

Keppel DC REIT

Second Quarter & First Half 2017 Financial Results

17 July 2017



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.

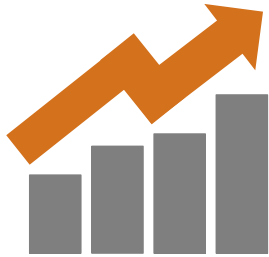
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market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

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Key Highlights



DPU Declared¹
3.63 cents
for 1H 2017

Annualised Distribution Yield¹
5.56%
based on 1H 2017's
closing price of \$1.290



Portfolio Occupancy
93.1%
as at 30 Jun 2017

Portfolio WALE
9.4 years
by leased area



Aggregate Leverage²
27.7%
as at 30 Jun 2017

Interest Coverage
10.6 times
as at 30 Jun 2017

Notes:

- (1) Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January 2017 to 30 June 2017, eligible Unitholders will receive distribution of 3.63 cents per Unit.
- (2) Aggregate Leverage was computed based on gross borrowings as a percentage of the deposited properties, both of which do not take into consideration the finance lease liabilities pertaining to land rent commitments for isek Data Centre and Keppel DC Dublin 1.

Keppel DC REIT



Financial Performance

Distributable Income

(\$'000)	2Q 2017	2Q 2016	+/(-) %	1H 2017	1H 2016	+/(-) %
Distributable Income to Unitholders ¹	20,130	14,749	+36.5	41,896	29,496	+42.0
<u>Comprising:</u>						
Gross Revenue	34,515	24,865	+38.8	66,739	49,636	+34.5
Property Expenses	(3,152)	(2,760)	+14.2	(6,532)	(6,345)	+2.9
Net Property Income	31,363	22,105	+41.9	60,207	43,291	+39.1
Distribution per Unit ^{2,3} (DPU) (cents)	1.74	1.67	+4.2	3.63	3.34	+8.7
Annualised Distribution Yield ³ (%)						
- At 1H 2017 closing price of \$1.290				5.56	5.21	+35bps
- At 1H 2016 closing price of \$1.110				6.46	6.05	+41bps

Notes:

- (1) Included a one-off capital distribution of \$1.7 million in 1H 2017 for the month of December 2016 arising from the later completion of Keppel DC Singapore 3 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. Pursuant to the lease agreement entered into for Keppel DC Singapore 3, the distributable income would also include the Capex Reserves.
- (2) The DPU was computed based on the distributable income to Unitholders and had excluded the Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. For the financial period from 1 January to 30 June 2017, eligible unitholders will receive distribution of 3.63 cents per Unit.
- (3) Excluding the one-off capital distribution of approximately 0.15 cents per Unit, 1H 2017's DPU would have been 3.48 cents and the adjusted annualised distribution yield would have been 5.44% and 6.32% based on closing prices of 1H 2017 and 1H 2016 respectively.

Balance Sheet Highlights

(\$'000)	As at 30 Jun 2017	As at 31 Dec 2016	+/(-) %
Investment Properties	1,462,328	1,225,938	+19.3
Total Assets	1,641,692	1,582,999	+3.7
Gross Borrowings ¹	438,843	439,321	(0.1)
Total Liabilities	526,147	509,131	+3.3
Unitholders' Funds	1,090,666	1,073,525	+1.6
Units in Issue ('000)	1,127,076	1,125,210	+0.2
Net Asset Value (NAV) per Unit (\$)	0.968	0.954	+1.5
Unit Price (Closing price of last trading day) (\$)	1.290	1.185	+8.8
Premium to NAV (%)	+33.3	+24.2	+9.1pp

Note:

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

Aggregate Leverage

(\$'000)	As at 30 Jun 2017	As at 31 Dec 2016	+/(-) %
Investment Properties ¹ <i>(excluding finance lease liabilities commitments)</i>	1,429,930	1,193,540	+19.8
Deposited Properties ¹ <i>(excluding finance lease liabilities commitments)</i>	1,582,443	1,550,258	+2.1
Gross Borrowings + Deferred Payment	438,843	439,321	(0.1)
Aggregate Leverage ²	27.7%	28.3%	(60bps)

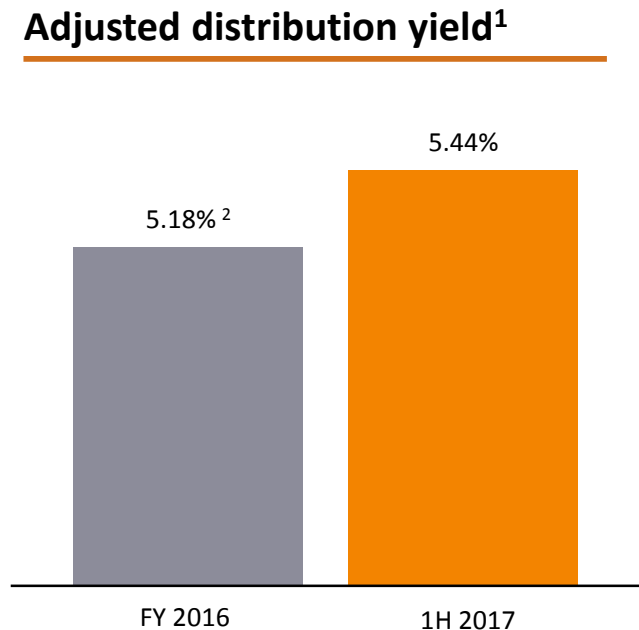
Notes:

- (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 29.2% (2016: 29.8%)

Distribution Declared

- DPU of 3.63 cents declared for 1H 2017
- Adjusted DPU and adjusted annualised distribution yield of 1H 2017 would have been 3.48 cents and 5.44%¹ respectively after excluding the one-off capital distribution

Distribution Timetable	
Ex-Date	Friday, 21 July 2017
Book Closure Date	Tuesday, 25 July 2017
Payment Date	Thursday, 31 August 2017



Notes:

(1) Annualised based on 1H 2017's closing price of \$1.290.

(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, the later completion of Keppel DC Singapore 3 acquisition as well as the one-off property tax refund in 3Q 2016.



Portfolio Update

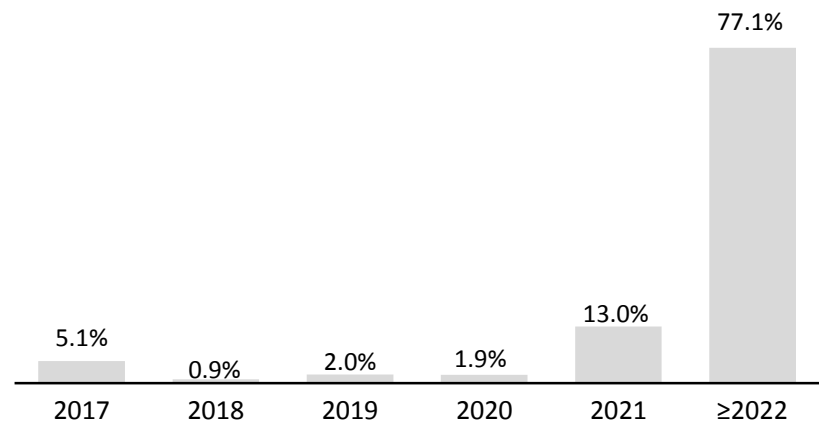
- Portfolio occupancy of 93.1% and a long WALE of 9.4 years
- Of the three major leases due for expiry in 2017,
 - Two of the leases have been agreed in-principle, pending finalisation of lease documentation
 - Basis Bay lease has been renewed for another five years. The client has returned one data centre floor and will continue to lease the two remaining data centre floors



Master-leased facilities such as Milan Data Centre (in picture) enhance the REIT's income stability and visibility

Lease expiry profile (by leased area)

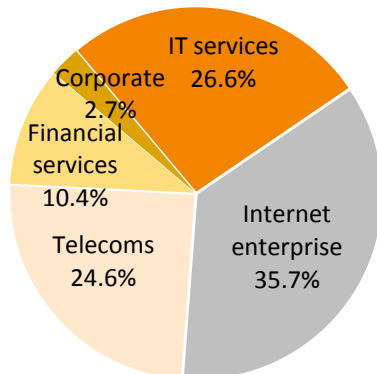
As at 30 June 2017



Stable & Diversified Portfolio

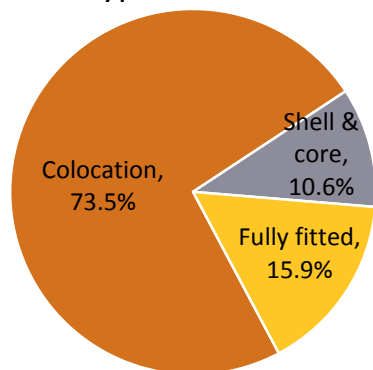
Rental income breakdown in the month of June 2017¹

By trade sector:



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

By lease type:



Lease Type	WALE ² (years)	Ownership of Data Centre Components		
		M&E Equipment	Facility Management	Servers & Racks
Colocation	3.8	✓	✓	-
Fully fitted	10.8	✓	-	-
Shell & core	12.6	-	-	-

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 30 June 2017.

Activities in Europe

- Capex works at Keppel DC Dublin 1 to improve overall power efficiency scheduled to commence in 4Q 2017
- Construction of maincubes Data Centre is on track and legal completion of the deal targeted to be in 2Q 2018



Keppel DC Dublin 1 to undergo upgrading



maincubes Data Centre on track in Germany

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

Keppel DC REIT

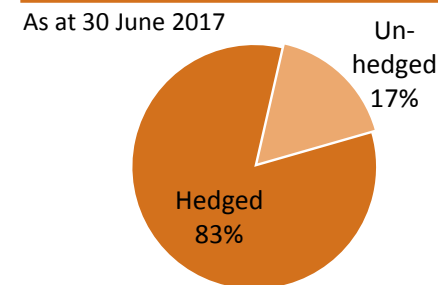
The text "Capital Management" in white, positioned on an orange banner with three white diagonal stripes on the right side.

Capital Management

Prudent Capital Management

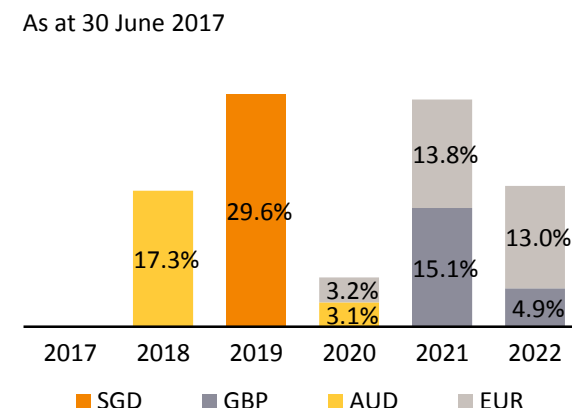
- **Early refinancing of loans:** Refinanced EUR and GBP-denominated loans that were maturing in 2018
- **Diversifying sources of funding:** Established S\$500,000,000 Multicurrency Medium Term Note Programme
- **Managing interest rate exposure:** Interest rates of long-term loans substantially hedged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

Hedging of borrowing costs



As at 30 June 2017	
Total debt	■ ~\$439m of external loans (unencumbered)
Available facilities	■ ~\$140m of undrawn credit facilities
Aggregate Leverage¹	■ 27.7%
Average cost of debt²	■ 2.2% per annum
Debt tenor	■ 3.3 years on average
Interest coverage³	■ 10.6 times

Debt maturity profile



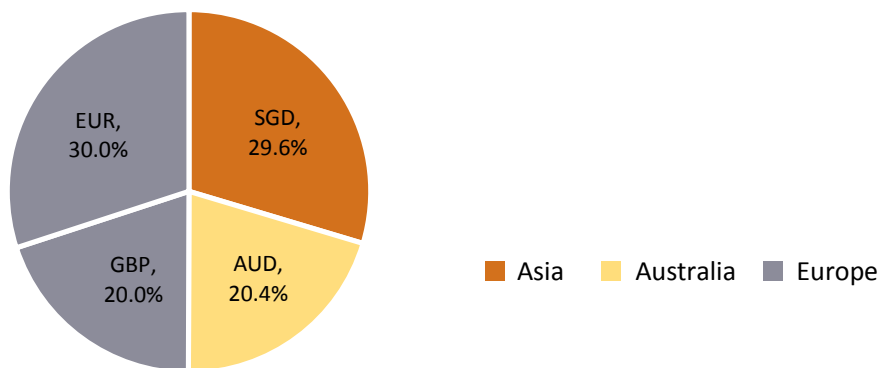
Notes:

- (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)

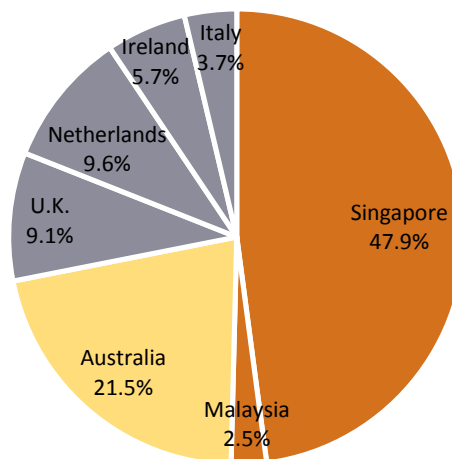
- **Mitigating impact of currency fluctuations:**
 - Hedged the REIT's foreign-sourced distributions up to 2H 2018 through foreign currency forward contracts
 - Adopted natural hedging by borrowing in currencies that match the corresponding investments

Debt currency breakdown
(as at 30 June 2017)



Total borrowings:
Approx. \$438.8m

Investment property breakdown¹
(as at 30 June 2017)



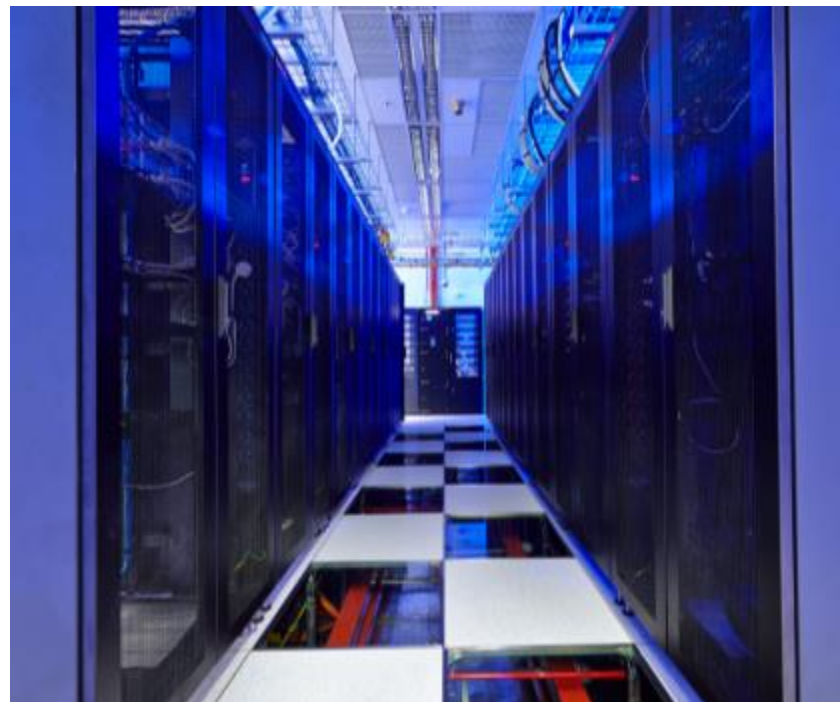
Total carrying value:
Approx. \$1.43b

Note:

(1) Based on 100% carrying value as at 30 June 2017 without taking into consideration the finance lease liabilities pertaining to the land rent commitments for isseek Data Centre and Keppel DC Dublin 1.

Positive Industry Trends

- **Data centre spending remains robust in 2017:** Close to 75%¹ of companies' data centre budgets have increased or stayed consistent since 2016 level
- **Continued demand for quality data centre space:** Large enterprises expected to continue running mission-critical workloads in high-redundancy premium data centre facilities



Data centres are essential to enterprises' digital-centric strategies

Source:

(1) Uptime Institute's Seventh Annual Data Centre Industry Survey

Committed to Deliver Value

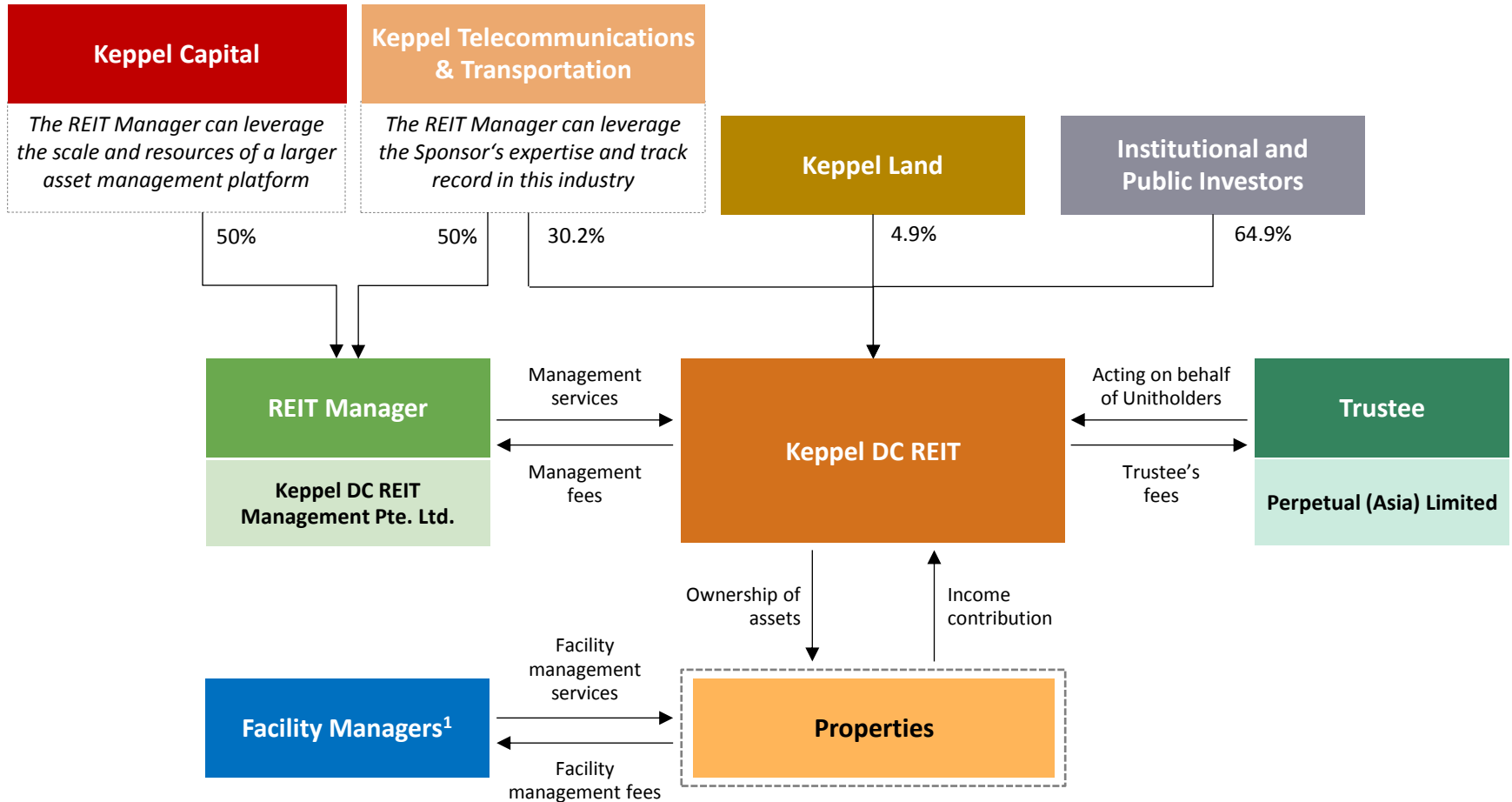


Vision: To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.

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 30 June 2017)





<u>Asia Pacific</u>	Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Carrying value ³ (\$m)	Lease type	WALE (years)	Land lease title
 Keppel DC Singapore 1	Singapore	100%	109,721	19	87.5	280.1	Keppel lease / Colocation	4.0	Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years)
 Keppel DC Singapore 2	Singapore	100%	37,098	4	100.0	176.2	Keppel lease / Colocation	3.7	Leasehold (Expiring 31 Jul 2021, with option to extend by 30 years)
 Keppel DC Singapore 3	Singapore	90%	49,433	2	100.0	228.9	Keppel lease / Colocation	4.9	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
 Basis Bay Data Centre	Cyberjaya, Malaysia	99%	48,193	1	63.1	34.9	Colocation	5.0	Freehold
 Gore Hill Data Centre	Sydney, Australia	100%	90,955	3	100.0	221.9	Triple-net (Shell & core) / Colocation	7.4	Freehold
 Intellicentre 2 Data Centre	Sydney, Australia	100%	87,930	1	100.0	49.7	Triple-net (Shell & core)	18.1	Freehold
 iseek Data Centre	Brisbane, Australia	100%	12,389	1	100.0	35.1	Double-net ² (Fully fitted)	9.0	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) 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.

(3) Carrying value of the investment properties is based on 100% interest and does not include finance lease liabilities pertaining to land rent commitments in iseek Data Centre and Keppel DC Dublin 1.

Portfolio Overview (as at 30 June 2017) (Cont'd)

<u>Europe</u>		Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Carrying value ⁴ (\$m)	Lease type	WALE (years)	Land lease title
	GV7 Data Centre	London, United Kingdom	100%	24,972	1	100.0	69.1	Triple-net (Fully fitted)	9.6	Leasehold (Expiring 28 Sep 2183)
	Cardiff Data Centre	Cardiff, United Kingdom	100%	79,439	1	100.0	61.8	Triple-net (Shell & core)	14.0	Freehold
	Almere Data Centre	Almere, Netherlands	100%	118,403	1 ²	100.0	137.4	Double-net (Fully fitted)	11.2	Freehold
	Keppel DC Dublin 1	Dublin, Ireland	100%	68,118	12	56.3	81.5	Colocation	2.2	Leasehold (Expiring 11 Apr 2041)
	Milan Data Centre	Milan, Italy	100%	165,389	1	100.0	53.3	Double-net (Shell & core)	10.5	Freehold
<u>Pending Legal Completion</u>		Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Purchase price (\$m)	Lease type	WALE (years)	Land lease title
	maincubes Data Centre³ <i>(expected completion in 2018)</i>	Offenbach am Main, Germany	100%	126,800	1	100.0 (upon legal completion)	129.0	Triple-net lease (Fully fitted)	15	Freehold

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

(2) 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.

(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 2018 by the vendor and is excluded from the portfolio's assets under management.

(4) Carrying value of the investment properties does not include finance lease liabilities pertaining to land rent commitments in isseek Data Centre and Keppel DC Dublin 1.

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	✓	✓	✓	✓
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.
- (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 2018 by the vendor and is excluded from the portfolio's assets under management.

Thank you.