

The logo for Keppel DC REIT, featuring the word "Keppel" in white on a grey background, followed by "DC REIT" in orange.

Keppel DC REIT

Third Quarter & Nine Months 2019 Financial Results

15 October 2019



Outline

- Key Highlights
- Financial Performance
- Capital Management
- Portfolio Update
- Outlook

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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.

Key Highlights



- **Steady y-o-y growth in distributable income and DPU**, increasing 16.9% to \$81.8m and 5.7% to 5.78 cents respectively in 9M 2019



- **Announced DPU-accretive acquisitions** of two Singapore data centres that will increase AUM by 30.2% to approximately \$2.6 billion



- **Inclusion in FTSE EPRA Nareit Global Developed Index**



- **Stable income stream** with healthy portfolio occupancy of 93.6% and long WALE of 7.7 years



- **Low aggregate leverage** of 28.9% as at 30 Sep 2019 provides comfortable debt headroom to pursue growth

Portfolio Growth since Listing



¹ Exclude Intellicentre 3 East Data Centre which is expected to be completed in 2020.

² Proposed acquisitions expected to be completed in 4Q 2019, subject to Unitholders' approval at an extraordinary general meeting to be held on 23 Oct 2019.

Strengthening Foothold in Singapore



Grow portfolio AUM by 30.2% to approx. \$2.6b



✓ DPU-accretive



✓ Greater income resilience with enlarged portfolio



✓ Stronger platform and better access to debt and equity markets for growth



99% Interest in KDC SGP 4

- Five-storey carrier-neutral and purpose-built colocation facility completed in 2017
- Occupancy rate of 92.0% with IT power fully-committed
- Two-year rental support of approx. \$8.7m
- Agreed value of \$384.9m is below Cushman & Wakefield's and Savills' valuations of approx. \$385.1m (including rental support)
- Expected completion: 4Q 2019¹



100% Interest in DC1

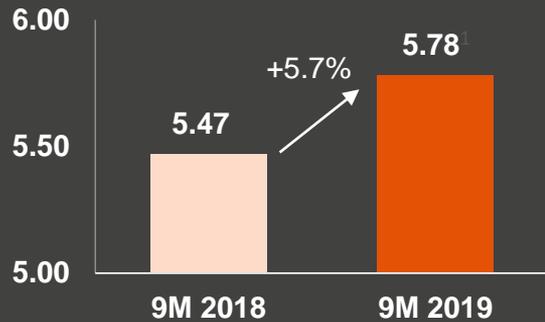
- Five-storey purpose-built facility completed in 2016
- Triple-net master lease – No capital and operating expense obligations
- Agreed value of \$200.2m is below Knight Frank's valuation of \$200.5m and Edmund Tie's \$201.5m
- Expected completion: 4Q 2019¹

¹ Proposed acquisitions expected to be completed in 4Q 2019, subject to Unitholders' approval at an extraordinary general meeting to be held on 23 Oct 2019.

Financial Performance

Distributable Income

Distribution Per Unit (cents)



Advanced Distribution

for the period from 1 July to 24 September 2019

DPU	a) Taxable Income: 1.24 cents b) Tax-exempt Income: 0.57 cents
Book Closure Date	24 Sep 2019
Payment Date	27 Nov 2019

(\$'000)	3Q 2019	3Q 2018	+ /(-) %	9M 2019	9M 2018	+ /(-) %
Distributable Income to Unitholders	27,427	26,024	5.4	81,780	69,970	16.9
Comprising						
Gross Revenue	46,354	47,557	(2.5)	141,846	127,492	11.3
Property Expenses	(4,085)	(4,514)	(9.5)	(13,088)	(12,286)	6.5
Net Property Income	42,269	43,043	(1.8)	128,758	115,206	11.8
Distribution per Unit^{1,2} (DPU) (cents)	1.93	1.85	4.3	5.78	5.47	5.7
Distribution Yield^{2,3} (%)				4.03	3.82	21 bps

- Exclude Capex Reserves set aside for Keppel DC Singapore 3 and Keppel DC Singapore 5.
- Manager has declared an advanced distribution of 1.81 cents per Unit to eligible Unitholders for the period from 1 July to 24 September 2019 in connection with the private placement launched on 16 September 2019. Keppel DC REIT declares distributions on a half-yearly basis. The next distribution will be for the period from 25 September to 31 December 2019. Semi-annual distributions will resume thereafter.
- Annualised distribution yields were computed based on 3Q 2019 closing price of \$1.910.

Balance Sheet Highlights

(\$'000)	As at 30 Sep 2019	As at 31 Dec 2018	+/(-) %
Investment Properties	2,025,693	2,028,672	(0.1)
Total Assets	2,470,882	2,259,144	+9.4
Gross Borrowings ¹	695,754	673,952	+3.2
Total Liabilities	823,011	783,150	+5.1
Unitholders' Funds	1,616,400	1,444,839	+11.9
Units in Issue ('000)	1,487,282	1,351,578	+10.0
Net Asset Value (NAV) per Unit (\$)	1.09	1.07	+1.9
Unit Price (Closing price of last trading day) (\$)	1.910	1.350	+41.5
Premium to NAV (%)	+75.2	+26.2	+49 pp

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

Aggregate Leverage

(\$'000)	As at 30 Sep 2019	As at 31 Dec 2018	+ /(-) %
Investment Properties¹ <i>(excluding lease liabilities commitments)</i>	1,993,244	1,995,206	(0.1)
Deposited Properties¹ <i>(excluding lease liabilities commitments)</i>	2,406,214	2,187,396	+10.0
Gross Borrowings + Deferred Payment	695,754	673,952	+3.2
Aggregate Leverage²	28.9%	30.8%	(190bps)

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 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 lease liabilities pertaining to land rent commitments, the Aggregate Leverage will be 29.9% (2018: 31.9%).

Capital Management

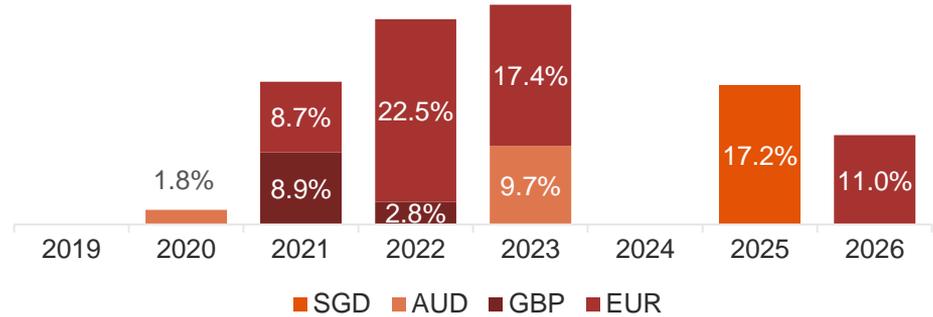
- **Refinanced Singapore dollar-denominated loan due end-2019 by 6 years to 2025**
- **Lower aggregate leverage provides healthy debt headroom for growth:**
Raised \$478.2m in gross proceeds through private placement and preferential offering of approx. 277.0m new Units
- **Diversifying sources of funding:**
Issued €50m 7-year floating rate notes due 2026

1. Computed based on gross borrowings as a percentage of deposited properties, both of which do not consider the lease liabilities pertaining to land rent commitments for iseek Data Centre and Keppel DC Dublin 1.
2. Including amortisation of upfront debt financing costs and excluding lease charges.
3. Calculated as EBIT / Finance costs. 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.

Prudent Capital Management

Debt Maturity Profile

As at 30 Sep 2019



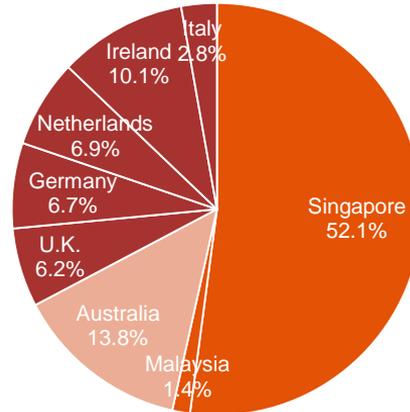
As at 30 Sep 2019

Total debt	~\$695.8m of external loans/notes (unencumbered)
Available facilities	~\$216.6m of undrawn credit facilities
Aggregate Leverage¹	28.9%
Average cost of debt²	1.7% per annum
Debt tenor	3.8 years
Interest coverage³	12.7 times

Prudent Capital Management

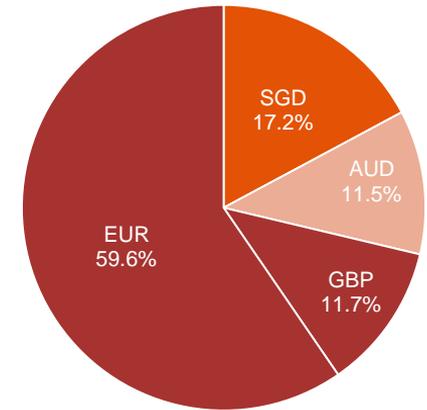
- **Managing interest rate exposure:**
80% of loans hedged with floating-to-fixed interest rate swaps
- **Mitigating impact of currency fluctuations:**
 - Hedged forecasted foreign-sourced distributions till 1H 2021 through foreign currency forward contracts
 - Adopted natural hedging by borrowing in currencies that match the corresponding investments

Investment properties breakdown¹
(as at 30 Sep 2019)



Total carrying value:
Approx. \$2.00b

Debt currency breakdown
(as at 30 Sep 2019)



Total borrowings:
Approx. \$695.8m

■ Asia ■ Australia ■ Europe

1. Based on 100% carrying value as at 30 Sep 2019 without taking into consideration the lease liabilities pertaining to the land rent commitments for isseek Data Centre and Keppel DC Dublin 1.

Portfolio Update

Diversified and Resilient Portfolio

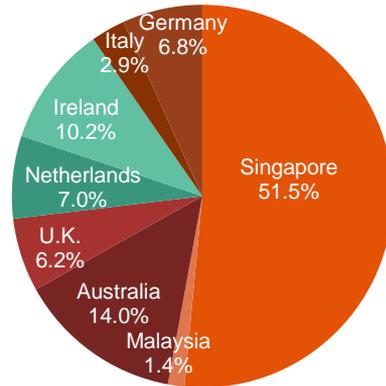
Portfolio Update

- **Keppel DC Singapore 3**
 - Retrofitting works for client's expansion completed in July 2019
- **Keppel DC Dublin 2:**
 - Completed fit-out works for client's expansion in July 2019: Occupancy rate increased to 100%
- **Keppel DC Dublin 1**
 - Asset enhancement works to improve energy efficiency on track for completion in 2020

- **66.9% of portfolio in Asia Pacific and 33.1% in Europe**

Portfolio AUM breakdown

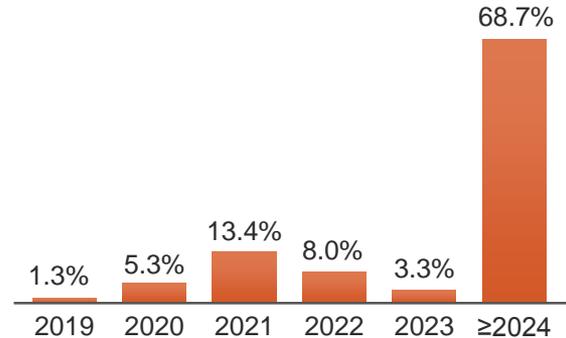
As at 30 Sep 2019



- **Healthy portfolio occupancy of 93.6% and long WALE of 7.7 years**

Lease expiry profile (by leased area)

As at 30 Sep 2019



Diversified and Resilient Portfolio

- **Quality data centres that cater to the requirements of global clientele**

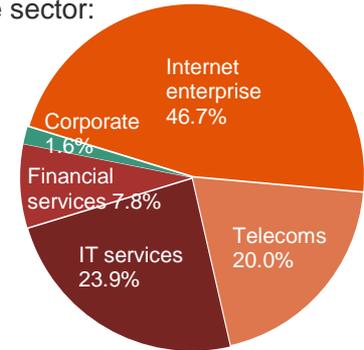
- Colocation facilities provide diverse client profile and lease expiry
- Fully-fitted and shell & core facilities provide income stability with typically longer lease terms

Lease Type	Client Count	WALE ² (years)	Ownership of Data Centre Components		
			M&E Equipment	Facility Management	Servers & Racks
Colocation	Multi	3.1	✓	✓	-
Fully-fitted	Single	10.4	✓	-	-
Shell & core	Single	10.4	-	-	-

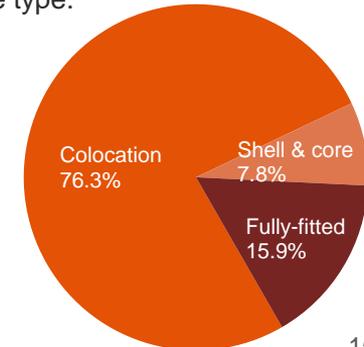
1. Based on the colocation agreements and lease agreements with clients of the properties, treating the Keppel leases on a pass-through basis to the underlying clients.
2. By leased area as at 30 Sep 2019, and does not include KDC SGP 4 and DC1.

Rental income breakdown for the month of Sep 2019¹

By trade sector:



By lease type:



Outlook



Supported by Sound Industry Fundamentals



Cloud provider spending on colocation and data center leasing grew by 17% in 1H 2019¹



Global cloud infrastructure market expected to grow by 25% CAGR in 2019-2023¹



5G connection to generate 2.6 times more traffic than the average 4G connection, and take up 12% of total mobile traffic by 2022²



Mobile data traffic expected to increase by up to 3.5 times from 2018 to 2021³



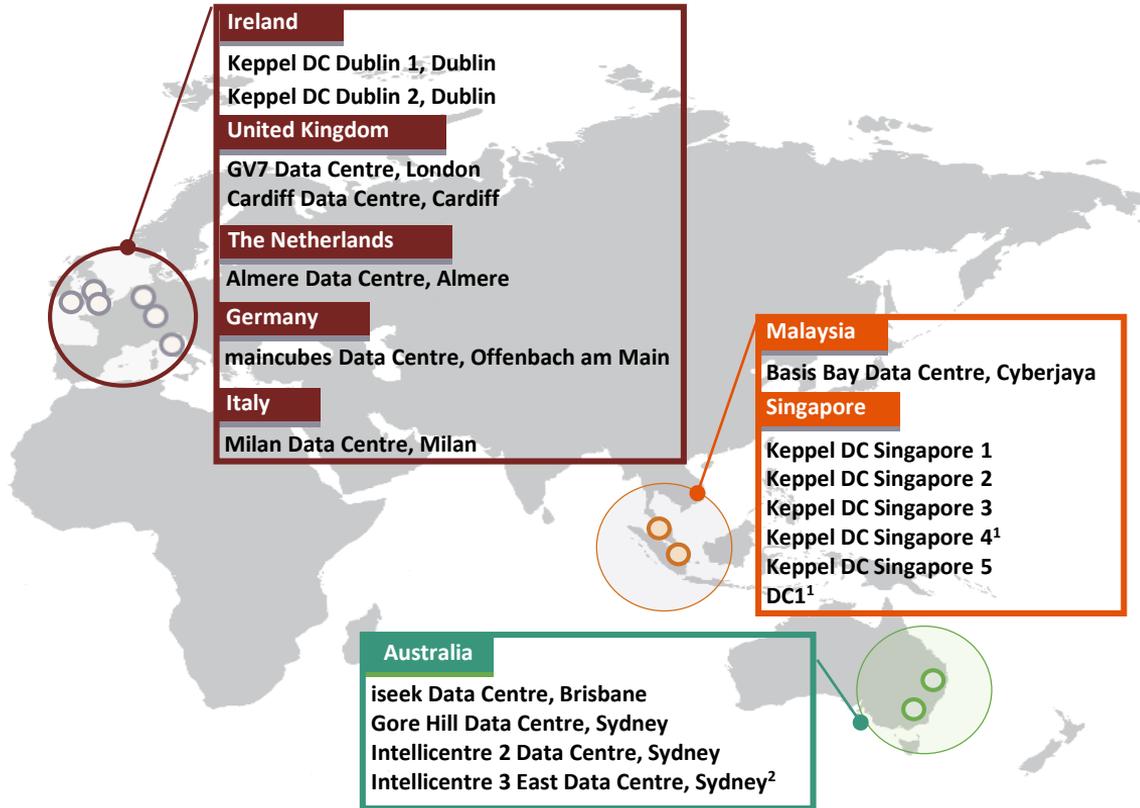
Worldwide IoT spending to grow at 13.6% CAGR between 2017 and 2024⁴



Virtual reality market expected to grow at 33% CAGR between 2018 and 2024⁵

- Data centre market supported by ongoing digitalisation and cloud deployment
- Improved connectivity as well as the development and adoption of new technologies will continue to drive the growth of data creation and fuel demand for data storage requirements in key data centre hubs globally

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



Committed to Deliver Value

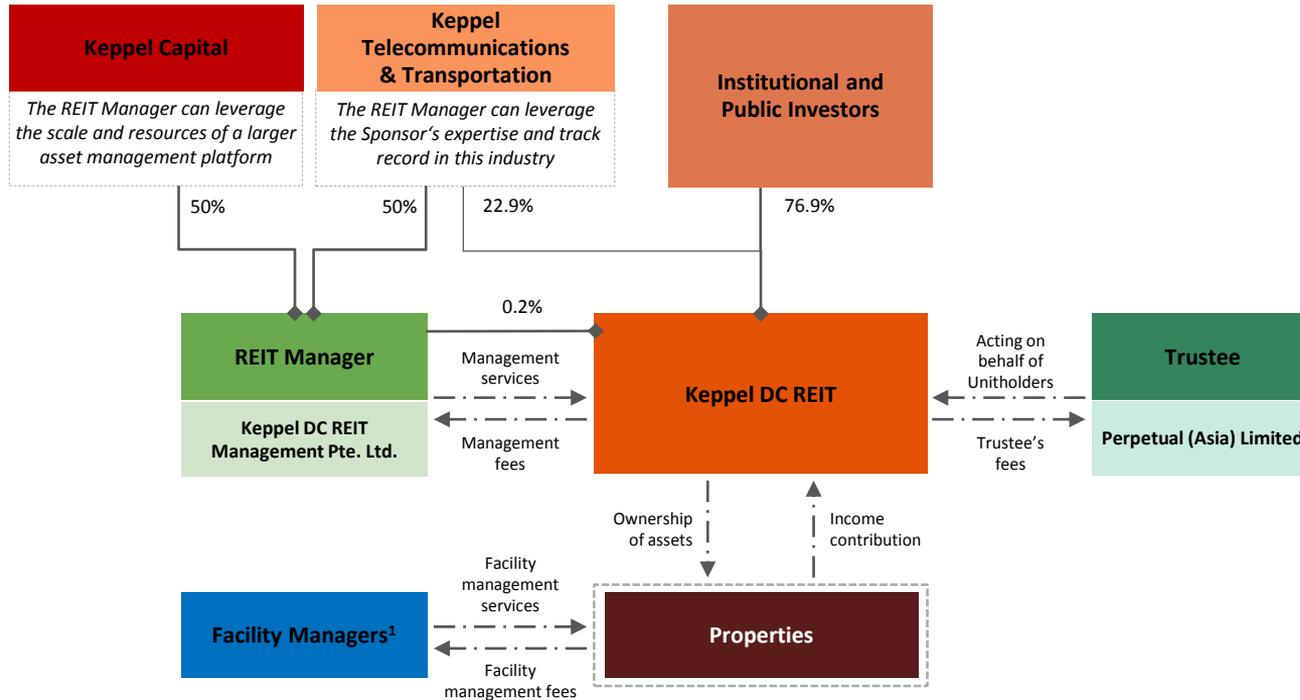
- **Vision:** To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.
- **Mission:** Guided by the Keppel Group's operating principles and core values, we will create value for our investors by growing a quality portfolio of data centre assets that generates sustainable returns.



Additional Information

Keppel DC REIT Structure

as at 15 Oct 2019



Portfolio Overview (as at 30 Sep 2019)

	Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Valuation ² (\$m)	Lease type	WALE (years)	Land lease title
Asia Pacific									
Keppel DC Singapore 1	Singapore	100%	109,721	18	87.2	287.0	Keppel lease / Colocation	4.0	Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years)
Keppel DC Singapore 2	Singapore	100%	38,480	4	100.0	169.0	Keppel lease / Colocation	1.8	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	2.7	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
Keppel DC Singapore 4 (Proposed acquisition)	Singapore	99%	83,698	5	92.0	Cushman & Wakefield: 385.1 ⁴ Savills: 385.1 ⁴	Keppel lease / Colocation	2.8	Leasehold (Expiring 30 June 2020, with option to extend by 30 years)
Keppel DC Singapore 5	Singapore	99%	97,781	3	84.2	316.8	Keppel lease / Colocation	2.1	Leasehold (Expiring 31 Aug 2041)
DC1 (Proposed acquisition)	Singapore	100%	213,815	1	100	Knight Frank: 200.5 Edmund Tie: 201.5	Triple-net (Fully-fitted/ Shell & core)	16.5	Leasehold (Expiring 31 Jul 2044)
Basis Bay Data Centre	Cyberjaya, Malaysia	99%	48,193	1	63.1	27.8	Colocation	2.7	Freehold
Gore Hill Data Centre	Sydney, Australia	100%	90,955	3	100.0	192.3	Triple-net (Shell & core) / Colocation	5.6	Freehold
iseek Data Centre	Brisbane, Australia	100%	12,389	1	100.0	32.2	Double-net ³ (Fully-fitted)	6.7	Leasehold (Expiring 29 Sep 2040, with option to extend by 7 years)

Portfolio Overview (as at 30 Sep 2019)

	Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Valuation ² (\$m)	Lease type	WALE (years)	Land lease title
Intellicentre 2 Data Centre	Sydney, Australia	100%	87,930	1	100.0	49.9	Triple-net (Shell & core)	15.9	Freehold
Intellicentre 3 East Data Centre ⁵	Sydney, Australia	100%	Min. 86,000	1	100.0 ³	A\$26.0-A\$36.0m (development costs)	Triple-net (Shell & core)	20.0 ³	Freehold
Europe									
Cardiff Data Centre	Cardiff, United Kingdom	100%	79,439	1	100.0	63.2	Triple-net (Shell & core)	11.7	Freehold
GV7 Data Centre	London, United Kingdom	100%	24,972	1	100.0	61.4	Triple-net (Fully-fitted)	7.4	Leasehold (Expiring 28 Sep 2183)
Almere Data Centre	Almere, Netherlands	100%	118,403	1 ⁶	100.0	137.1	Double-net (Fully-fitted)	8.9	Freehold
Keppel DC Dublin 1	Dublin, Ireland	100%	68,118	22	65.7	75.7	Colocation	2.1	Leasehold ⁷ (Expiring 11 Apr 2041)
Keppel DC Dublin 2	Dublin, Ireland	100%	25,652	4	100.0	103.4	Colocation	8.8	Leasehold (Expiring 31 Dec 2997)
Milan Data Centre	Milan, Italy	100%	165,389	1	100.0	56.5	Double-net (Shell & core)	8.3	Freehold
maincubes Data Centre	Offenbach am Main, Germany	100%	97,043	1	100.0	133.7	Triple-net (Fully-fitted)	13.5	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, unless otherwise stated.

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. Based on 99% interest and include rental support.

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

6. 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.

7. 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	Lease Arrangement	Description	Responsibilities of Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
Keppel DC Singapore 1	Keppel lease ¹ / Colocation ⁴	<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 ⁴	<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 ⁴	<ul style="list-style-type: none"> Client: Pays rent Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
Keppel DC Singapore 4 (Proposed acquisition)	Keppel lease ³ / Colocation ⁴	<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 ⁴	<ul style="list-style-type: none"> Client: Pays rent Owner: Bears all expenses; responsible for facilities management 	✓	✓	✓	✓
DC1 (Proposed acquisition)	Triple-net lease	<ul style="list-style-type: none"> Client: Pays rent and all outgoings except insurance for the shell of the building, responsible for facilities management 	-	-	-	-
Basis Bay Data Centre	Colocation ⁴	<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 (for one client)	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 (for two clients)	Colocation 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 ⁵	<ul style="list-style-type: none"> Client: Pays rent and all outgoings except building insurance; responsible for facilities management 	-	✓	-	✓
Intellicentre 3 East Data Centre ⁶ (under development)	Triple-net lease	<ul style="list-style-type: none"> Client: Pays rent and all outgoings; responsible for facilities management 	-	-	-	-

Overview of Lease Arrangements

Europe	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 ^{4,7}	■ Client: Pays rent ■ Owner: Bears all expenses; responsible for facilities management	✓	✓	✓	✓
Keppel DC Dublin 2	Colocation ^{4,7}	■ 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	-	-	-	-

- 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. 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.
- Refers to the leases entered into by Keppel DC Singapore 3 LLP and Keppel DC Singapore 5 LLP with the Keppel lessee (Keppel DCS3 Services Pte Ltd) in relation to Keppel DC Singapore 3 and Keppel DC Singapore 5 respectively.
- In connection with the proposed acquisition, the KDC SGP 4 Target Entity will also enter into the Keppel Lease Agreement with the Keppel lessee (Keppel DC Singapore 2 Pte Ltd). 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.
- 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.
- 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.
- This development is expected to be completed in 2020 and is excluded from the portfolio's assets under management; Facility will be leased to Macquarie Telecom upon completion.
- Keppel DC REIT has in place colocation arrangements with the clients of Keppel DC Dublin 1 and Keppel DC Dublin 2.

Thank You