

1Q26 Business Updates: Another quarter of strong positive reversions

What's New

- 1Q26 DPU of 2.833 Scts was a strong 13.2% uplift y/y; forms c.27% of our FY26 projections
- Key positives: i) strong positive rental reversions of +51%, ii) cost of debt improved 20bps to 2.6%, iii) delay in the NetCo bonds redemption will be a positive for KDCREIT, iv) full year contribution from Tokyo DC3 that was acquired in September 2025
- What we are watching out for: i) portfolio occupancy rate as it dipped marginally by 20bps q/q, ii) rising utilities cost even though we understand that it will be mostly passed through
- Maintain BUY with TP of SGD2.60

Analyst

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Key Financial Data (FY Dec)

Bloomberg Ticker	KDCREIT SP
Sector	Equity Real Estate Investment
Share Price(SGD)	2.33
DBS Rating	BUY
12-mth Target Price (SGD)	2.60
Market Cap (USDbn)	4.5
3m Avg. Daily Val (USDmn)	20.9
Dividend yield (%)	4.5
Fwd. P/E (x)	22.6
P/Book (x)	1.4
ROE (%)	7.1

Closing Price as of 15/04/2026

Source: Twelve Data, DBS, Visible Alpha

Keppel DC REIT Share Price



Source: Twelve Data

Key operating metrics	1Q26	4Q25	q/q % change	1Q25	y/y % change
Revenue	121	119	1.7%	102	18.4%
NPI	105	103	2.1%	88	19.4%
DI	75	73	2.6%	62	20.7%
DPU (est)	2.833	2.757	2.8%	2.503	13.2%
Portfolio occupancy (%)	95.6%	95.8%	-0.2%	96.5%	-0.9%
WALE (years)	6.5	6.7	-0.2	7.1	-0.6
Aggregate leverage	35.1%	35.3%	-0.2%	30.2%	4.9%
Interest Coverage Ratio	7.2	7.5	-0.3	5.8	1.4
All-in cost of debt	2.6%	2.8%	-0.2%	3.1%	-0.5%

Source: Keppel DC REIT, DBS

What has happened?

KDCREIT reported a strong 1Q26 update, with a 13.2% y/y increase in DPU to 2.833 Scts. Revenue growth was driven by the acquisition of Tokyo Data Centre 3, the completion of the remaining stakes in Keppel DC Singapore 3 and 4, and higher contributions from contract renewals and escalations, partly offset by the divestment of Kelsterbach Data Centre. Gross revenue for 1Q26 came in at SGD121.0mn, up 18.4% y/y, resulting in NPI of SGD105.2mn, up 19.4% y/y. Occupancy remained stable at 95.6%, WALE stayed healthy at 6.5 years and rental reversion was strong at around +51%, indicating positive leasing spreads. Meanwhile, aggregate leverage stood at 35.1%, down 20bps q/q, aided mainly by depreciation of JPY and EUR against SGD. Average cost of debt improved 20bp q/q to 2.6%, reflecting the full-quarter effect of lower-cost JPY and SGD acquisition loans drawn in 4Q25.

Our views.

We think the update reinforces the REIT's positioning as a high-quality, structurally supported data centre landlord with visible income streams and manageable financial risk. Near-term earnings should continue to benefit from the full-period contribution of recent acquisitions and organic growth in earnings from positive rental reversion. With a very healthy aggregate leverage, and further improvement in borrowing costs, we believe KDCREIT's capital management metrics will remain fairly stable for the rest of the year, as only c.8.5% of its loans are due for refinancing in FY26. With the delay in the redemption of the NetCo bonds, this will be a positive surprise to our projections (previously assumed that the bonds will be redeemed at the end of 1Q26) and will continue to contribute coupons of c.SGD11mn per annum.

We reiterate our BUY recommendation with a TP of SGD2.60.

Target Price & Ratings History - Keppel DC REIT (KDCREIT_SP_Equity)



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	27 Jul'25	2.32	2.60	BUY

Source: DBS
Analyst: Dale Lai

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HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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*Share price appreciation + dividends

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