

# Keppel DC REIT Annual General Meeting

17 April 2018



# Important Notice

The past performance of Keppel DC REIT is not necessarily indicative of its future performance. Certain statements made in this presentation 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.

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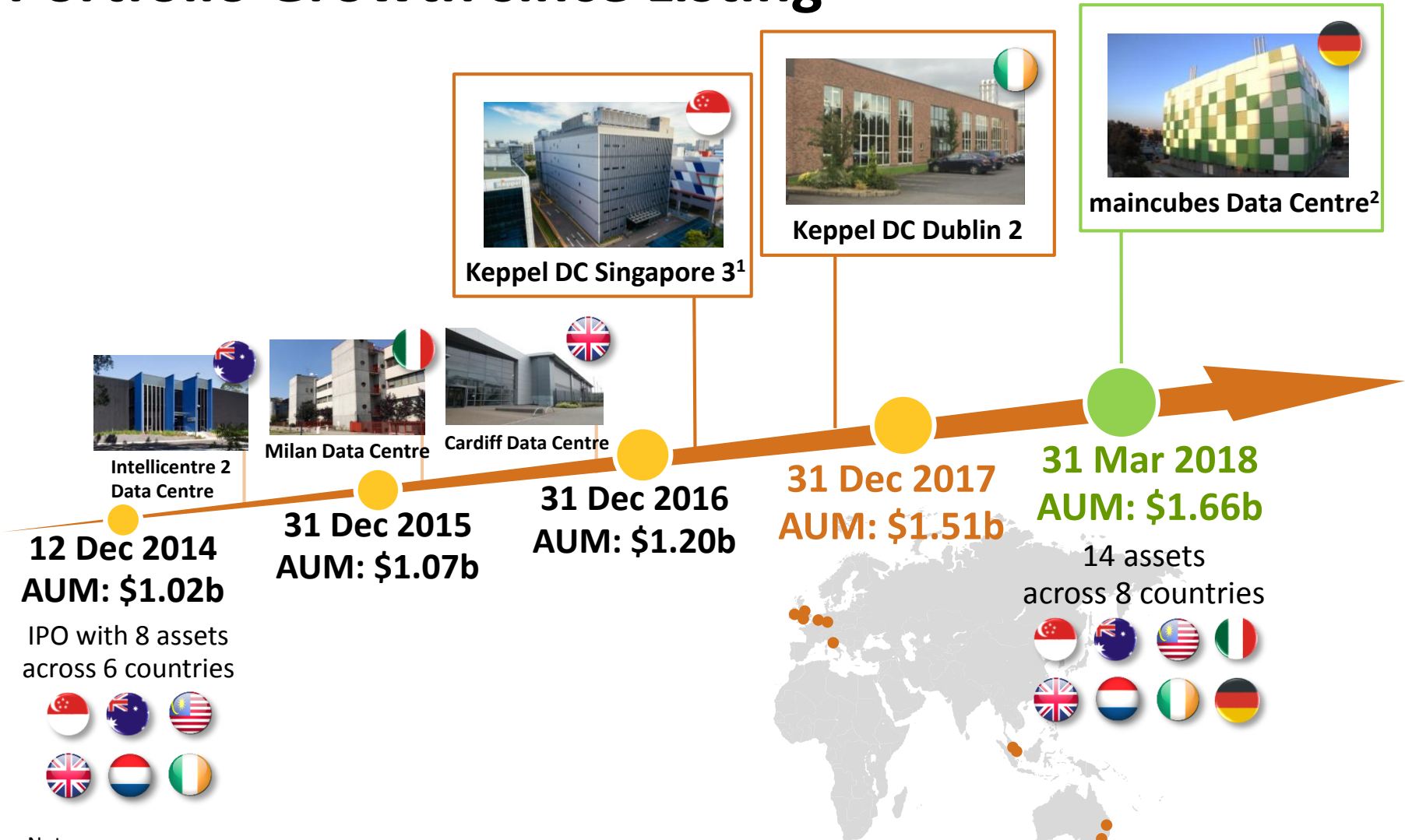
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market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



**Keppel DC REIT**

**Key Highlights**

# Portfolio Growth since Listing



**Notes:**

- (1) Acquisition of Keppel DC Singapore 3 was announced on 17 October 2016 and completed on 20 January 2017.
- (2) The forward purchase of maincubes Data Centre was announced on 28 October 2015 and completed on 30 March 2018.

# FY 2017 Key Highlights



## Delivering Sustainable Growth

DPU Declared  
**7.12 cents**  
for FY 2017

Unitholder Return  
**26.7%**  
For FY 2017



## Building Resilient Portfolio

Portfolio Occupancy  
**92.6%**  
as at 31 Dec 2017

Acquisitions  
**2 deals**  
completed in FY 2017



## Maintaining Financial Flexibility

Aggregate Leverage  
**32.1%**  
as at 31 Dec 2017

Interest Coverage  
**9.7 times**  
as at 31 Dec 2017

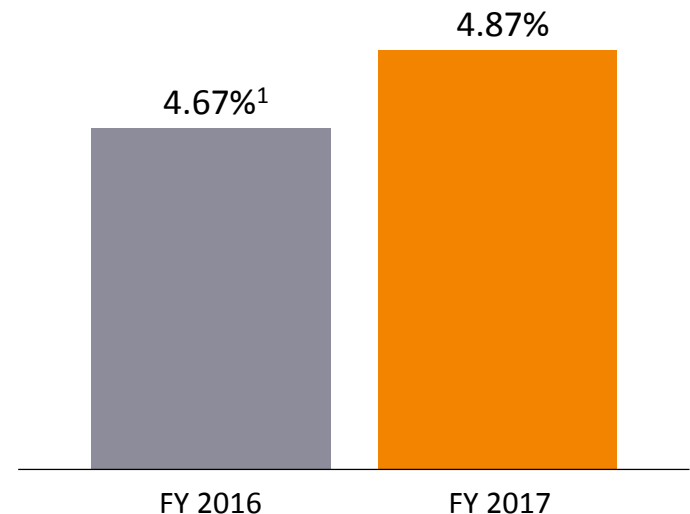
# FY 2017 Distribution

- DPU of 7.12 cents declared in FY 2017
- Adjusted DPU for FY 2017 would have been 6.97 cents, 4.3% higher than FY 2016's adjusted DPU of 6.68 cents after adjusting for:

- I. a one-off capital distribution in FY2017
- II. the impact of the pro-rata Preferential Offering in FY 2016
- III. a one-off net property tax refund recorded in FY 2016

## Adjusted distribution yield

Based on FY 2017's closing price of \$1.430 per Unit



Note:

(1) FY 2016's adjusted distribution yield was computed from FY 2016's adjusted DPU of 6.68 cents which had excluded impact from the pro-rata Preferential Offering, as well as the one-off net property tax refund in FY 2016.

**Portfolio Expansion**

# Building Resilient Portfolio

## Strengthen Foothold in Singapore



### **20 January 2017: Keppel DC Singapore 3**

- Acquisition enhances the REIT's offerings to clients in one of the key data centre hubs in Asia

## Deepen Presence in Dublin



### **12 September 2017: Keppel DC Dublin 2**

- Strengthened portfolio with the addition of second data centre in Dublin with strong client profile and long WALE



# Completion of First German Acquisition



## 30 March 2018: maincubes Data Centre

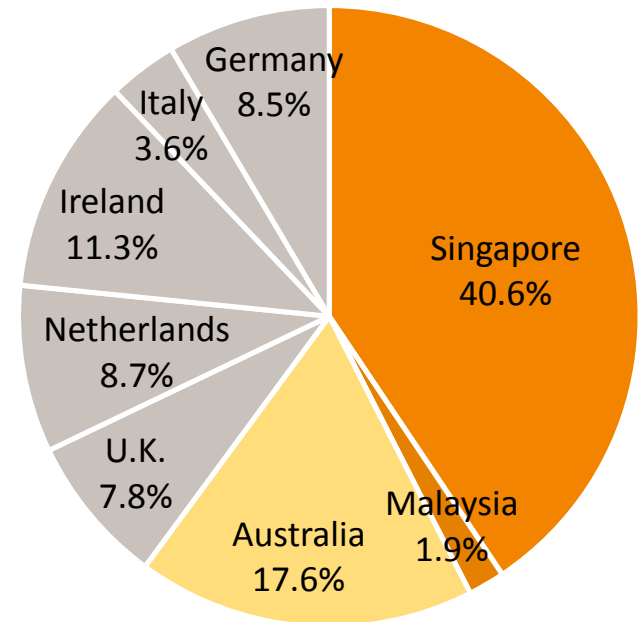
- Expansion of footprint in Europe
- Commencement of 15-year triple-net lease strengthens and diversifies the REIT's income streams

# Geographical Diversification

- Expanded portfolio provides diversified income streams and enhances sustainability

As at	31 Dec 2016	31 Dec 2017	31 Mar 2018
<b>AUM</b>	\$1.20b	\$1.51b	\$1.66b
<b>No. of assets</b>	11	13	14
<b>No. of cities</b>	9	9	10

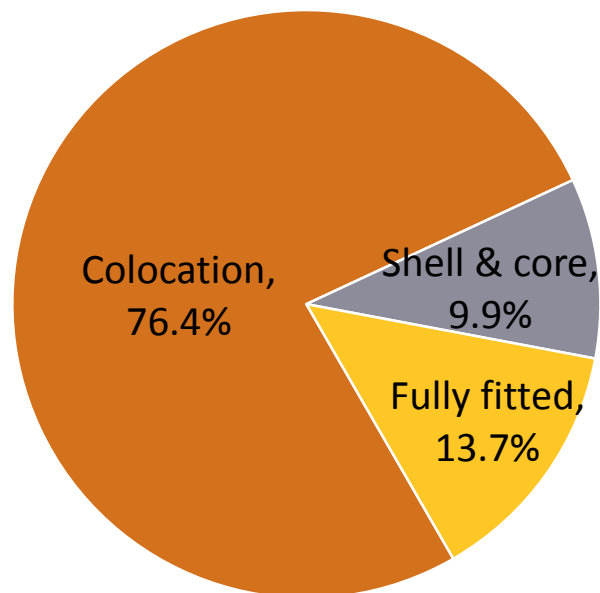
**Portfolio AUM Breakdown**  
(as at 31 March 2018)



# Diversified & Resilient Portfolio

## Rental income breakdown for the month of December 2017<sup>1</sup>

By lease type:



Income stability achieved by a mix of:

- master-leased facilities on long leases
- colocation facilities which provide diverse client profile and lease expiry

Lease Type	WALE <sup>2</sup> (years)	Ownership of Data Centre Components		
		M&E Equipment	Facility Management	Servers & Racks
Colocation	4.2	✓	✓	-
Fully fitted	10.2	✓	-	-
Shell & core	12.1	-	-	-

Notes:

(1) Based on the colocation agreements and lease agreements with clients of the Properties, treating the Keppel leases on a pass-through basis to the underlying clients.

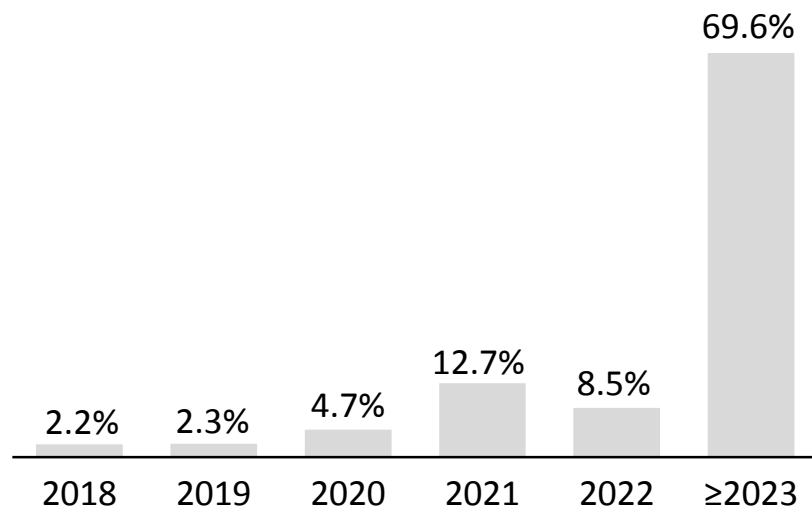
(2) By leased area as at 31 December 2017.

# Diversified & Resilient Portfolio (Cont'd)

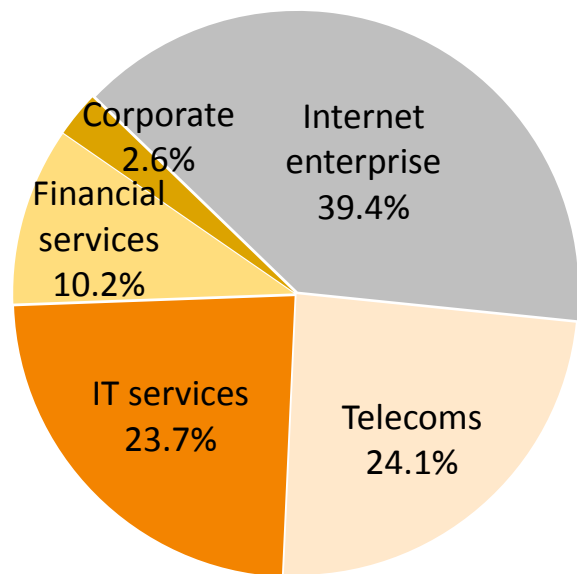
- Portfolio WALE remained long at 9.1 years while occupancy was at 92.6%
- Quality data centres that cater to the requirements of the global clientele

## Lease expiry profile (by leased area)

As at 31 December 2017



## Rental income breakdown by trade sector<sup>1</sup>



Note:

(1) For the month of December 2017. Based on the colocation agreements and lease agreements with clients of the Properties, treating the Keppel leases on a pass-through basis to the underlying clients.

The logo for Keppel DC REIT, featuring the word "Keppel" in white on a grey background, followed by "DC REIT" in orange. The background of the entire slide is a photograph of a modern office building with a prominent glass facade and blue structural elements, taken at dusk.

**Keppel DC REIT**

The text "Capital Management" is displayed in white on an orange banner at the bottom right of the slide. The banner has a decorative graphic of three white diagonal lines on its right side.

**Capital Management**

# Prudent Capital Management

## Managed interest rate exposure

- Interest rates of long-term loans substantially hedged with interest rate swaps
- Early refinanced loans due in 2018
- Diversified sources of funding with \$500 million MTN Programme established

## Mitigated impact of currency fluctuations

- Hedged forecasted foreign-sourced distribution using foreign currency forward contracts
- Adopted natural hedging



**Keppel DC REIT**

**Centres**

**Outlook**

# Positive Fundamentals

- Industry fundamentals remain intact, driven by global trends and developments that continue to propel data centre demand



## Worldwide Data<sup>1</sup>

**10x increase**

by 2025

## Data Criticality<sup>1</sup>

**20% critical;  
10% hypercritical**

by 2025

## Mobile Connectivity<sup>1</sup>

**75% of world  
population**

by 2025

Source:

(1) IDC Data Age 2025, 2017



# 1Q 2018 Updates



## Delivering Sustainable Returns

Distribution per Unit<sup>1</sup>

**1.80 cents**

for 1Q 2018

Annualised Distribution Yield

**5.00%**

based on 1Q 2018's closing price of \$1.440



## Engaging Global Clientele

Portfolio Occupancy

**93.7%**

as at 31 Mar 2018

Portfolio WALE

**9.6 years**

by leased area



## Optimising Capital Structure

Aggregate Leverage<sup>2</sup>

**37.4%**

as at 31 Mar 2018

Interest Coverage

**10.7 times**

as at 31 Mar 2018

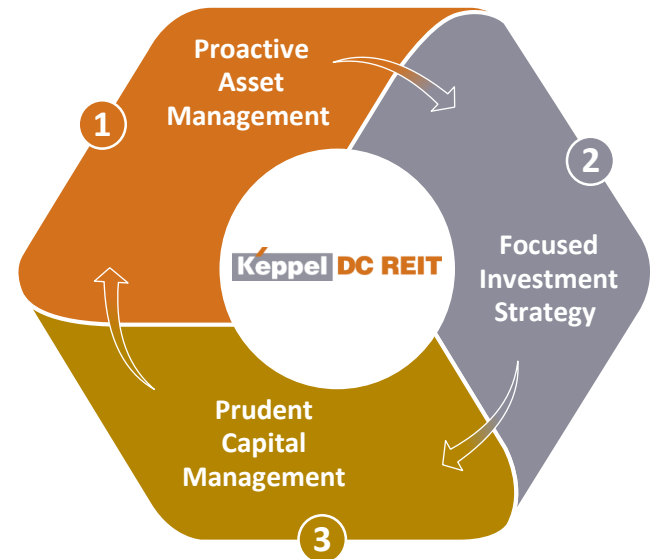
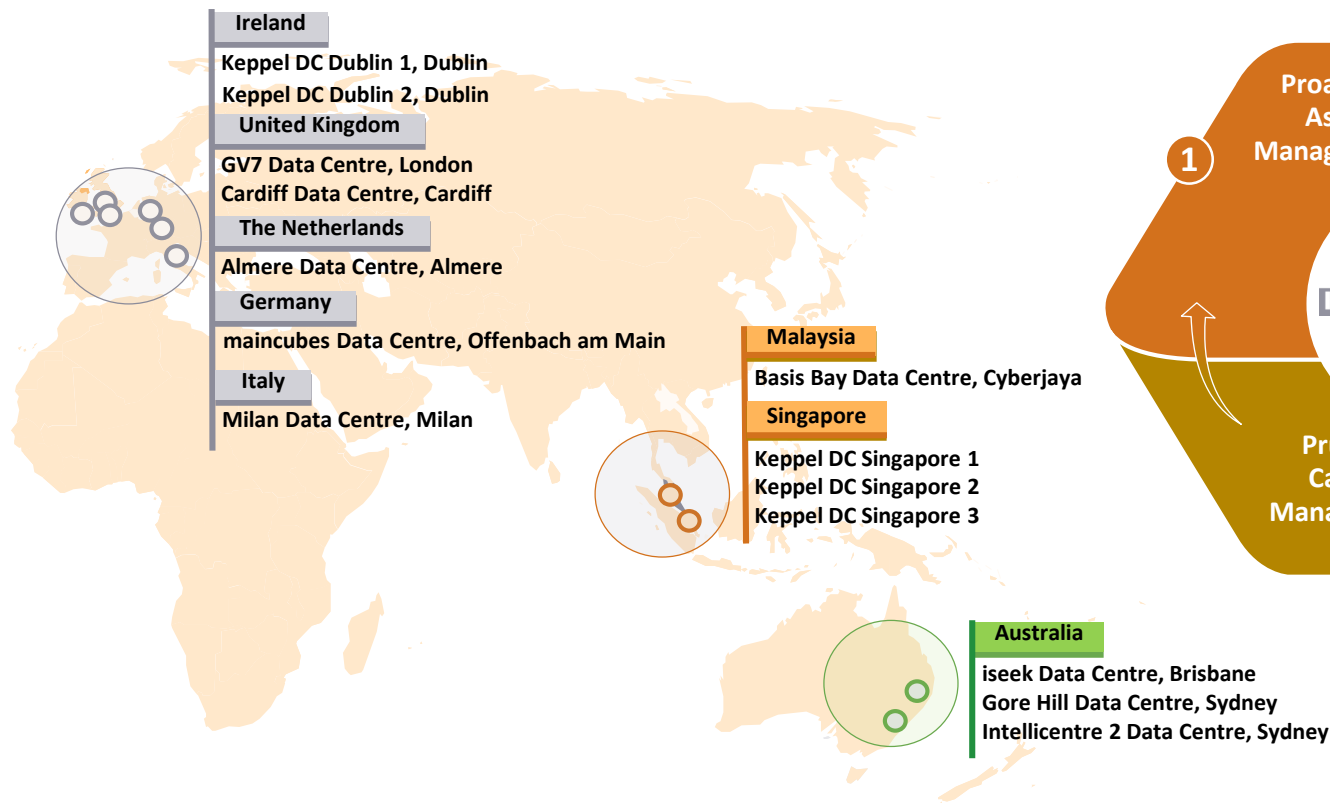
Notes:

(1) Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter ended 31 March 2018.

(2) Aggregate Leverage was computed based on gross borrowings as a percentage of the deposited properties, both of which do not take into consideration the finance lease liabilities pertaining to land rent commitments for isek Data Centre and Keppel DC Dublin 1.

# Positioned for Growth

- Focused on three-pronged strategy to tap growth potential of the data centre industry and deliver sustainable value to stakeholders



# Committed to Deliver Value



**Vision:** To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.

**Mission:** Guided by the Keppel Group's operating principles and core values, we will create value for our investors by growing a quality portfolio of data centre assets that generates sustainable returns.

**Keppel DC REIT**



**Thank you**