

Keppel DC REIT

**Fourth Quarter &
Full Year 2018
Financial Results**

22 January 2019



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.

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 presentation. 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 presentation or its contents or otherwise arising in connection with this presentation. 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.

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Key Highlights



- **Steady growth in distributable income and adjusted DPU**, increasing by 16.7% to \$96.1m and 5.0% to 7.32 cents respectively in FY 2018



- **Expanded portfolio** with acquisitions in Singapore, Australia, Germany and Ireland, increasing AUM to approximately \$2.0b as at 31 Dec 2018



- **Stable income stream** with healthy portfolio occupancy of 93.1% and long WALE of 8.3 years



- **Limited interest rate exposure** with 86% of loans substantially hedged



- **Low aggregate leverage** of 30.8% as at 31 Dec 2018 provides financial flexibility to pursue growth

Strengthened foothold in Asia-Pacific and Europe

Asia Pacific

- Acquired Keppel DC Singapore 5, largely funded by private placement of 224.0m new Units; obtained tax transparency treatment in Jan 2019
- Entered into agreement with Macquarie Telecom to construct Intellicentre 3 East Data Centre on vacant land within Intellicentre 2 Data Centre site; completion expected in 2019-2020

Europe

- Completed acquisition of maincubes Data Centre in Offenbach am Main, Germany
- Entered into agreement to acquire remaining 999-year leasehold land interest in Keppel DC Dublin 1 with expected completion in 1H 2020



Keppel DC Singapore 5

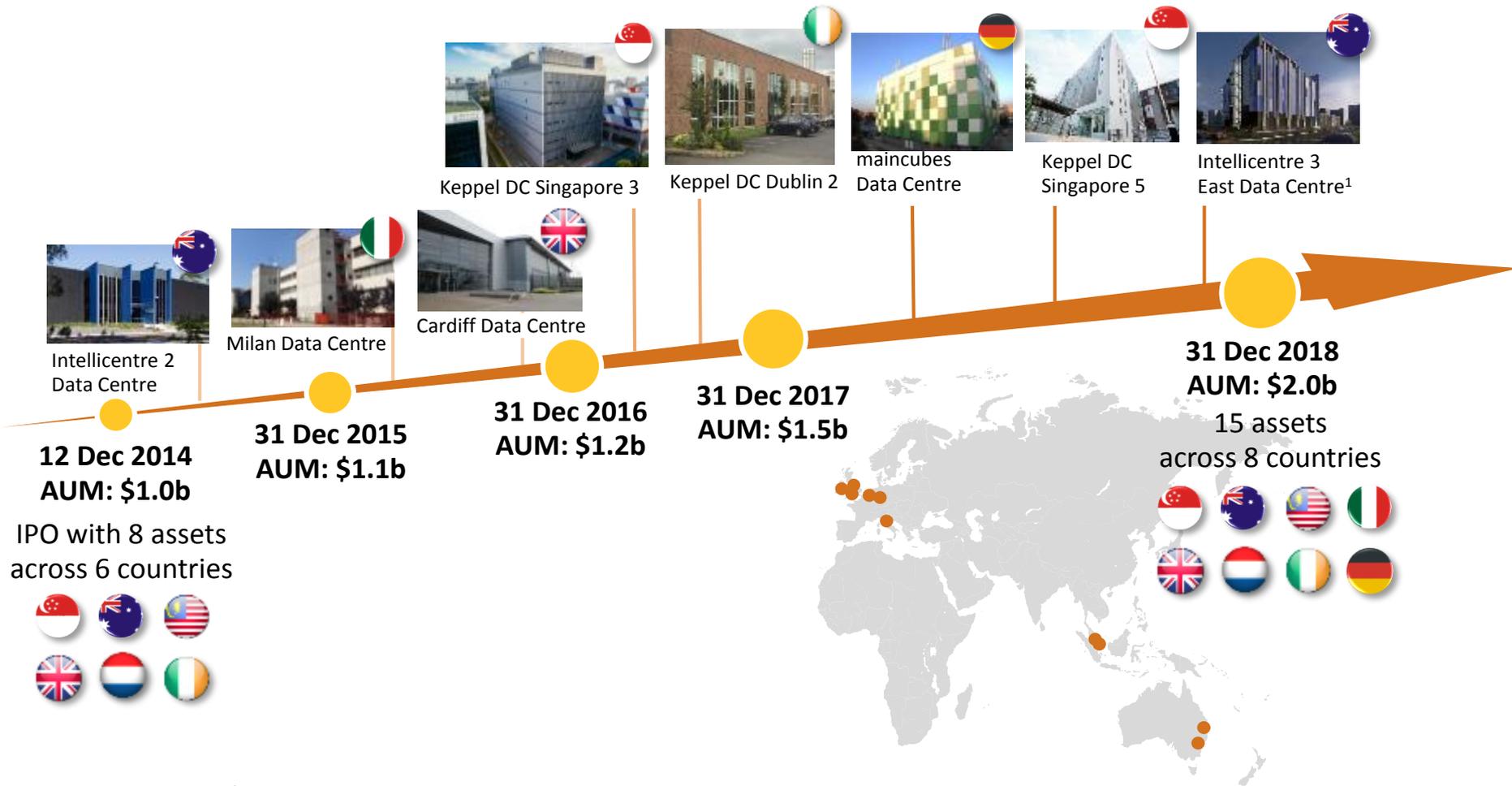


Intellicentre 3 East Data Centre



maincubes Data Centre

Portfolio Growth since Listing



(1) Not included in \$2.0b AUM as at 31 Dec 2018. Completion is expected in 2019-2020.



Distributable Income

(\$'000)	4Q 2018	4Q 2017	+ / (-) %	FY 2018	FY 2017	+ / (-) %
Distributable Income to Unitholders	26,126	20,245	+29.0	96,096	82,320	+16.7
<u>Comprising:</u>						
Gross Revenue	48,043	36,828	+30.5	175,535	139,050	+26.2
Property Expenses	(5,576)	(4,180)	+33.4	(17,862)	(13,931)	+28.2
Net Property Income	42,467	32,648	+30.1	157,673	125,119	+26.0
Distribution per Unit ^{1,2} (DPU) (cents)	1.85	1.75	+5.7	7.32	7.12	+2.8
Adjusted DPU ^{2,3} (cents)	1.85	1.75	+5.7	7.32	6.97	+5.0
Distribution Yield ^{2,4} (%)				5.42	5.27	+15 bps

(1) FY 2017 DPU included a one-off capital distribution of 0.15 cents per Unit for the month of Dec 2016 arising from the later completion of Keppel DC Singapore 3. This excludes the Capex Reserves set aside for Keppel DC Singapore 3 and Keppel DC Singapore 5.

(2) The Manager declared distributions of 3.62 cents per Unit for 1H 2018. For 2H 2018, eligible Unitholders received a distribution of 3.70 cents per Unit.

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

(4) Distribution yields were computed based on FY 2018 closing price of \$1.350.

Balance Sheet Highlights

(\$'000)	As at 31 Dec 2018	As at 31 Dec 2017	+/(-) %
Investment Properties	2,028,672	1,570,090	+29.2
Total Assets	2,252,931	1,763,282	+27.8
Gross Borrowings ¹	673,952	546,481	+23.3
Total Liabilities	776,937	646,780	+20.1
Unitholders' Funds	1,444,839	1,089,716	+32.6
Units in Issue ('000)	1,351,578	1,127,171	+19.9
Net Asset Value (NAV) per Unit (\$)	1.07	0.97	+10.3
Unit Price (Closing price of last trading day) (\$)	1.350	1.430	(5.6)
Premium to NAV (%)	+26.2	+47.4	-21.2 bps

(1) Gross borrowings relates to bank borrowings drawn down from loan facilities and the medium term note programme.

Aggregate Leverage

(\$'000)	As at 31 Dec 2018	As at 31 Dec 2017	+/(-) %
Investment Properties ¹ <i>(excluding finance lease liabilities commitments)</i>	1,995,206	1,536,321	+29.9
Deposited Properties ¹ <i>(excluding finance lease liabilities commitments)</i>	2,187,396	1,701,350	+28.6
Gross Borrowings + Deferred Payment	673,952	546,481	+23.3
Aggregate Leverage²	30.8%	32.1%	-130 bps

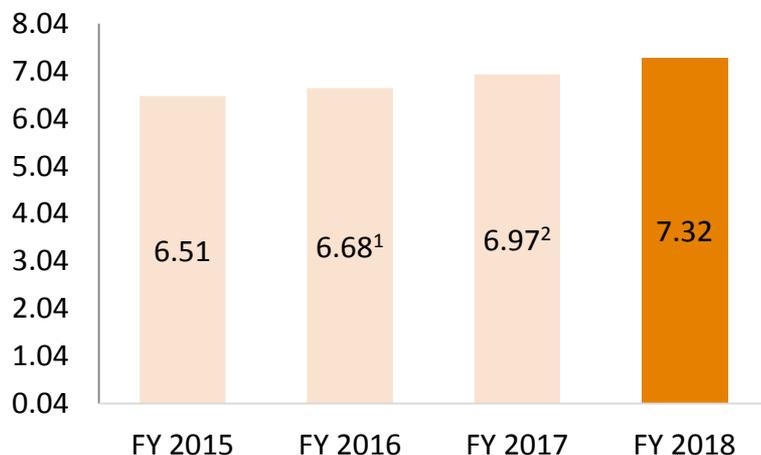
(1) Investment properties relates to carrying value and deposited properties relates to total assets as stipulated in the Property Fund Appendix in CIS Code, without considering finance lease liabilities pertaining to land rent commitments.

(2) Aggregate Leverage was computed based on gross borrowings as a percentage of the deposited properties (Note 1). Taking into consideration finance lease liabilities pertaining to land rent commitments, the Aggregate Leverage will be 31.9% (2017: 33.4%).

Distribution Declared

- DPU of 3.70 cents declared for 2H 2018, bringing FY 2018 DPU to 7.32 cents, 2.8% higher than FY 2017's DPU of 7.12 cents
- Adjusted DPU increased by 5.0%, up from 6.97 cents in FY 2017 to 7.32 cents in FY 2018

Adjusted DPU (cents)



Distribution Timetable

Key dates	
Ex-Date	Tues, 29 Jan 2019
Book Closure Date	Wed, 30 Jan 2019
Payment Date	Fri, 8 Mar 2019

(1) Exclude the impact of the pro-rata preferential offering and the one-off net property tax refund in 2016

(2) Exclude the one-off capital distribution arising from the later completion of Keppel DC Singapore 3 in 2017



Prudent Capital Management

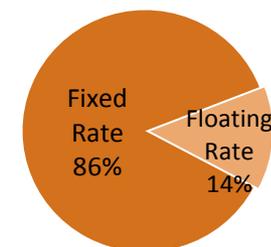
- **Managing interest rate exposure:** Interest rates of loans substantially hedged with floating-to-fixed interest rate swaps
- **Diversifying sources of funding:** Issuance of €50m floating rate notes due 2023
- **Maintaining low aggregate leverage:** Provides flexibility and a healthy debt headroom for growth

As at 31 Dec 2018	
Total debt	■ ~\$674.0m of external loans/notes (unencumbered)
Available facilities	■ ~\$140.0m of undrawn credit facilities
Aggregate Leverage¹	■ 30.8%
Average cost of debt²	■ 1.9% per annum
Debt tenor	■ 3.0 years
Interest coverage³	■ 11.4 times

- (1) 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.
- (2) Including amortisation of upfront debt financing costs and excluding finance lease charges.
- (3) Calculated as EBIT / Finance costs, where EBIT is NPI less Manager's base and performance fees, Trustee's fee and Other trust expenses. Finance costs pertain to interest expense based on total debt drawn and debt amortisation costs.

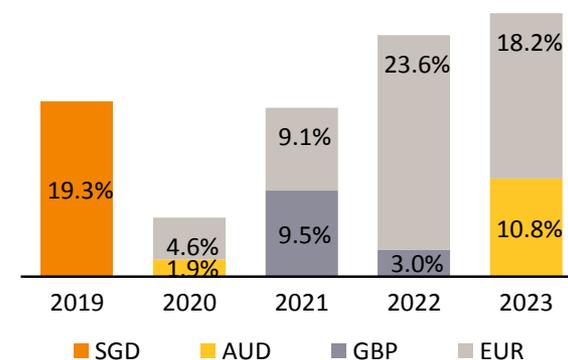
Borrowings on fixed rate

As at 31 Dec 2018



Debt maturity profile

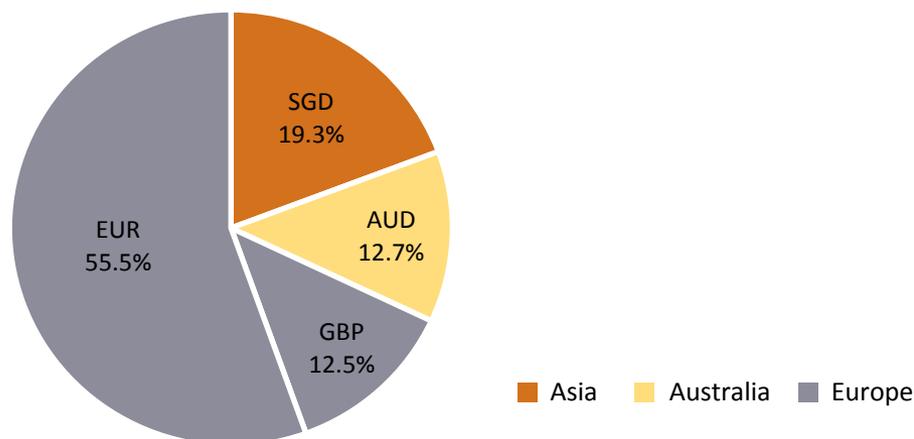
As at 31 Dec 2018



Prudent Capital Management (Cont'd)

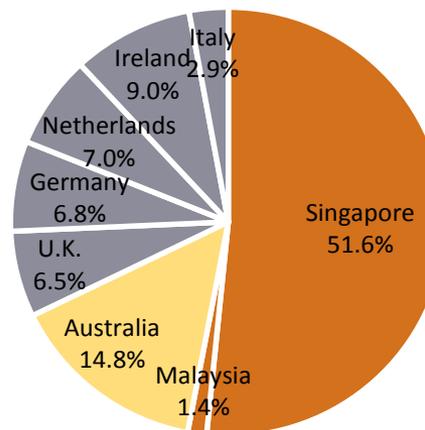
- **Mitigating impact of currency fluctuations:**
 - Hedged forecasted foreign-sourced distributions till 1H 2020 through foreign currency forward contracts
 - Adopted natural hedging by borrowing in currencies that match the corresponding investments

Debt currency breakdown
(as at 31 Dec 2018)



Total borrowings:
Approx. \$684m

Investment properties breakdown¹
(as at 31 Dec 2018)



Total carrying value:
Approx. \$2.00b

(1) Based on 100% carrying value as at 31 Dec 2018 without taking into consideration the finance lease liabilities pertaining to the land rent commitments for isek Data Centre and Keppel DC Dublin 1.

Keppel DC REIT



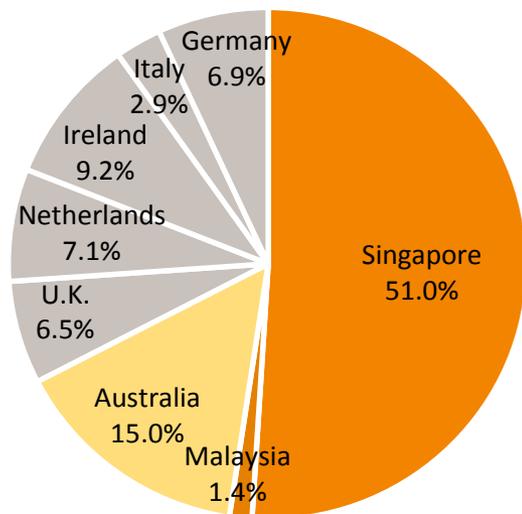
Portfolio Review

Portfolio Update

- 67.4% of portfolio in Asia Pacific and 32.6% in Europe
- Long portfolio WALE of 8.3 years and strong occupancy rate of 93.1%
- Less than 5% of the leases expiring per year until end-2020

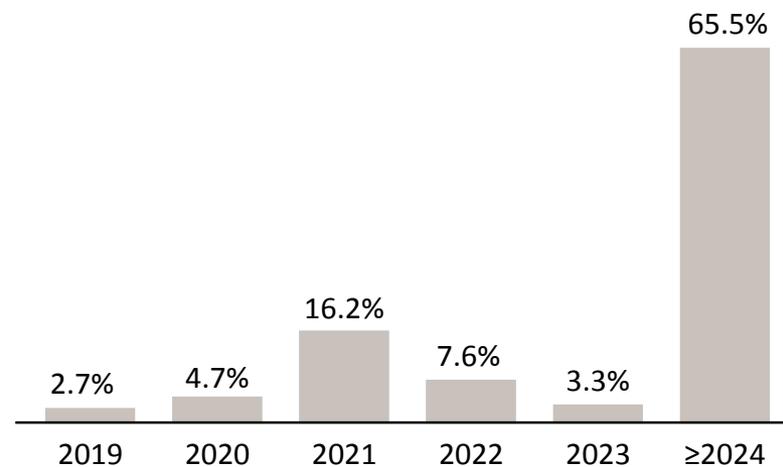
Portfolio AUM breakdown

As at 31 Dec 2018



Lease expiry profile (by leased area)

As at 31 Dec 2018

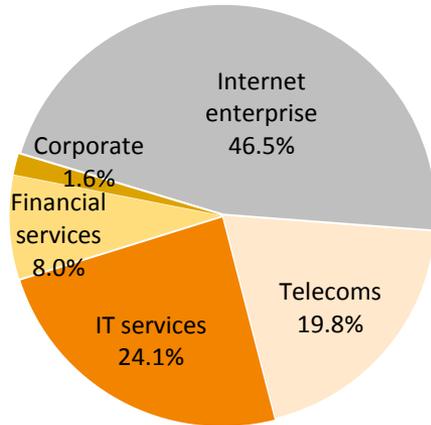


(1) Portfolio AUM is based on respective independent valuations, capital expenditures and ownership interests

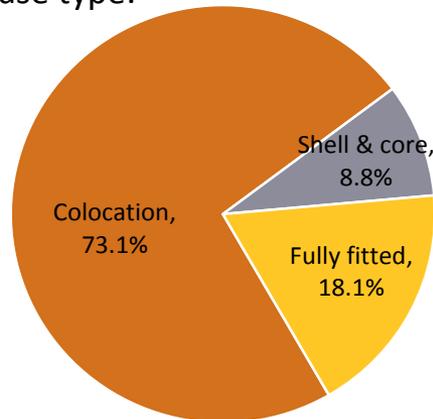
Portfolio Update (Cont'd)

Rental income breakdown for the month of Dec 2018¹

By trade sector:



By lease type:



- Quality data centres that cater to the requirements of global clientele
 - Colocation facilities provide diverse client profile and lease expiry
 - Fully fitted and shell & core facilities provide income stability with typically longer lease terms

Lease Type	Client Count	WALE ² (years)	Ownership of Data Centre Components		
			M&E Equipment	Facility Management	Servers & Racks
Colocation	Multi	3.3	✓	✓	-
Fully fitted	Single	11.2	✓	-	-
Shell & core	Single	11.1	-	-	-

(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 Dec 2018.



Sound Industry Fundamentals

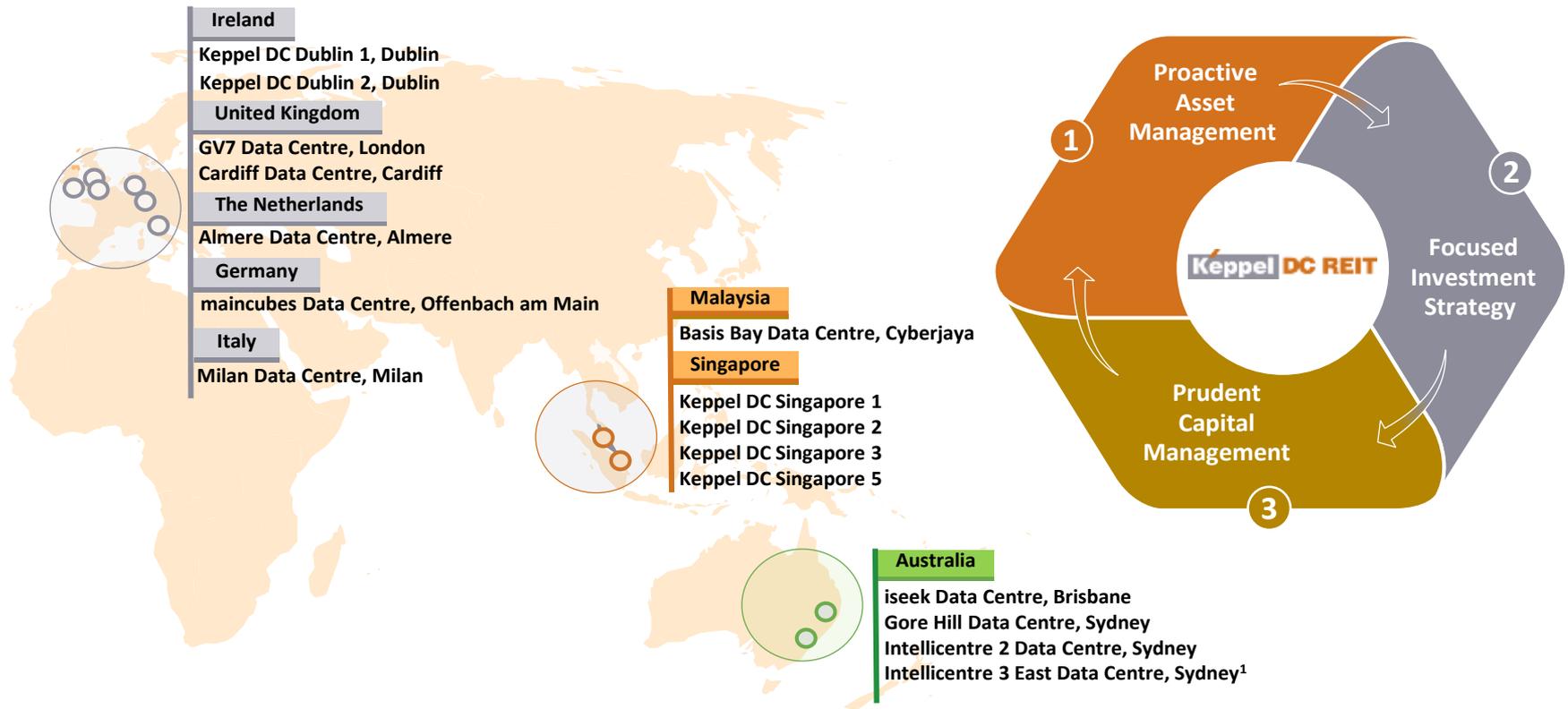
- Demand for data centre space underpinned by increasing cloud adoption, rapid digital transformation, data centre outsourcing and data sovereignty regulations
- Global cloud infrastructure market is expected to grow by 25% CAGR in 2019-2023¹
- Global co-location market is expected to grow by 15-17% in 2019¹



(1) Source: BroadGroup Consulting

Positioned for Growth

- The Manager will continue to strengthen Keppel DC REIT's presence and position it to capitalise growth opportunities in the data centre industry



(1) Construction expected to be completed in 2019-2020.

Committed to Deliver Value

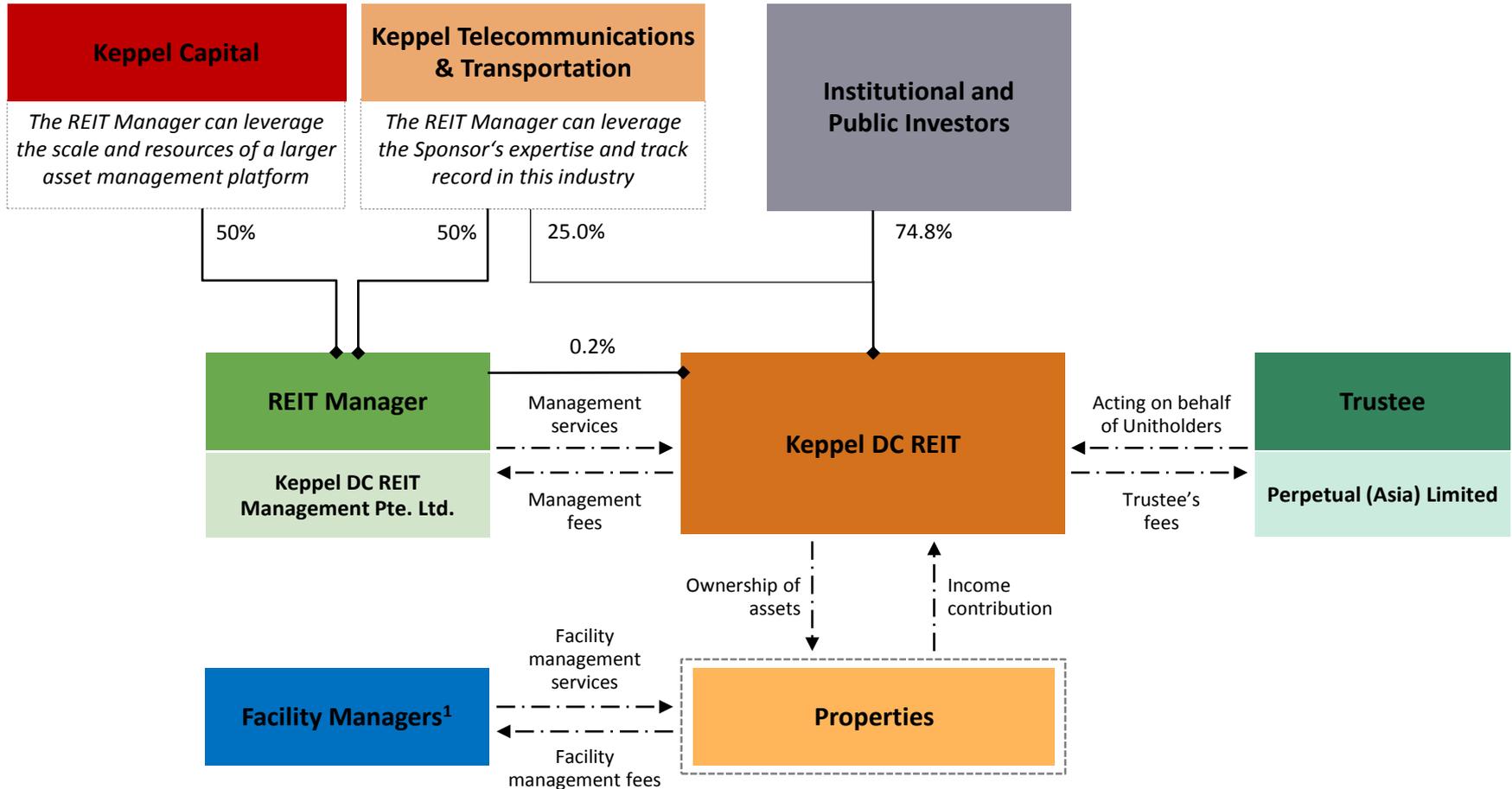


Vision: To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.

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 Structure



(1) The Facility Managers are appointed pursuant to the facility management agreements entered into for the respective properties.

Portfolio Overview (as at 31 Dec 2018)

<u>Asia Pacific</u>		Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Valuation ² (\$m)	Lease type	WALE (years)	Land lease title
	Keppel DC Singapore 1	Singapore	100%	109,721	17	86.9	287.0	Keppel lease / Colocation	3.2	Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years)
	Keppel DC Singapore 2	Singapore	100%	37,098	4	100.0	169.0	Keppel lease / Colocation	2.6	Leasehold (Expiring 31 Jul 2021, with option to extend by 30 years)
	Keppel DC Singapore 3	Singapore	90%	49,433	2	100.0	231.3	Keppel lease / Colocation	3.4	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
	Keppel DC Singapore 5	Singapore	99%	97,781	3	84.2	316.8	Keppel lease / Colocation	2.8	Leasehold (Expiring 31 Aug 2041)
	Basis Bay Data Centre	Cyberjaya, Malaysia	99%	48,193	1	63.1	27.6	Colocation	3.5	Freehold
	Gore Hill Data Centre	Sydney, Australia	100%	90,955	3	100.0	207.5	Triple-net (Shell & core) / Colocation	6.4	Freehold
	Intellicentre 2 Data Centre	Sydney, Australia	100%	87,930	1	100.0	53.9	Triple-net (Shell & core)	16.6	Freehold
	iseek Data Centre	Brisbane, Australia	100%	12,389	1	100.0	34.7	Double-net ³ (Fully fitted)	7.5	Leasehold (Expiring 29 Sep 2040, with option to extend by 7 years)
	Intellicentre 3 East Data Centre⁴ (under development)	Sydney, Australia	100%	Min. 86,000	1	100.0 ⁴	A\$26.0-A\$36.0m (development costs)	Triple-net (Shell & core)	20.0 ⁴	Freehold

1) Certain clients have signed more than one colocation arrangement using multiple entities.

2) Based on respective independent valuations and respective ownership interests as at 31 Dec 2018.

3) Keppel DC REIT has in place the iseek Lease with the client of iseek Data Centre. While the iseek Lease is called a colocation arrangement, the terms are structured as effectively equivalent to a double-net lease.

4) This development is expected to be completed between 2019 and 2020 and is excluded from the portfolio's asset under management; Facility will be fully leased to Macquarie Telecom upon completion.

Portfolio Overview (as at 31 Dec 2018) (Cont'd)

<u>Europe</u>	Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Valuation ² (\$m)	Lease type	WALE (years)	Land lease title
	Cardiff, United Kingdom	100%	79,439	1	100.0	65.4	Triple-net (Shell & core)	12.5	Freehold
	London, United Kingdom	100%	24,972	1	100.0	63.5	Triple-net (Fully fitted)	8.1	Leasehold (Expiring 28 Sep 2183)
	Almere, Netherlands	100%	118,403	1 ³	100.0	139.0	Double-net (Fully fitted)	9.7	Freehold
	Dublin, Ireland	100%	68,118	17	61.1	76.7	Colocation	1.7	Leasehold ⁴ (Expiring 11 Apr 2041)
	Dublin, Ireland	100%	25,127	4	90.7	104.8	Colocation	9.7	Leasehold (Expiring 31 Dec 2997)
	Milan, Italy	100%	165,389	1	100.0	57.3	Double-net (Shell & core)	9.0	Freehold
	Offenbach am Main, Germany	100%	97,043	1	100.0	135.5	Triple-net (Fully fitted)	14.3	Freehold

(1) Certain clients have signed more than one colocation arrangement using multiple entities.

(2) Portfolio AUM is based on respective independent valuations and respective ownership interests as at 31 Dec 2018.

(3) Keppel DC REIT, through its wholly-owned subsidiary has entered into the Ground Lease with Borchveste. With the Ground Lease in place, the lease with the underlying client becomes conceptually similar to a sub-lease, with Borchveste being (i) the leasehold client of KDCR Almere B.V. and (ii) the lessor to the underlying client.

(4) On 14 Mar 2018, Keppel DC REIT entered into a contract to acquire the remainder of the 999-year (from 1 Jan 2000) leasehold land interest in Keppel DC Dublin 1. Legal completion of the acquisition is expected in 1H 2020.

Overview of Lease Arrangements

Asia Pacific

Property	Lease Arrangement	Description	Responsibilities of Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
Keppel DC Singapore 1	Keppel lease ¹ / Colocation ³	<ul style="list-style-type: none"> Client: Pays rent Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
Keppel DC Singapore 2	Keppel lease ¹ / Colocation ³	<ul style="list-style-type: none"> Client: Pays rent Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
Keppel DC Singapore 3	Keppel lease ² / Colocation ³	<ul style="list-style-type: none"> Client: Pays rent Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
Keppel DC Singapore 5	Keppel lease ² / Colocation ³	<ul style="list-style-type: none"> Client: Pays rent; Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
Basis Bay Data Centre	Colocation ³	<ul style="list-style-type: none"> Client: Pays rent; responsible for facilities management Owner: Bears pre-agreed facilities management amount, insurance and property tax 	✓	✓	✓	✓
Gore Hill Data Centre <i>(for one client)</i>	Triple-net lease	<ul style="list-style-type: none"> Client: Pays rent and all outgoings; responsible for facilities management in their space 	-	-	-	-
Gore Hill Data Centre <i>(for two clients)</i>	Colocation Arrangement ⁴	<ul style="list-style-type: none"> Client: Pays rent Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
Intellicentre 2 Data Centre	Triple-net lease	<ul style="list-style-type: none"> Client: Pays rent and all outgoings; responsible for facilities management 	-	-	-	-
iseek Data Centre	Double-net lease ⁴	<ul style="list-style-type: none"> Client: Pays rent and all outgoings except building insurance; responsible for facilities management 	-	✓	-	✓
Intellicentre 3 East Data Centre (under development)	Triple-net lease	<ul style="list-style-type: none"> Client: Pays rent and all outgoings except building insurance and property tax; responsible for facilities management 	-	-	-	-

Overview of Lease Arrangements (Cont'd)

Europe

Property	Lease Arrangement	Description	Responsibilities of Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
Cardiff Data Centre	Triple-net lease	■ Client: Pays rent and all outgoings; responsible for facilities management	-	-	-	-
GV7 Data Centre	Triple-net lease	■ Client: Pays rent and all outgoings; responsible for facilities management	-	-	-	-
Almere Data Centre	Double-net lease	■ Client: Pays rent and all outgoings except building insurance and property tax; responsible for facilities management	✓	✓	-	-
Keppel DC Dublin 1	Colocation ^{3,6}	■ Client: Pays rent ■ Owner: Bears all expenses; responsible for facilities management	✓	✓	✓	✓
Keppel DC Dublin 2	Colocation ^{3,6}	■ Client: Pays rent ■ Owner: Bears all expenses; responsible for facilities management	✓	✓	✓	✓
Milan Data Centre	Double-net lease	■ Client: Pays rent and all outgoings except building insurance and property tax; responsible for facilities management	✓	✓	-	-
maincubes Data Centre	Triple-net lease	■ Client: Pays rent and all outgoings; responsible for facilities management	-	-	-	-

- (1) Refers to the leases entered into by Keppel DC REIT with the Keppel lessees (Keppel DC Singapore 1 Ltd and Keppel DC Singapore 2 Pte Ltd) in relation to Keppel DC Singapore 1 and Keppel DC Singapore 2 respectively. However, due to the pass-through nature of the Keppel leases, Keppel DC REIT will substantially enjoy the benefits and assume the liabilities of the underlying colocation arrangements between Keppel lessees and the underlying clients.
- (2) Refers to the lease entered into by Keppel DC Singapore 3 LLP and Keppel DC Singapore 5 Pte Ltd with the Keppel lessee (Keppel DCS3 Services Pte Ltd) in relation to Keppel DC Singapore 3 and Keppel DC Singapore 5 respectively. However, due to the pass-through nature of the Keppel lease, Keppel DC REIT will substantially enjoy the benefits and assume the liabilities of the underlying colocation arrangement between Keppel lessee and the underlying client.
- (3) Colocation arrangements are typically entered into by end-clients who utilise colocation space for the installation of their servers and other mission critical IT equipment. Keppel DC REIT is usually responsible for facilities management in respect of such colocation arrangements, except in the case of Basis Bay Data Centre where the client is responsible for facilities management.
- (4) Keppel DC REIT has in place the isek Lease with the client of isek Data Centre. While the isek Lease is called a colocation arrangement, the terms thereof are structured as effectively equivalent to a double-net lease.
- (5) This development is expected to be completed in 2019-2020 and is excluded from the portfolio's asset under management; Facility will be leased to Macquarie Telecom upon completion
- (6) Keppel DC REIT has in place colocation arrangements with the clients of Keppel DC Dublin 1 and Keppel DC Dublin 2.

Thank you.