

Keppel DC REIT

Fourth Quarter & Full Year 2017 Financial Results

22 January 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.

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- Financial Performance
- Portfolio Review
- Capital Management
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Key Highlights



FY 2017 DPU Declared¹

7.12 cents

2H 2017 DPU: 3.49 cents

Distribution Yield¹

4.98%

based on FY 2017's
closing price of \$1.430



Portfolio Occupancy

92.6%

as at 31 Dec 2017

Portfolio WALE

9.1 years

by leased area



Aggregate Leverage²

32.1%

as at 31 Dec 2017

Interest Coverage

9.7 times

ended 31 Dec 2017

Notes:

- (1) Keppel DC REIT has distributed 3.63 cents per Unit for the first half of 2017. For the second half of 2017, eligible Unitholders will receive a distribution of 3.49 cents per Unit. Excluding the one-off capital distribution that arose from the Keppel DC Singapore 3 acquisition in January 2017, as well as the impact of the pro-rata Preferential Offering and the one-off net property tax refund in 2016, FY 2017's adjusted DPU would be 6.97 cents, 4.3% higher than FY 2016's adjusted DPU of 6.68 cents.
- (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 isseek Data Centre and Keppel DC Dublin 1.



Distributable Income

(\$'000)	4Q 2017	4Q 2016	+ / (-) %	FY 2017	FY 2016	+ / (-) %
Distributable Income to Unitholders¹	20,245	14,770	+37.1	82,320	61,048	+34.8
<u>Comprising:</u>						
Gross Revenue	36,828	26,840	+37.2	139,050	99,139	+40.3
Property Expenses	(4,180)	(1,898)	>100.0	(13,931)	(8,203)	+69.8
Net Property Income	32,648	24,942	+30.9	125,119	90,936	+37.6
Distribution per Unit ² (DPU) (cents)	1.75	1.31	+33.6	7.12	6.14	+16.0
Adjusted DPU³ (cents)	1.75	1.67	+4.8	6.97	6.68	+4.3
Distribution Yield ⁴ (%)				4.98	4.29	+69bps
Adjusted Distribution Yield⁴ (%)				4.87	4.67	+20bps

Notes:

- (1) FY 2017's distribution income included a one-off capital distribution of \$1.7 million for the month of December 2016 arising from the later completion of Keppel DC Singapore 3 on 20 January 2017 and where the vendor had agreed that all the rights and obligations shall pass to the REIT as if completion had occurred on 1 December 2016. The distributable income also included Keppel DC Singapore 3's Capex Reserves.
- (2) Keppel DC REIT has distributed 3.63 cents per Unit for the first half of 2017. For the second half of 2017, eligible Unitholders will receive a distribution of 3.49 cents per Unit. The DPU was computed based on the distributable income to Unitholders and had excluded the Capex Reserves.
- (3) Excluding the one-off capital distribution of approximately \$1.7 million (equivalent to 0.15 cents per Unit) paid to the Unitholders, FY 2017's adjusted DPU would be 6.97 cents. This is higher than FY 2016's adjusted DPU of 6.68 cents after adjusting for the impact of the pro-rata Preferential Offering in November 2016 which lowered DPU by approximately 0.36 cents per Unit each for 3Q 2016 and 4Q 2016, and a one-off net property tax refund recorded in FY 2016 which increased DPU by approximately 0.18 cents.
- (4) Based on FY 2017's closing price of \$1.430 per Unit.

Balance Sheet Highlights

(\$'000)	As at 31 Dec 2017	As at 31 Dec 2016	+/(-) %
Investment Properties	1,570,090	1,225,938	+28.1
Total Assets	1,763,282	1,582,999	+11.4
Gross Borrowings ¹	546,481	439,321	+24.4
Total Liabilities	646,780	509,131	+27.0
Unitholders' Funds	1,089,716	1,073,525	+1.5
Units in Issue ('000)	1,127,171	1,125,210	+0.2
Net Asset Value (NAV) per Unit (\$)	0.97	0.95	+2.1
Unit Price (Closing price of last trading day) (\$)	1.430	1.185	+20.7
Premium to NAV (%)	+47.4	+24.7	+22.7pp

Note:

(1) Gross borrowings relates to bank borrowings drawn down from loan facilities.

Aggregate Leverage

(\$'000)	As at 31 Dec 2017	As at 31 Dec 2016	+/(-) %
Investment Properties ¹ <i>(excluding finance lease liabilities commitments)</i>	1,536,321	1,193,540	+28.7
Deposited Properties ¹ <i>(excluding finance lease liabilities commitments)</i>	1,701,350	1,550,258	+9.7
Gross Borrowings + Deferred Payment	546,481	439,321	+24.4
Aggregate Leverage ²	32.1%	28.3%	+380bps

Notes:

- (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 33.4% (2016: 29.8%).

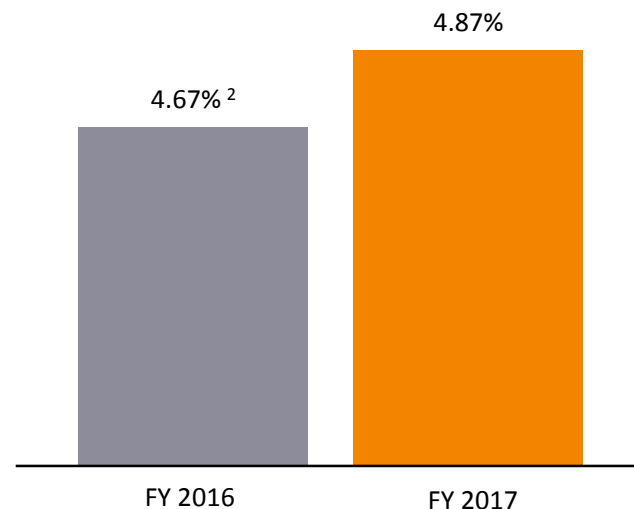
Distribution Declared

- DPU of 3.49 cents declared for 2H 2017, bringing FY 2017 DPU to 7.12 cents
- Excluding the one-off capital distribution, adjusted DPU for FY 2017 would be 6.97 cents, 4.3% higher than FY 2016's adjusted DPU of 6.68 cents after adjusting for the impact of the pro-rata Preferential Offering and a one-off net property tax refund recorded in FY 2016

Distribution Timetable

Ex-Date	Friday, 26 January 2018
Book Closure Date	Tuesday, 30 January 2018
Payment Date	Wednesday, 28 February 2018

Adjusted distribution yield¹



Notes:

(1) Based on FY 2017's closing price of \$1.430 per Unit.

(2) 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 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 legal completion is expected in 2Q 2018.

Asset Additions in 2017

Strengthen Foothold in Singapore



20 January 2017: Keppel DC Singapore 3

- Completed acquisition of 90% interest in colocation data centre Keppel DC Singapore 3
- Located adjacent to Keppel DC Singapore 2, Keppel DC Singapore 3 enhances the REIT's offerings to clients in one of the key data centre hubs in Asia

Note:

(1) By leased area as at 31 December 2017

Deepen Presence in Dublin



12 September 2017: Keppel DC Dublin 2

- Acquired a second data centre in Dublin, Ireland, a key data centre hub in Europe
- The energy-efficient carrier-neutral colocation data centre is a strategic addition given strong client profile with a long WALE of approximately 10.7 years¹

Investment Update: maincubes Data Centre

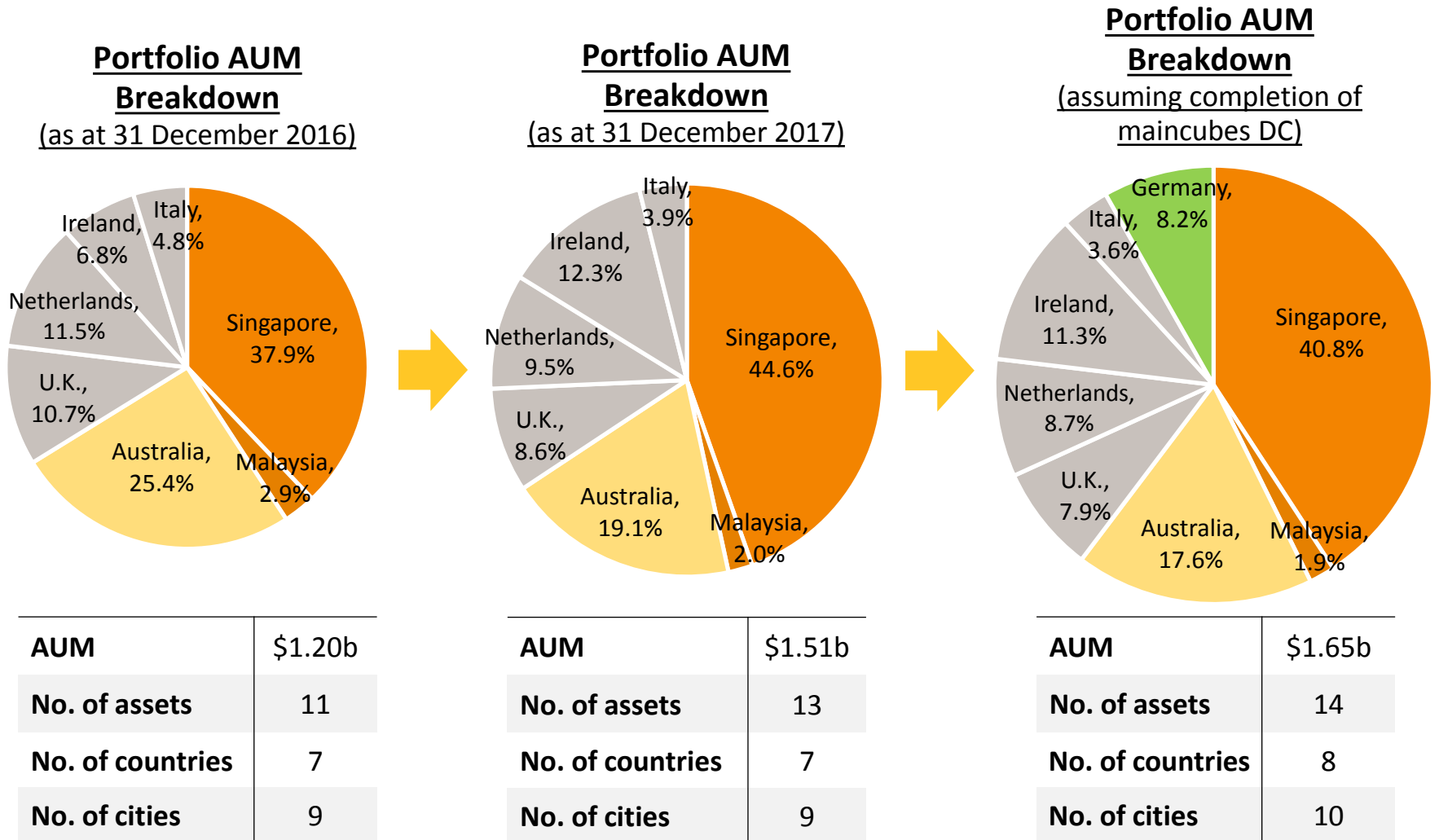


Legal completion of maincubes Data Centre targeted in 2Q 2018

- Development of data centre is close to completion in Offenbach am Main, Germany
- Data centre is undergoing fit out before commencement of 15-year triple-net master lease
- Income contribution upon legal completion of the deal expected in 2Q 2018

Diversified Income Streams

- Expanded portfolio provides diversified income streams and enhances sustainability

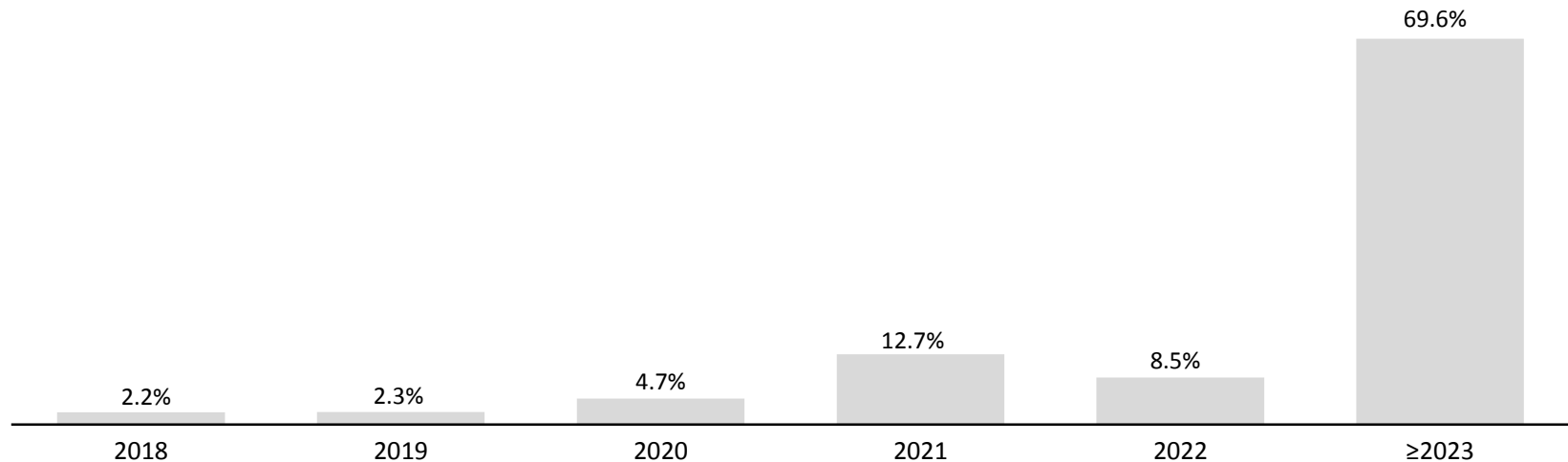


Long Portfolio WALE

- Portfolio WALE remained long at 9.1 years while occupancy was at 92.6%
- Over the next 3 years, less than 5% of the leases expiring in each year

Lease expiry profile (by leased area)

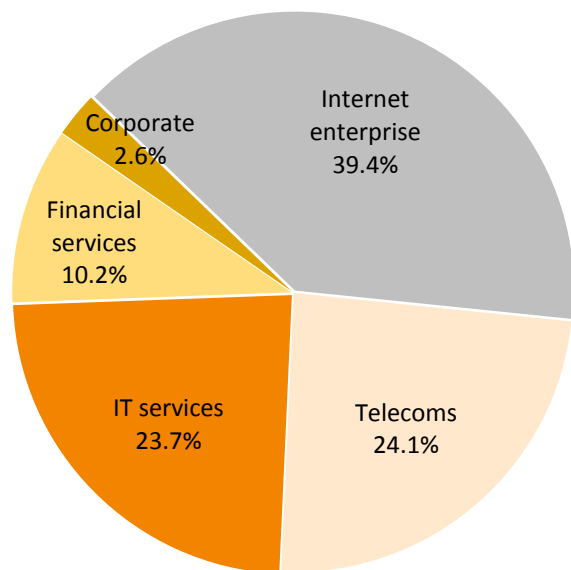
As at 31 December 2017



Diversified & Resilient Portfolio

- Quality data centres that cater to the requirements of clients from internet enterprise, telecommunications, information technology services and financial services sectors

Rental income breakdown by trade sector¹



Top 10 clients (based on rental income)¹

Client	Industry	% of Rental Income
A	Internet enterprise	34.2%
B	IT services	10.4%
C	Telecommunications	8.4%
D	Telecommunications	6.4%
E	Internet enterprise	5.0%
F	Financial Services	4.8%
G	IT services	3.6%
H	Telecommunications	3.3%
I	IT services	3.3%
J	Telecommunications	3.2%

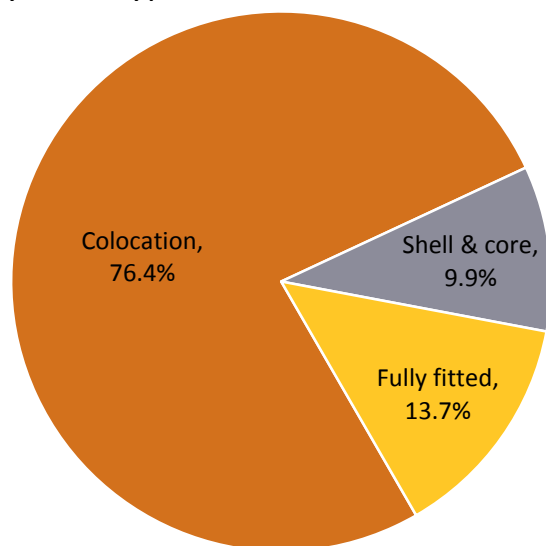
Note:

(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.

Diversified & Resilient Portfolio (Cont'd)

Rental income breakdown for the month of December 2017¹

By lease type:



Income stability with an established global clientele and a mix of master-leased facilities on long leases, as well as colocation facilities which provide diversity in terms of client profile and lease expiry.

Lease Type	WALE ² (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.

The logo for Keppel DC REIT, featuring the word "Keppel" in white on a dark grey background, followed by "DC REIT" in orange. The background of the entire image is a photograph of a modern, multi-story industrial or data center building with a grey facade and large glass windows.

Keppel DC REIT

A white text overlay on an orange background with a white diagonal graphic element on the right side.

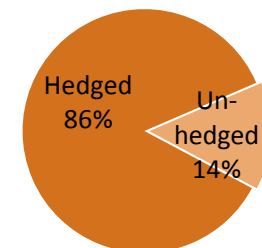
Capital Management

Prudent Capital Management

- **Early refinancing of loans:** Refinanced all loans that were maturing in 2018
- **Diversifying sources of funding:** Established \$500,000,000 Multicurrency Medium Term Note Programme
- **Managing interest rate exposure:** Interest rates of long-term loans substantially hedged with floating-to-fixed interest rate swaps

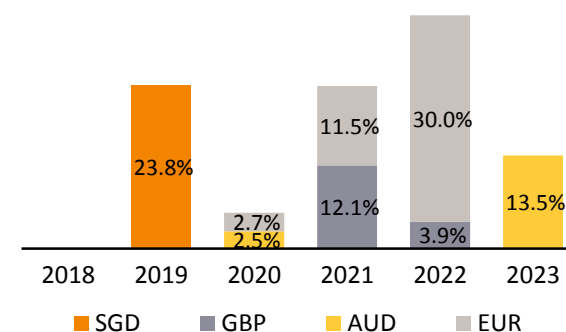
Hedging of borrowing costs

As at 31 December 2017



Debt maturity profile

As at 31 December 2017



As at 31 December 2017	
Total debt	■ ~\$546m of external loans (unencumbered)
Available facilities	■ ~\$134m of undrawn credit facilities
Aggregate Leverage¹	■ 32.1%
Average cost of debt²	■ 2.2% per annum
Debt tenor	■ 3.8 years
Interest coverage³	■ 9.7 times

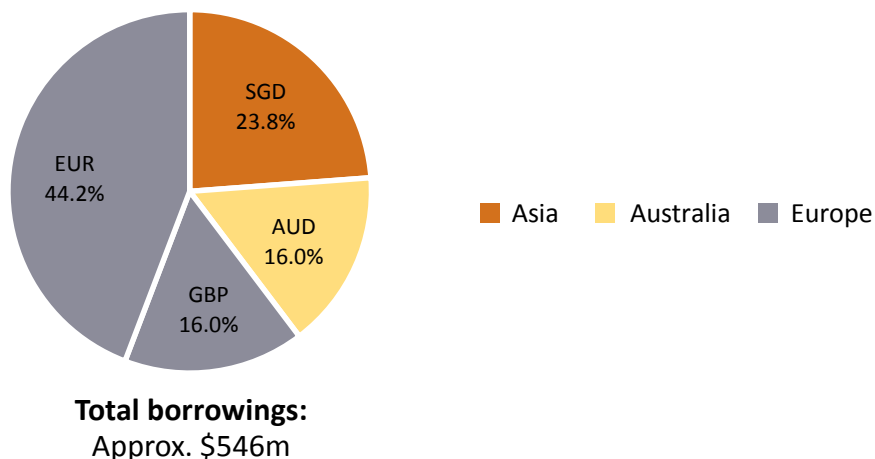
Notes:

- (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.

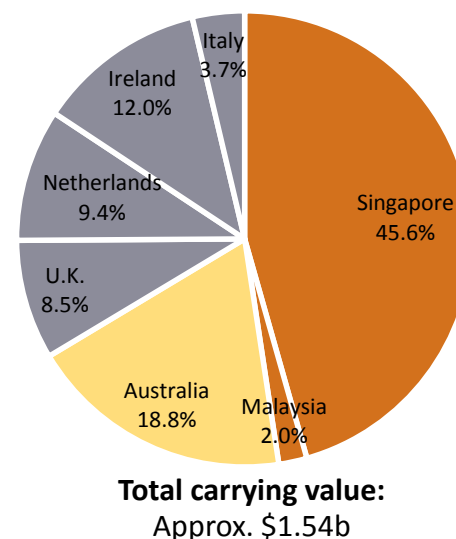
Prudent Capital Management (Cont'd)

- **Mitigating impact of currency fluctuations:**
 - Hedged the REIT's forecasted foreign-sourced distributions till 1H 2019 through foreign currency forward contracts
 - Adopted natural hedging by borrowing in currencies that match the corresponding investments

Debt currency breakdown
(as at 31 December 2017)



Investment properties breakdown¹
(as at 31 December 2017)



Note:

- (1) Based on 100% carrying value as at 31 December 2017 without taking into consideration the finance lease liabilities pertaining to the land rent commitments for isek Data Centre and Keppel DC Dublin 1.

Positive Fundamentals

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



Worldwide Data¹

10x increase
by 2025

Data Criticality¹

20% critical;
10% hypercritical
by 2025

Mobile Connectivity¹

75% of world
population
by 2025

Source:

(1) IDC Data Age 2025, 2017

Committed to Deliver Value

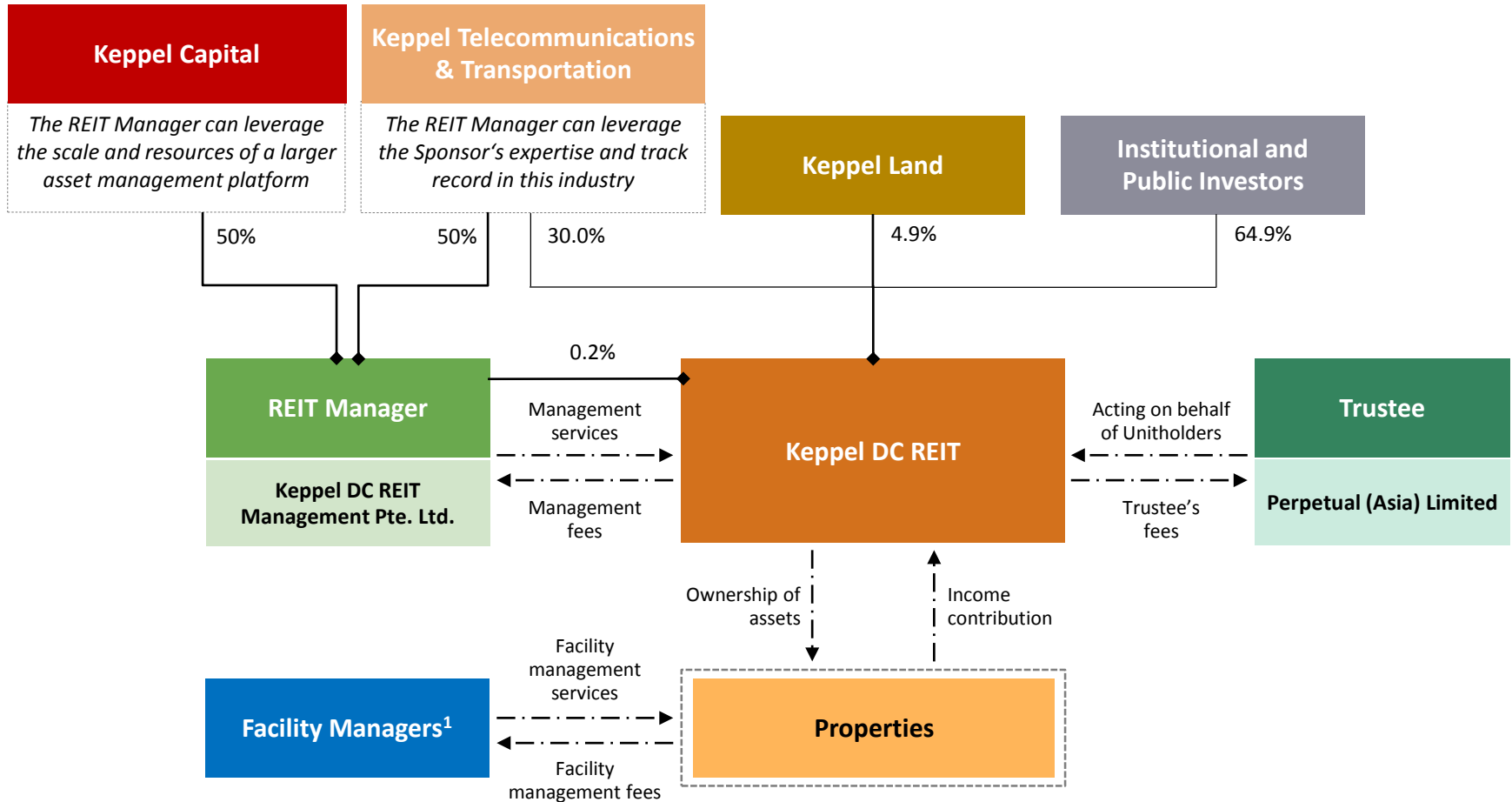


Vision: To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.

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



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

Portfolio Overview (as at 31 December 2017)








<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	84.6	286.0	Keppel lease / Colocation	4.1	Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years)
 Keppel DC Singapore 2	Singapore	100%	37,098	4	100.0	166.0	Keppel lease / Colocation	3.3	Leasehold (Expiring 31 Jul 2021, with option to extend by 30 years)
 Keppel DC Singapore 3	Singapore	90%	49,433	2	100.0	223.5	Keppel lease / Colocation	4.4	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
 Basis Bay Data Centre	Cyberjaya, Malaysia	99%	48,193	1	63.1	31.0	Colocation	4.5	Freehold
 Gore Hill Data Centre	Sydney, Australia	100%	90,955	3	100.0	204.0	Triple-net (Shell & core) / Colocation	7.3	Freehold
 Intellicentre 2 Data Centre	Sydney, Australia	100%	87,930	1	100.0	51.3	Triple-net (Shell & core)	17.6	Freehold
 iseek Data Centre	Brisbane, Australia	100%	12,389	1	100.0	34.2	Double-net ³ (Fully fitted)	8.5	Leasehold (Expiring 29 Jun 2040, with option to extend by 7 years)

(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.

(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.

Portfolio Overview (as at 31 December 2017) (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
	London, United Kingdom	100%	24,972	1	100.0	68.3	Triple-net (Fully fitted)	9.1	Leasehold (Expiring 28 Sep 2183)
	Cardiff, United Kingdom	100%	79,439	1	100.0	61.9	Triple-net (Shell & core)	13.5	Freehold
	Almere, Netherlands	100%	118,403	1 ³	100.0	143.6	Double-net (Fully fitted)	10.7	Freehold
	Dublin, Ireland	100%	68,118	15	56.6	77.2	Colocation	1.9	Leasehold (Expiring 11 Apr 2041)
	Dublin, Ireland	100%	25,200	4	87.3	108.9	Colocation	10.7	Leasehold (Expiring 31 Dec 2997)
	Milan, Italy	100%	165,389	1	100.0	58.5	Double-net (Shell & core)	10.0	Freehold
<u>Pending Legal Completion</u>	Location	Interest	Attributable lettable area (sq ft)	No. of clients	Occupancy rate (%)	Purchase price (\$m)	Lease type	WALE (years)	Land lease title
	Offenbach am Main, Germany	100%	126,800	1	100.0 (upon legal completion)	134.7	Triple-net lease (Fully fitted)	15	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.

(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 28 October 2015, the REIT announced its first German acquisition of maincubes Data Centre which will be developed in Offenbach am Main. This development is expected to be completed in 2018 by the vendor and is excluded from the portfolio's assets under management.

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 	✓	✓	✓	✓
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 ³	<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 	-	✓	-	✓

- (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 with the Keppel lessee (Keppel DCS3 Services Pte Ltd) in relation to Keppel DC Singapore 3. 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.

Overview of Lease Arrangements (Cont'd)

Europe

Property	Lease Arrangement	Description	Responsibilities of Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
GV7 Data Centre	Triple-net lease	■ Client: Pays rent and all outgoings; responsible for facilities management	-	-	-	-
Cardiff 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 ^{1,2}	■ Client: Pays rent ■ Owner: Bears all expenses; responsible for facilities management	✓	✓	✓	✓
Keppel DC Dublin 2 (f.k.a. B10 Data Centre)	Colocation ^{1,2}	■ 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	✓	✓	-	-

Pending Legal Completion

Property	Lease Arrangement	Description	Responsibilities of Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
maincubes Data Centre ³ <i>(expected completion in 2018)</i>	Triple-net lease	■ Client: Pays rent and all outgoings; responsible for facilities management	-	-	-	-

- (1) 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.
- (2) Keppel DC REIT has in place colocation arrangements with the clients of Keppel DC Dublin 1 and Keppel DC Dublin 2.
- (3) On 28 October 2015, the REIT announced its first German acquisition of maincubes Data Centre which will be developed in Offenbach am Main. This development is expected to be completed in 2Q 2018 by the vendor and is excluded from the portfolio's assets under management.

Thank you.