

## Company Update

# Keppel DC REIT

Singapore | Real Estate

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Equity Research

## Much to look forward to in FY26

Rating **BUY** (as at 02 February 2026)  
Last Close SGD 2.28  
Fair Value SGD 2.78

- FY25 distribution per unit (DPU) jumped 9.8% year-on-year (YoY) to 10.381 Singapore cents
- Portfolio rental reversions muted at 2% in 4Q25 as there were no major contract renewals, but overall FY25 rental reversions came in strong at ~45%; portfolio occupancy unchanged quarter-on-quarter (QoQ) at 95.8%
- Aggregate leverage increased to 35.3% due to debt drawdown to fund growth

## Investment thesis

Keppel DC REIT (KDCREIT) is a strong proxy to the growing demand for data centre space, underpinned by increasing digitalisation and cloud adoption trends. Its tenants come from fast growing industries such as internet enterprise, information technology services, telecommunications and financial services. It has one of the longest portfolio weighted average lease to expiry (WALE) profile within the S-REITs sector, at 6.7 years by lettable area and 4.9 years by rental income, as at 31 December 2025. It has a manageable debt maturity profile with relatively low refinancing risks, in our view. While there are ongoing concerns over the credit profile of its master lessee at its Guangdong data centres following rental arrears and sluggish recovery progress, we believe there are signs that the situation has bottomed out, while the acquisition of two high quality artificial intelligence (AI)-ready hyperscale data centres in Singapore will strengthen KDCREIT's position as a top data centre owner in the region and reduce its percentage portfolio exposure to China.

## Investment summary

- **FY25 results were solid and in-line with our expectations** – KDCREIT reported another strong set of results. Its 2H25 gross revenue and net property income (NPI) jumped 50.3% and 57.0% YoY to SGD230.1m and SGD200.4m respectively. This was driven by organic growth and contributions from acquisitions, but partially offset by absence of income from divestments. DPU grew 7.1% to 5.248 Singapore cents. Cumulatively, KDCREIT's FY25 NPI rose

## Security information

Ticker	KDCREIT SP EQUITY
Market Cap (SGD b)	5.6
Daily turnover (SGD m)	17.8
Free Float	80.8%
Shares Outstanding (m)	2440.7
Top Shareholder	Keppel Ltd 19.18%

## Price performance chart



## Financial summary

SGD m	FY25	FY26E	FY27E
Gross revenue	441	459	474
Net property income	383	426	440
Total return after tax	435	277	290
Distribution to unitholders	244	263	275
DPU (S cents)	10.38	10.75	11.24

## Key ratios

	FY25	FY26E	FY27E
DPU yield (%)	4.6	4.7	4.9
P/NAV (x)	1.3	1.3	1.3
ROE (%)	5.8	6.3	6.5
Gearing (%)	35.3	34.4	34.5
Dist. Income margin (%)	55.2	57.3	58.1

Source: Bloomberg, REIT Manager, OCBC Group Research

47.2% to SGD383.3m, while DPU ended up 9.8% higher at 10.381 Singapore cents. This formed 101.6% of our forecast.

- **Expect healthy operating metrics to continue** – KDCREIT's 4Q25 rental reversions came in at only 2%. This was because there were no major contract renewals during the quarter. Rental reversion figures reported each quarter depends on the type and location of leases being renewed. For FY25, KDCREIT had achieved overall portfolio rental uplifts of ~45%. Looking ahead, we believe a meaningful proportion of its FY26 lease expiries are in Singapore, where the prospects for rental reversion remain strong. Overall portfolio occupancy was flat QoQ at 95.8%. KDCREIT received notice from the sole tenant at its GV7 Data Centre in London that its lease would not be renewed upon expiry in February 2027. This asset contributed only ~0.5% of KDCREIT's assets under management (AUM), and management has a long lead time to find a replacement. In Singapore, its Keppel DC Singapore 1 asset had a low occupancy of 53.3%. This is worth monitoring as KDCREIT had been carrying out feasibility studies on asset enhancement initiatives and speaking to prospective tenants. It is also focused on improving operational efficiencies, and cited the example of Keppel DC Singapore 8, where it was looking to increase additional saleable power capacity to boost incremental income. In China, while we believe arrears remain, the situation has possibly bottomed out given China's strategic focus shift towards AI and positive developments surrounding the potential sale of Nvidia's H200 GPU chips into China.
- **Aggregate leverage ratio rose 5.5ppt QoQ to 35.3%** – From a balance sheet viewpoint, KDCREIT's aggregate leverage ratio increased from 29.8% as at 30 September 2025 to 35.3%, due to the drawdown of debt for the acquisition of Tokyo Data Centre 3 and payment for the 10-year lease extension at two of its data centres in Singapore. Its healthy financial position will allow it to continue to explore inorganic growth opportunities to bolster its DPU outlook. Target markets include Singapore, Europe, South Korea and Japan, where potential capitalisation rates range around 6-6.5%, 5-6%, 5-6% and 3-4%, respectively. KDCREIT's average cost of debt was 2.8% in 4Q25, versus 3.0% for the full year, and management expects this to hover around 2.7% in FY26. We trim our FY26 DPU forecast slightly by 1.2%, lower our cost of equity assumption from 6.6% to 6.5% and roll forward our valuations. Consequently, our fair value estimate increases from SGD2.66 to SGD2.78. Maintain **BUY**.

## Potential catalysts

- Stronger-than-expected increase in portfolio valuations.
- DPU accretive acquisitions.
- Ramp up in occupancy at its Singapore, Dublin and Malaysia data centres.

## Investment risks

- Slowdown in data outsourcing trend.
- Compression in cap rates could lead to the overpayment for acquisitions.
- Changes in regulatory landscape for the countries which KDCREIT operates in.

## Valuation analysis

	Price/Earnings		Price/Book		EV/EBITDA		Dividend Yield		ROE (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>KEPPEL DC REIT (KDCREIT SP Equity)</b>	19.8	19.2	1.3	1.3	21.5	20.4	4.7	4.9	7.1	7.4
<b>CAPITALAND ASCENDAS REIT (CLAR SP Equity)</b>	18.9	18.0	1.3	1.3	20.7	20.3	5.3	5.6	6.5	6.8
<b>MAPLETREE INDUSTRIAL TRUST (MINT SP Equity)</b>	16.6	16.5	1.2	1.2	19.1	19.8	6.1	5.9	7.3	7.2
<b>MAPLETREE LOGISTICS TRUST (MLT SP Equity)</b>	22.9	22.1	1.1	1.1	24.5	24.1	5.3	5.5	4.4	4.5
<b>FRASERS LOGISTICS &amp; COMMERCI (FLT SP Equity)</b>	19.8	19.1	0.9	0.9	21.4	20.4	5.6	5.7	4.4	4.7

Source: Bloomberg

## Price/Book chart (x)



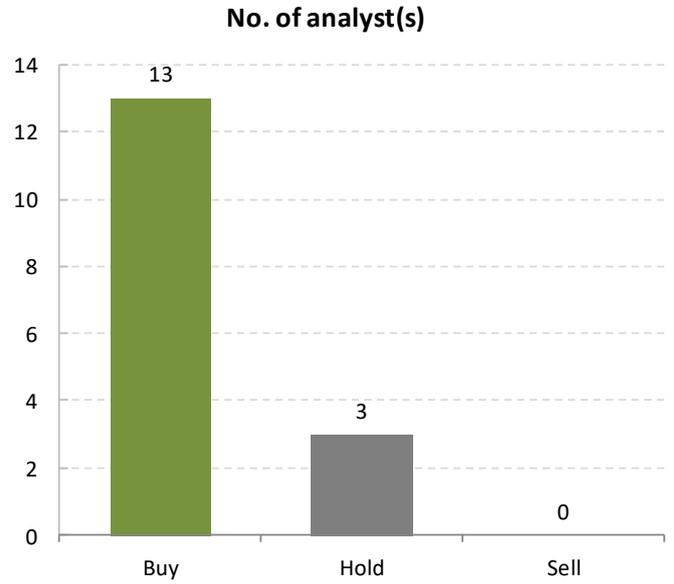
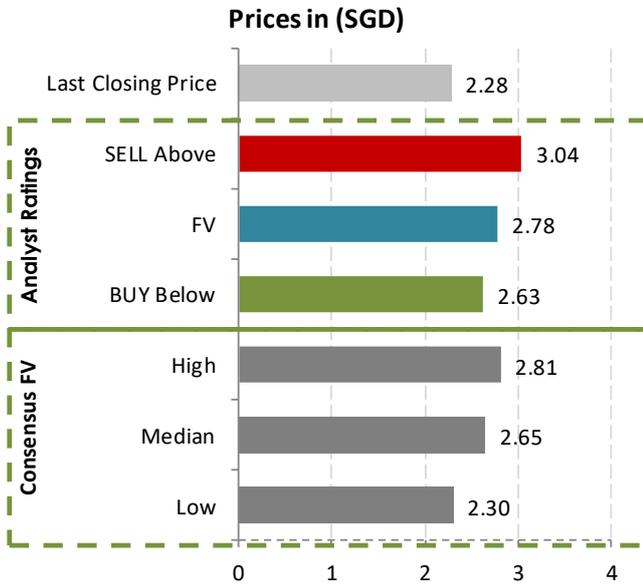
Source: Bloomberg

## Dividend yield chart (%)



Source: Bloomberg

## Analyst ratings vs street ratings



Source: Bloomberg, OCBC Group Research

## Company overview (as of 31 December 2025)

### Company description

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

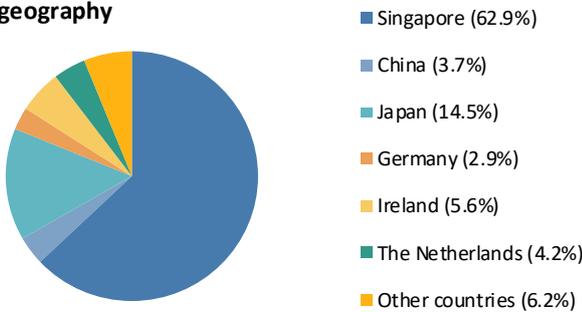
Keppel DC REIT’s investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate and assets necessary to support the digital economy.

Keppel DC REIT’s investments comprise a mix of colocation, fully-fitted and shell and core assets, as well as debt securities, thereby reinforcing the diversity and resiliency of its portfolio.

Keppel DC REIT is managed by Keppel DC REIT Management Pte. Ltd. (the Manager) and is sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.

### Portfolio AUM breakdown (as at 31 Dec 2025)

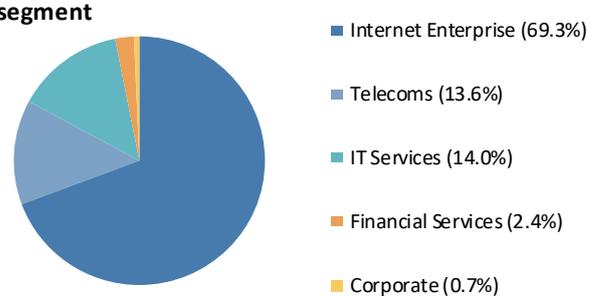
#### By geography



Source: REIT Manager

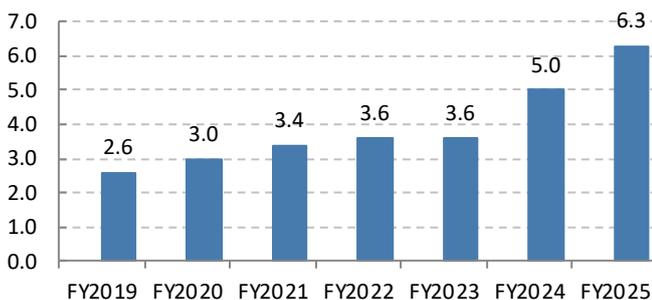
### Rental income breakdown (for Dec 2025)

#### By segment



Source: REIT Manager

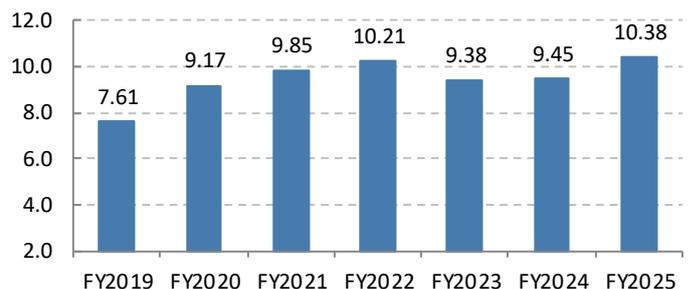
### Portfolio AUM (SGD'b)



Source: REIT Manager

### Distribution per unit

#### S cents



Source: REIT Manager

## Company financials

### Income statement

Year Ended 31 Dec (SGD m)	FY24	FY25	FY26E	FY27E
Gross revenue	310.3	441.4	458.9	474.0
Property operating expenses	-50.0	-58.1	-33.0	-34.3
Net property income	260.3	383.3	425.9	439.6
Manager's fees	-27.8	-37.6	-45.9	-46.4
Trustee's fees	-0.6	-0.7	-0.9	-0.9
Finance costs, net	-36.1	-33.6	-57.2	-55.1
Total return before tax	340.8	472.7	312.7	327.7
Income tax expense	-26.8	-38.0	-36.0	-37.7
Total return after tax	314.0	434.7	276.7	290.0
Total distribution to unitholders	166.9	243.5	262.9	275.2

### Balance sheet

As at 31 Dec (SGD m)	FY24	FY25	FY26E	FY27E
Investment properties	4,904.0	6,133.4	6,192.3	6,197.3
Total non-current assets	5,095.5	6,232.2	6,383.8	6,388.8
Cash and equivalents	316.7	351.9	322.5	359.6
Total current assets	447.7	649.0	621.9	665.8
Total assets	5,543.2	6,881.2	7,005.7	7,054.6
Liabilities ex. debt	400.8	260.8	341.6	345.4
Total debt	1,715.5	2,390.2	2,411.0	2,432.0
Total liabilities	2,116.3	2,651.1	2,752.6	2,777.4
Total unitholders' funds	3,372.0	4,168.5	4,187.3	4,207.1
Total equity and liabilities	5,543.2	6,881.2	7,005.7	7,054.6

### Key rates & ratios

	FY24	FY25	FY26E	FY27E
DPU (S cents)	9.45	10.38	10.75	11.24
NAV per unit (S cents)	152.6	170.8	171.3	171.8
DPU yield (%)	4.1	4.6	4.7	4.9
PER (x)	13.34	12.19	20.45	19.54
P/NAV (x)	1.5	1.3	1.3	1.3
NPI margin (%)	83.9	86.8	92.8	92.8
Distributable Inc. margin (%)	53.8	55.2	57.3	58.1
Aggregate leverage ratio (%)	31.5	35.3	34.4	34.5
ROE (%)	5.0	5.8	6.3	6.5
ROA (%)	3.0	3.5	3.8	3.9

Sources: REIT Manager, OCBC Group Research

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