

**Third Quarter &  
Nine Months 2018  
Financial Results**

16 October 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.

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.

# Content

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- Additional Information



**Key Highlights**

# Key Highlights



DPU<sup>1</sup>

**5.47 cents**

for 9M 2018

Annualised Distribution Yield

**5.32%**

based on 3Q 2018's  
closing price of \$1.370



Portfolio Occupancy

**93.1%**

as at 30 Sep 2018

Portfolio WALE

**8.5 years**

by leased area



Aggregate Leverage<sup>2</sup>

**32.0%**

as at 30 Sep 2018

Interest Coverage

**11.2 times**

as at 30 Sep 2018

(1) Keppel DC REIT declares distributions on a half-yearly basis. Keppel DC REIT has distributed 3.62 cents per Unit for the first half of 2018. No distribution has been declared for the quarter ended 30 September 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 Iseek Data Centre and Keppel DC Dublin 1.



# Distributable Income

(\$'000)	3Q 2018	3Q 2017	+ / (-) %	9M 2018	9M 2017	+ / (-) %
<b>Distributable Income to Unitholders</b>	<b>26,024</b>	<b>20,179</b>	<b>+29.0</b>	<b>69,970</b>	<b>62,075</b>	<b>+12.7</b>
<u>Comprising:</u>						
Gross Revenue	47,557	35,483	+34.0	127,492	102,222	+24.7
Property Expenses	(4,514)	(3,219)	+40.2	(12,286)	(9,751)	+26.0
Net Property Income	43,043	32,264	+33.4	115,206	92,471	+24.6
Distribution per Unit <sup>1,2</sup> (DPU) (cents)	1.85	1.74	+6.3	5.47	5.37	+1.9
<b>Adjusted DPU<sup>2,3</sup> (cents)</b>	<b>1.85</b>	<b>1.74</b>	<b>+6.3</b>	<b>5.47</b>	<b>5.22</b>	<b>+4.8</b>
Annualised Distribution Yield <sup>2,4</sup> (%)				5.32	5.19	+13 bps
<b>Adjusted Annualised Distribution Yield<sup>3,4</sup> (%)</b>				<b>5.32</b>	<b>5.08</b>	<b>+24 bps</b>

- (1) 9M 2017 DPU included a one-off capital distribution of approximately 0.15 cents per Unit for the month of December 2016 arising from the later completion of KDC SGP 3. This excludes an amount of capital expenditure that has been set aside for Keppel DC Singapore 3 and Keppel DC Singapore 5 (Capex Reserves).
- (2) The Manager declared distributions to eligible Unitholders of (i) 2.77 cents per unit for the period from 1 January to 15 May 2018 in connection with the private placement launched on 7 May 2018 and (ii) 0.85 cents per Unit for the period from 16 May to 30 June 2018. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter ended 30 September 2018.
- (3) Excluding the one-off capital distribution of approximately 0.15 cents per Unit recorded in 1Q 2017, the adjusted DPU for 9M 2017 would be 5.22 cents.
- (4) Distribution yields were annualised by quarters and computed based on 3Q 2018 closing price of \$1.370.

# Balance Sheet Highlights

(\$'000)	As at 30 Sep 2018	As at 31 Dec 2017	+ / (-) %
Investment Properties	1,999,991	1,570,090	+27.4
Total Assets	2,199,543	1,763,282	+24.7
Gross Borrowings <sup>1</sup>	682,882	546,481	+25.0
Total Liabilities	789,748	646,780	+22.1
<b>Unitholders' Funds</b>	<b>1,381,587</b>	<b>1,089,716</b>	<b>+26.8</b>
Units in Issue ('000)	1,351,395	1,127,171	+19.9
Net Asset Value (NAV) per Unit (\$)	1.02	0.97	+5.2
Unit Price (Closing price of last trading day) (\$)	1.370	1.430	(4.2)
<b>Premium to NAV (%)</b>	<b>+34.3</b>	<b>+47.4</b>	<b>-13.1 pp</b>

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

# Aggregate Leverage

(\$'000)	As at 30 Sep 2018	As at 31 Dec 2017	+/(-) %
Investment Properties <sup>1</sup> <i>(excluding finance lease liabilities commitments)</i>	1,966,222	1,536,321	+28.0
Deposited Properties <sup>1</sup> <i>(excluding finance lease liabilities commitments)</i>	2,134,918	1,701,350	+25.5
Gross Borrowings + Deferred Payment	682,882	546,481	+25.0
<b>Aggregate Leverage<sup>2</sup></b>	<b>32.0%</b>	<b>32.1%</b>	<b>-10bps</b>

(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 33.1% (2017: 33.4%).



# Prudent Capital Management

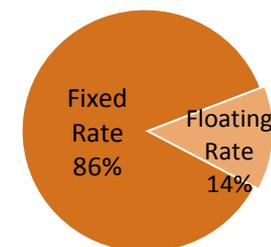
- **Managing interest rate exposure:** Interest rates of loans substantially hedged with floating-to-fixed interest rate swaps
- **Diversifying sources of funding:** Issuance of €50 million floating rate notes due 2023
- **Maintaining low aggregate leverage:** Provides a healthy debt headroom for growth

As at 30 Sep 2018	
<b>Total debt</b>	■ ~\$682.9m of external loans/notes (unencumbered)
<b>Available facilities</b>	■ ~\$133.6m of undrawn credit facilities
<b>Aggregate Leverage<sup>1</sup></b>	■ 32.0%
<b>Average cost of debt<sup>2</sup></b>	■ 1.9% per annum
<b>Debt tenor</b>	■ 3.3 years
<b>Interest coverage<sup>3</sup></b>	■ 11.2 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.

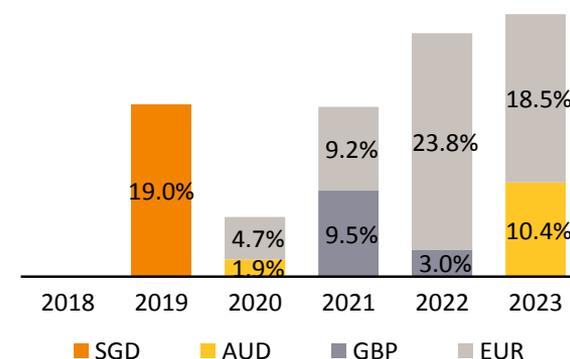
## Borrowings on fixed rate

As at 30 Sep 2018



## Debt maturity profile

As at 30 Sep 2018

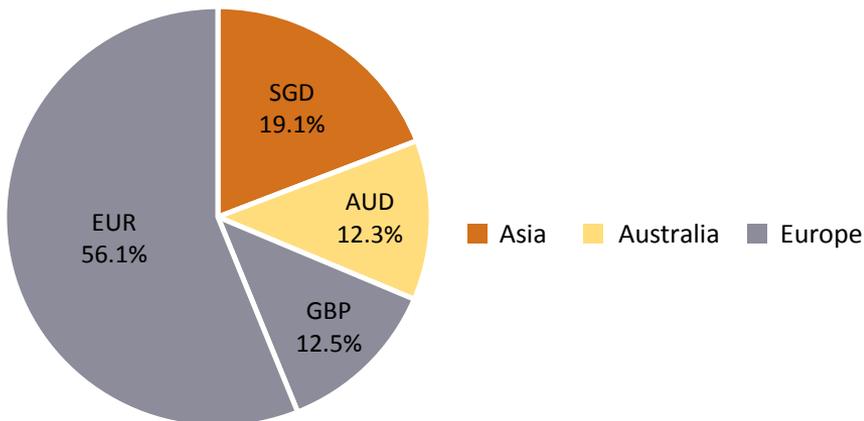


# Prudent Capital Management (Cont'd)

## ■ Mitigating impact of currency fluctuations:

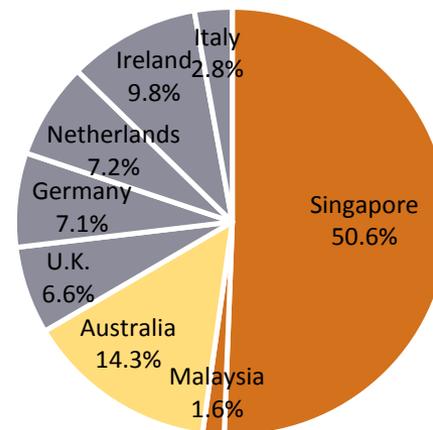
- Hedged forecasted foreign-sourced distributions till 1H 2020 through foreign currency forward contracts
- Adopted natural hedging by borrowing in currencies that match the corresponding investments

**Debt currency breakdown**  
(as at 30 Sep 2018)



**Total borrowings:**  
Approx. \$683m

**Investment properties breakdown<sup>1</sup>**  
(as at 30 Sep 2018)



**Total carrying value:**  
Approx. \$1.97b

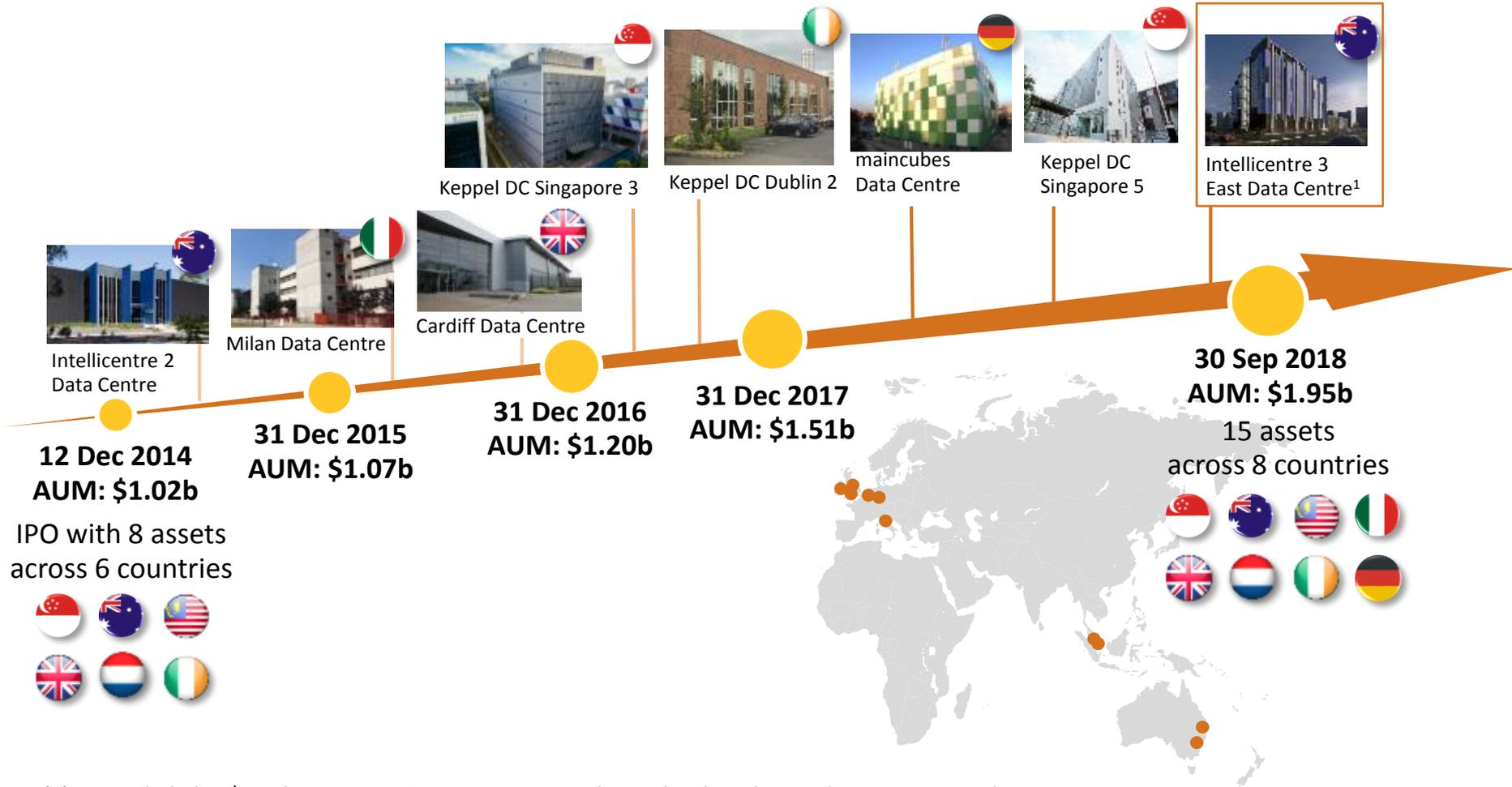
(1) Based on 100% carrying value as at 30 Sep 2018 without taking into consideration the finance lease liabilities pertaining to the land rent commitments for isek Data Centre and Keppel DC Dublin 1.

**Keppel DC REIT**



**Portfolio Review**

# Portfolio Growth since Listing



(1) Not included in \$1.95b AUM as at 30 Sep 2018 as it is being developed. Completion is expected in 2019-2020.

# Expand Footprint in Sydney, Australia

- Entered into agreement with Macquarie Telecom (MT) to construct Intellicentre 3 East Data Centre (IC3 East DC) on vacant land within Intellicentre 2 Data Centre (IC2 DC) site



Development of IC3 East DC will be undertaken by Macquarie Telecom, the master lessee of IC2 DC

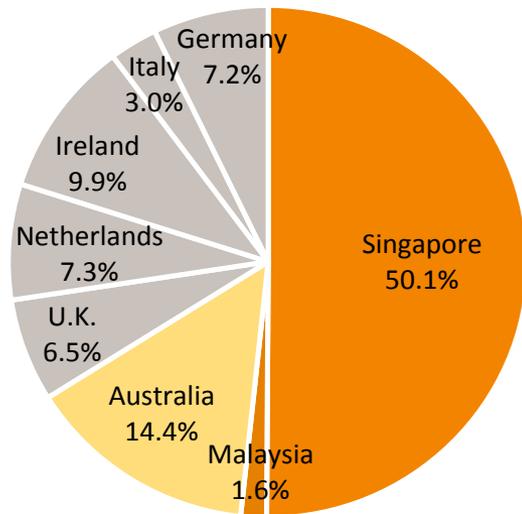
- Expected to be DPU-accretive
- Payment for the shell and core data centre will be made at development completion
- Completion expected in 2019-2020
- New 20-year triple net master lease with MT incorporating both IC2 DC and IC3 East DC will commence upon development completion

# Portfolio Update

- 66.1% of portfolio in Asia Pacific and 33.9% in Europe
- Long portfolio WALE of 8.5 years and strong occupancy rate of 93.1%
- Less than 5% of the leases expiring per year until end-2020

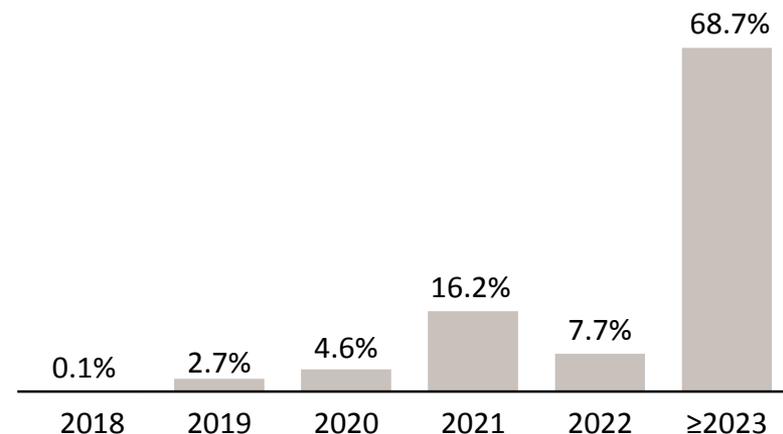
## Portfolio AUM<sup>1</sup> breakdown

As at 30 Sep 2018



## Lease expiry profile (by leased area)

As at 30 Sep 2018

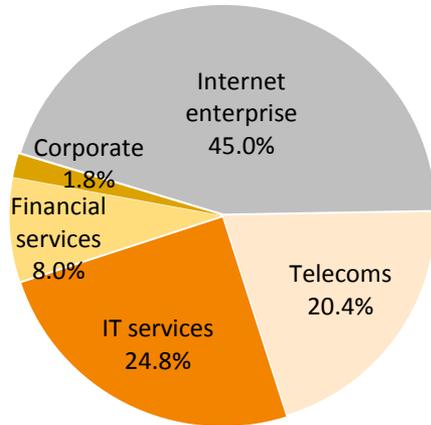


(1) Portfolio AUM is based on respective independent valuations, capital expenditures and ownership interests, except for maincubes Data Centre which is derived from a forward purchase price of €84 million, and Keppel DC Singapore 5 which is derived from an agreed value of \$295.1 million.

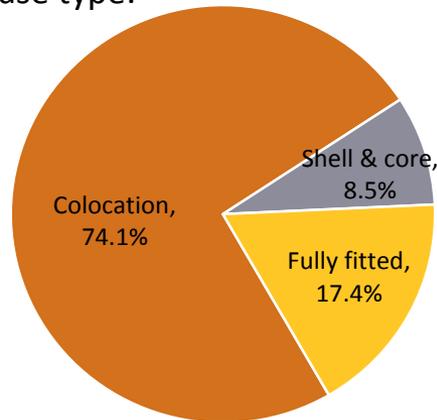
# Portfolio Update (Cont'd)

## Rental income breakdown for the month of Sep 2018<sup>1</sup>

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 <sup>2</sup> (years)	Ownership of Data Centre Components		
			M&E Equipment	Facility Management	Servers & Racks
Colocation	Multi	3.5	✓	✓	-
Fully fitted	Single	11.4	✓	-	-
Shell & core	Single	11.4	-	-	-

(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 30 Sep 2018.



# Sound Industry Fundamentals

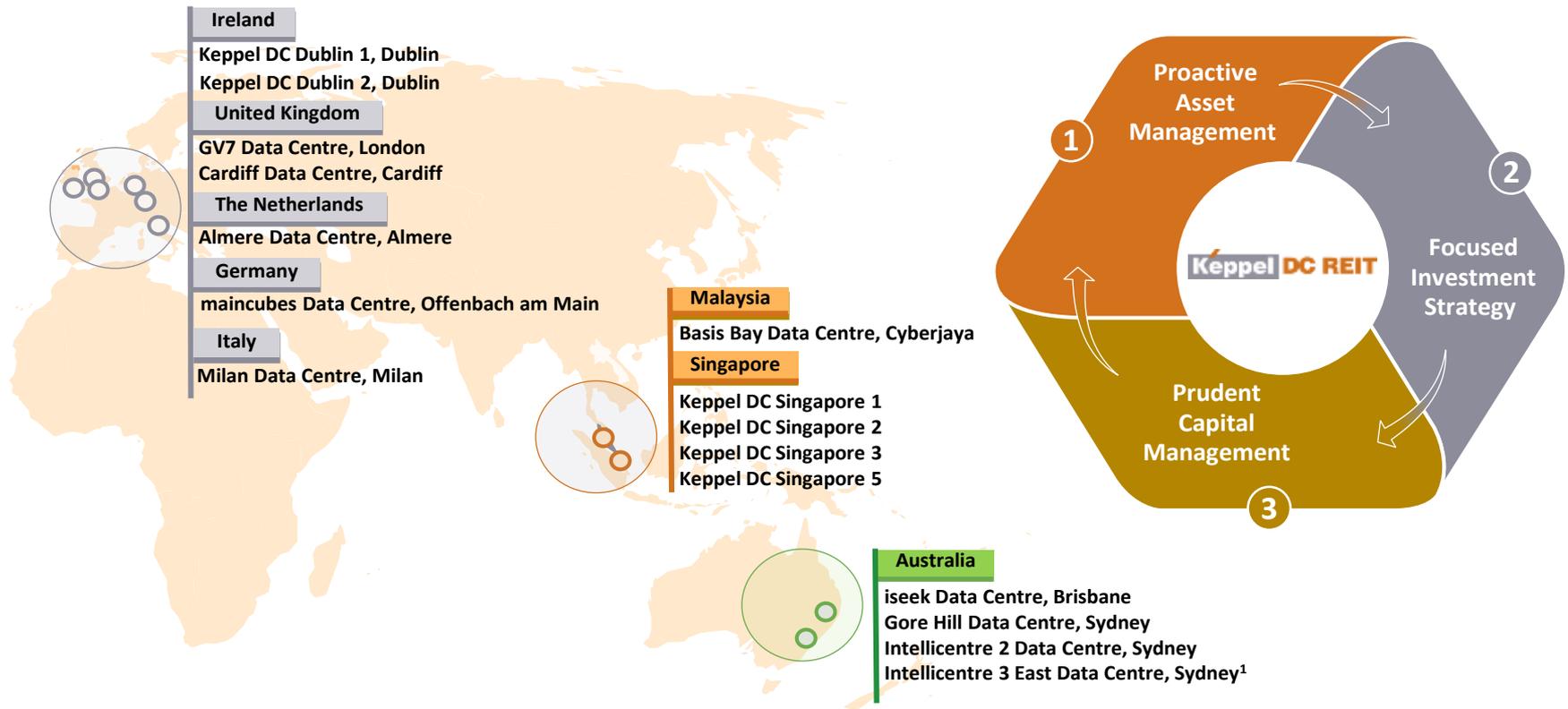
- Demand for data centre space underpinned by increasing digitalisation and cloud adoption, data centre outsourcing, and data sovereignty regulations
- Many hyperscale cloud players are only about a third of the way through their planned data centre build-outs<sup>1</sup>, signalling strong potential requirements for data centre space



(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

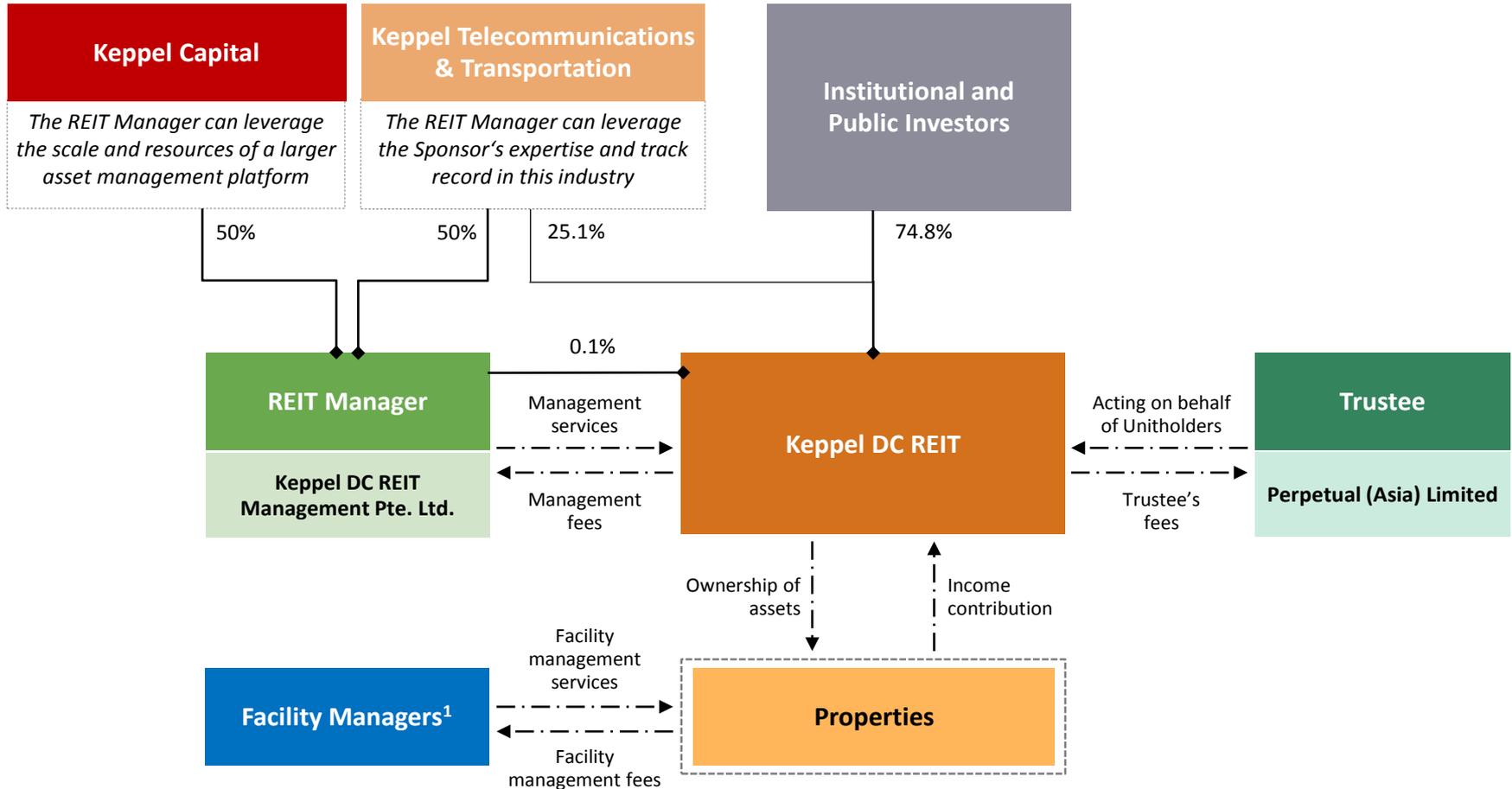


**Vision:** To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.

**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 30 Sep 2018)

<u>Asia Pacific</u>		Location	Interest	Attributable lettable area (sq ft)	No. of clients <sup>1</sup>	Occupancy rate (%)	Valuation <sup>2</sup> (\$m)	Lease type	WALE (years)	Land lease title
	<b>Keppel DC Singapore 1</b>	Singapore	100%	109,721	16	86.6	286.0	Keppel lease / Colocation	3.5	Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years)
	<b>Keppel DC Singapore 2</b>	Singapore	100%	37,098	4	100.0	166.0	Keppel lease / Colocation	2.8	Leasehold (Expiring 31 Jul 2021, with option to extend by 30 years)
	<b>Keppel DC Singapore 3</b>	Singapore	90%	49,433	2	100.0	223.5	Keppel lease / Colocation	3.7	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
	<b>Keppel DC Singapore 5</b>	Singapore	99%	97,781	3	84.2	316.8	Keppel lease / Colocation	3.1	Leasehold (Expiring 31 Aug 2041)
	<b>Basis Bay Data Centre</b>	Cyberjaya, Malaysia	99%	48,193	1	63.1	31.4	Colocation	3.7	Freehold
	<b>Gore Hill Data Centre</b>	Sydney, Australia	100%	90,955	3	100.0	197.3	Triple-net (Shell & core) / Colocation	6.6	Freehold
	<b>Intellicentre 2 Data Centre</b>	Sydney, Australia	100%	87,930	1	100.0	49.6	Triple-net (Shell & core)	16.9	Freehold
	<b>iseek Data Centre</b>	Brisbane, Australia	100%	12,389	1	100.0	33.1	Double-net <sup>3</sup> (Fully fitted)	7.7	Leasehold (Expiring 29 Sep 2040, with option to extend by 7 years)
	<b>Intellicentre 3 East Data Centre<sup>4</sup> (under development)</b>	Sydney, Australia	100%	Min. 86,000	1	100.0 <sup>4</sup>	A\$26.0-A\$36.0m (purchase price)	Triple-net (Shell & core)	20.0 <sup>4</sup>	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 December 2017, except for Keppel DC Singapore 5's independent valuation which was as at 2 May 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 30 Sep 2018) (Cont'd)

<u>Europe</u>	Location	Interest	Attributable lettable area (sq ft)	No. of clients <sup>1</sup>	Occupancy rate (%)	Valuation <sup>2</sup> (\$m)	Lease type	WALE (years)	Land lease title
	Cardiff, United Kingdom	100%	79,439	1	100.0	60.4	Triple-net (Shell & core)	12.7	Freehold
	London, United Kingdom	100%	24,972	1	100.0	66.7	Triple-net (Fully fitted)	8.4	Leasehold (Expiring 28 Sep 2183)
	Almere, Netherlands	100%	118,403	1 <sup>3</sup>	100.0	142.4	Double-net (Fully fitted)	9.9	Freehold
	Dublin, Ireland	100%	68,118	16	61.0	76.6	Colocation	1.9	Leasehold <sup>4</sup> (Expiring 11 Apr 2041)
	Dublin, Ireland	100%	25,127	4	90.7	108.1	Colocation	9.9	Leasehold (Expiring 31 Dec 2997)
	Milan, Italy	100%	165,389	1	100.0	58.1	Double-net (Shell & core)	9.3	Freehold
	Offenbach am Main, Germany	100%	97,043	1	100.0	133.7	Triple-net (Fully fitted)	14.5	Freehold

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

(2) maincubes Data Centre is based on initial valuation of €84 million at time of forward purchase. Remaining portfolio AUM is based on respective independent valuations and respective ownership interests as at 31 December 2017.

(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 March 2018, Keppel DC REIT entered into a contract to acquire the remainder of the 999-year (from 1 January 2000) leasehold land interest in Keppel DC Dublin 1. Legal completion of acquisition expected to take place within 3Q 2020.

# Overview of Lease Arrangements

## Asia Pacific

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

# 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 <sup>3,6</sup>	■ Client: Pays rent ■ Owner: Bears all expenses; responsible for facilities management	✓	✓	✓	✓
Keppel DC Dublin 2	Colocation <sup>3,6</sup>	■ 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 iseek Lease with the client of iseek Data Centre. While the iseek 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.**