of insurance and schedule regular maintenance to ensure the resilience and durability of the building and equipment, in response to risks such as extreme precipitation and weather.

Secondly, transition risks are risks associated with societal and economic shifts in market preferences, norms and technology towards a low-carbon economy. Governments globally have been taking steps such as increasing price of carbon and imposing stricter building regulations. Examples of mitigating responses include optimising building energy consumption through the adoption of energy-efficient equipment, technologies and sustainable building designs, as well as being fully compliant with current regulations with most properties being green certified with high standards of environmental performance.

To bolster the resilience of the Group's portfolio and operations, the Manager continues to evolve its approach to ensure resilience over such climate-related risks. The Manager with the support and guidance of the Environmental, Social and Governance (ESG) Board Committee, reviews the ESG strategy, roadmaps and targets, which includes climate-related targets on emissions and energy, as well as climate change adaptation. The Manager will continue to consider and integrate ESG factors in the Group's strategy formulation and business operations and growth.

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

F. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Name of distribution:	<u>21st</u> Distribution for the period from 1 July to 31 December 2023
Distribution type:	(a) Taxable Income (b) Tax-exempt Income (c) Capital Distribution
Distribution rate:	Distribution for the period from 1 July to 31 December 2023 (a) Taxable Income – 1.810 cents per Unit (b) Tax-exempt Income – 1.837 cents per Unit (c) Capital Distribution – 0.685 cents per Unit
Distribution amount (\$'000):	74,572
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 2023

(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:	<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>(d) <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>(e) <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>(f) <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>

(c) Record date

The Transfer Books and Register of Unitholders of Keppel DC REIT for the 21st Distribution will be closed at 5.00 p.m. on 5 February 2024 for the purposes of determining each Unitholder's entitlement to the REIT's distribution.

(d) Date payable

The date the 21st Distribution is payable: 11 March 2024

KEPPEL DC REIT AND ITS SUBSIDIARIES

OTHER INFORMATION FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

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)	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	FY 2023 \$'000	FY 2023 \$'000
Temasek Holdings Group		
- Rental income	18,434	NIL
- Recovery of expenses	787	NIL
Keppel Ltd. and its subsidiaries		
- Variable rental income	85,930	NIL
- Facility management and property management fees and reimbursables	4,454	NIL
- Manager's management fees	26,807	NIL
- Project management fees	60	NIL
- Support services fees	1,863	NIL
- Recovery of expenses	1,002	NIL
Perpetual (Asia) Limited		
- Trustee fees	456	NIL

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 2023 \$'000	FY 2022 \$'000	+ / (-) %
First half year			
Gross revenue reported	140,464	135,540	3.6
Profit after tax	82,018	93,913	(12.7)
Second half year			
Gross revenue reported	140,743	141,782	(0.7)
Profit after tax ¹	64,562	85,255	(24.3)

Note:

1 Profit after tax excludes net losses of \$24.3 million relating to net fair value losses and their related deferred tax impact (2H 2022: net gains of \$55.0 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 2023

J. BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY 2023 \$'000	FY 2022 \$'000
1 January 2022 to 30 June 2022	-	86,729
1 July 2022 to 31 December 2022	-	88,768
1 January 2023 to 30 June 2023	86,903	-
1 July 2023 to 31 December 2023	74,572	-
	161,475	175,497

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 2023

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

Company Secretaries
26 January 2024