

**First Quarter 2017  
Financial Results**

17 April 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.

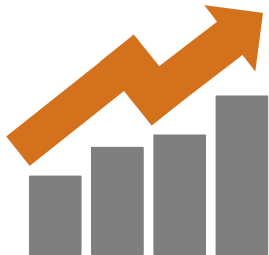
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market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

# Content

- Key Highlights
- Financial Performance
- Portfolio Review
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# Key Highlights



1Q 2017 Distributable Income<sup>1</sup>

**+47.6%**

year-on-year

Annualised Distribution Yield<sup>1</sup>

**6.01%**

based on 1Q 2017's  
closing price of \$1.200



Portfolio Occupancy

**95.1%**

as at 31 Mar 2017

Portfolio WALE

**9.2 years**

by leased lettable area



Aggregate Leverage<sup>2</sup>

**27.9%**

as at 31 Mar 2017

Interest Coverage

**11.6 times**

as at 31 Mar 2017

Notes:

- (1) 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, the distributable income included a one-off capital distribution of approximately \$1.7 million for the month of December 2016. Pursuant to the lease agreement entered into for Keppel DC Singapore 3, the distributable income would also include an amount of capital expenditure that had been set aside for this asset (the Capex Reserves).
- (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)	1Q 2017	1Q 2016	+ / (-) %
<b>Distributable Income to Unitholders<sup>1</sup></b>	<b>21,766</b>	<b>14,747</b>	<b>+47.6</b>
<u>Comprising:</u>			
Gross Revenue	32,224	24,771	+30.1
Property Expenses	(3,380)	(3,585)	(5.7)
Net Property Income	28,844	21,186	+36.1
<b>Distribution per Unit<sup>2, 3</sup> (DPU) (cents)</b>	<b>1.89</b>	<b>1.67</b>	<b>+13.2</b>
<b>Annualised Distribution Yield<sup>3</sup> (%)</b>			
- At 1Q 2017 closing price of \$1.200	<b>6.01</b>	<b>5.60</b>	<b>+41bps</b>
- At 1Q 2016 closing price of \$1.060	<b>6.80</b>	<b>6.34</b>	<b>+46bps</b>

## Notes:

- (1) 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, the distributable income included a one-off capital distribution of approximately \$1.7 million for the month of 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. No distribution has been declared for the quarter under review.
- (3) Excluding the one-off capital distribution of approximately \$1.7 million (equivalent to 0.15 cents per Unit), 1Q 2017's DPU would have been 1.74 cents per Unit and the adjusted annualised distribution yield would have been 5.88% and 6.66% based on closing prices of 1Q 2017 and 1Q 2016 respectively.

# Balance Sheet Highlights

(\$'000)	As at 31 Mar 2017	As at 31 Dec 2016	+/(-) %
Investment Properties	1,452,531	1,225,938	+18.5
Total Assets	1,614,282	1,582,999	+2.0
Gross Borrowings <sup>1</sup>	434,547	439,321	(1.1)
Total Liabilities	524,244	509,131	+3.0
<b>Unitholders' Funds</b>	<b>1,065,914</b>	<b>1,073,525</b>	<b>(0.7)</b>
Units in Issue ('000)	1,127,024	1,125,210	+0.2
Net Asset Value (NAV) per Unit (\$)	0.946	0.954	(0.8)
Unit Price (Closing price of last trading day) (\$)	1.200	1.185	+1.3
<b>Premium to NAV (%)</b>	<b>+26.8</b>	<b>+24.2</b>	<b>+2.6pp</b>

Note:

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



# Aggregate Leverage

(\$'000)	As at 31 Mar 2017	As at 31 Dec 2016	+/(-) %
Investment Properties <sup>1</sup> <i>(excluding finance lease liabilities commitments)</i>	1,420,133	1,193,540	+19.0
Deposited Properties <sup>1</sup> <i>(excluding finance lease liabilities commitments)</i>	1,555,366	1,550,258	+0.3
Gross Borrowings + Deferred Payment	434,547	439,321	(1.1)
<b>Aggregate Leverage <sup>2</sup></b>	<b>27.9%</b>	<b>28.3%</b>	<b>(40bps)</b>

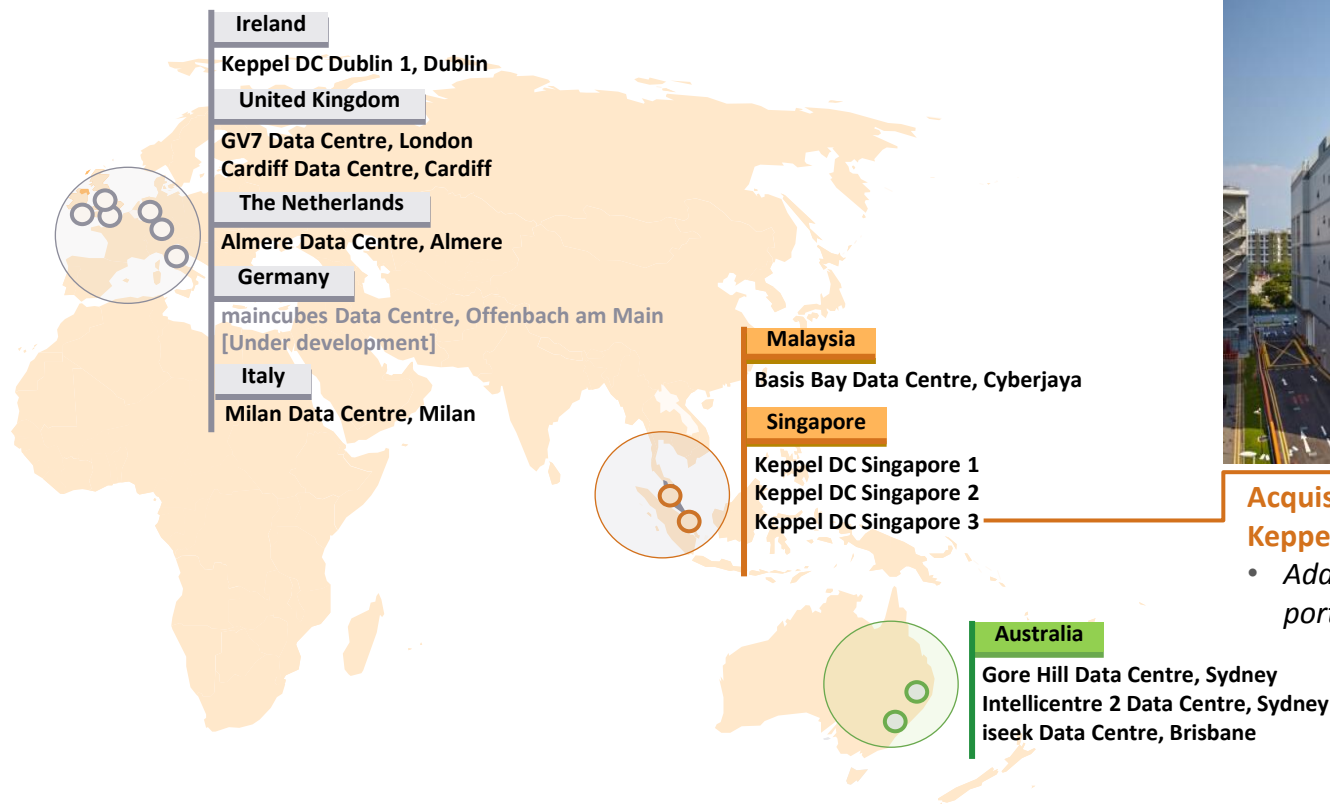
## Notes:

- (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 29.4% (2016: 29.8%)



# Completion of Keppel DC Singapore 3 Acquisition

- The acquisition of 90% interest in Keppel DC Singapore 3 was completed on 20 January 2017
- Tax transparency treatment for the REIT's share of the taxable income was obtained



## Acquisition of 90% interest in Keppel DC Singapore 3

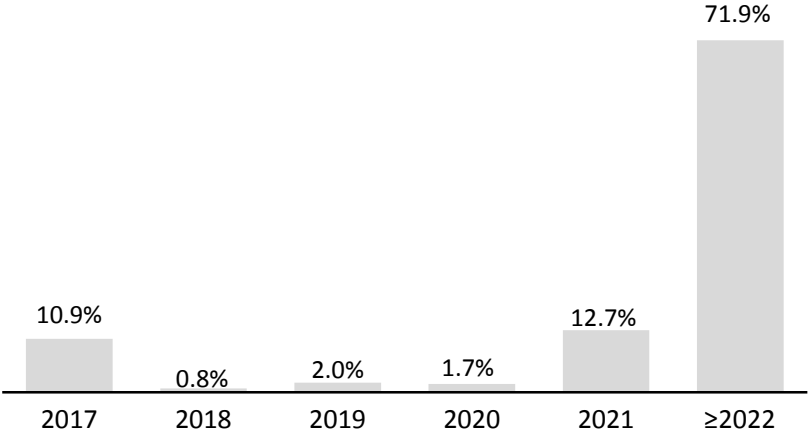
- Added to Keppel DC REIT's portfolio on 20 January 2017

# Portfolio Update

- Maintained a healthy portfolio occupancy of 95.1% and long WALE of 9.2 years
- Renewed one of the major contracts expiring in 2017 for five years in our colocation data centre in Singapore

## Lease expiry profile (by leased lettable area)

As at 31 March 2017



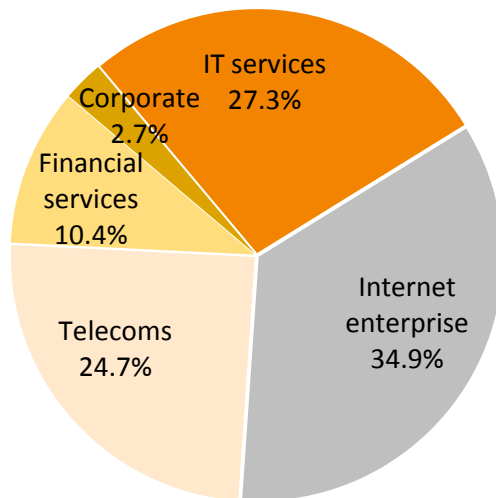
*Secure facilities to support clients' mission-critical operations*

# Balanced Portfolio with Diversified Client Profile

- Global clientele of high value-added fast growing industries
- Income stability with 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

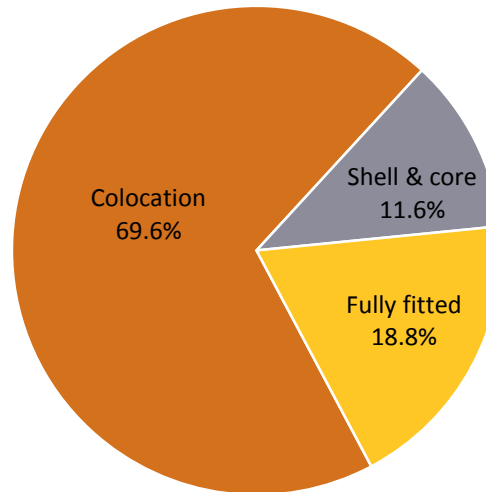
## Rental income breakdown by trade sector<sup>1</sup>

For the month of March 2017



## Rental income breakdown by lease type

For the month of March 2017



Lease Type	WALE <sup>2</sup>
Colocation	3.9 years
Fully fitted	8.5 years
Shell & core	12.9 years

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 lettable area as at 31 March 2017.

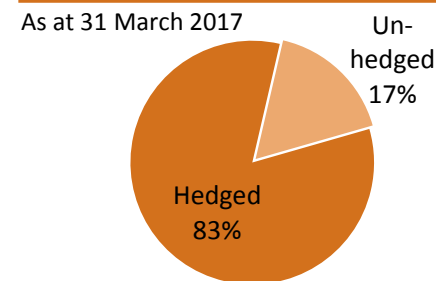




# Prudent Capital Management

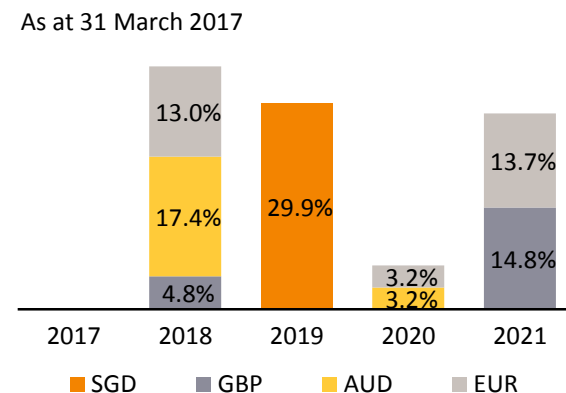
- **Debt headroom for future growth:** Aggregate leverage remained low at 27.9%
- **Managing interest rate exposure:** Interest rates of the long-term loans have been substantially hedged with interest rate swaps

## Hedging of borrowing costs



As at 31 March 2017	
<b>Total debt</b>	<ul style="list-style-type: none"> <li>■ ~\$435m of external loans (unencumbered)</li> <li>■ ~\$140m of undrawn credit facilities</li> </ul>
<b>Aggregate Leverage<sup>1</sup></b>	■ 27.9%
<b>Average cost of debt<sup>2</sup></b>	■ 2.2% per annum
<b>Debt tenor</b>	■ 2.9 years on average
<b>Interest coverage<sup>3</sup></b>	■ 11.6 times

## Debt maturity profile



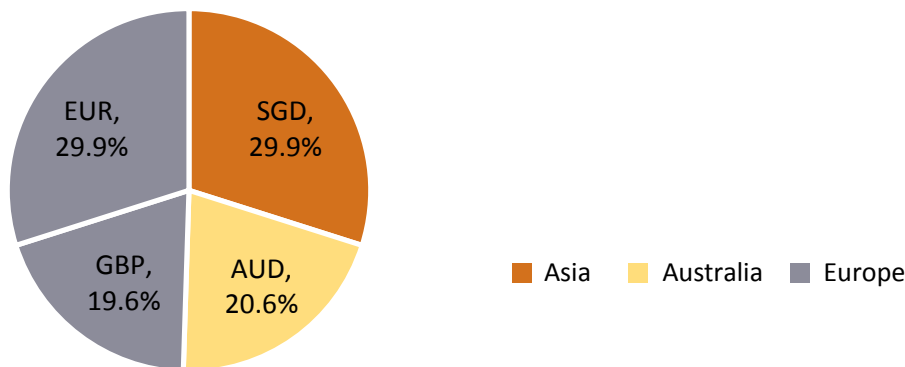
### Notes:

- (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)

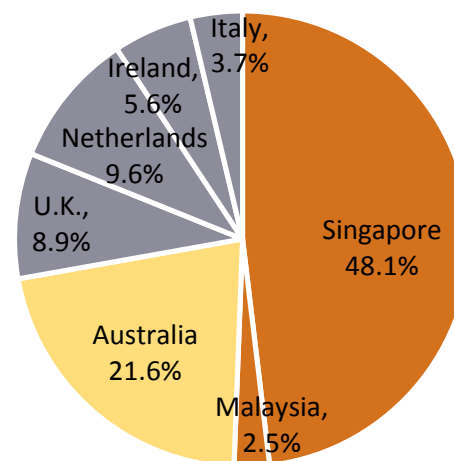
- **Mitigating impact of currency fluctuations:**
  - Hedged the REIT's foreign-sourced distribution up to 2H 2018 using foreign currency forward contracts
  - Adopted natural hedging by borrowing in currencies that match the corresponding investments

**Debt currency breakdown**  
(as at 31 March 2017)



**Total borrowings:**  
Approx. \$434.5m

**Investment property breakdown<sup>1</sup>**  
(as at 31 March 2017)



**Total carrying value:**  
Approx. \$1.42b

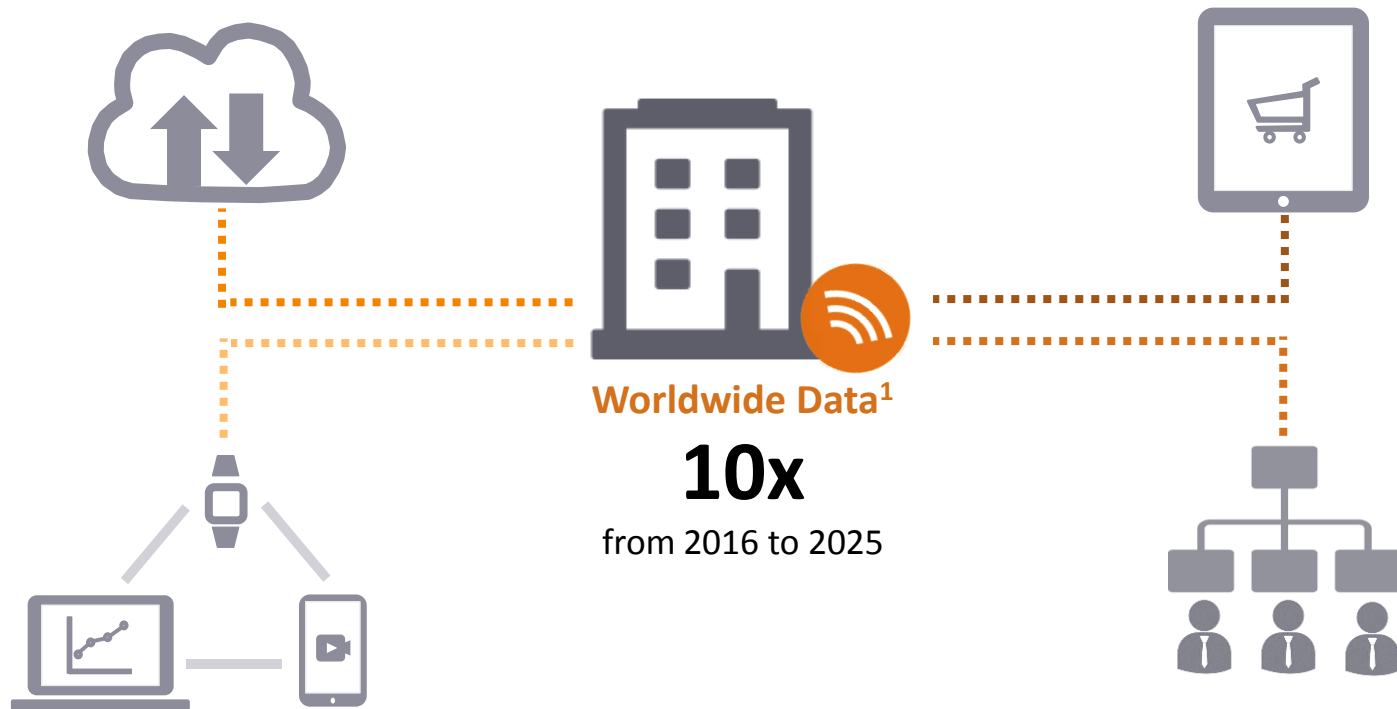
Note:

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



# Tapping Industry's Potential

- The increasing demands of the digital economy and data centre outsourcing requirements continue to underpin growth opportunities in the industry



Source:

(1) IDC white paper "Data Age 2025"



# Committed to Deliver Value

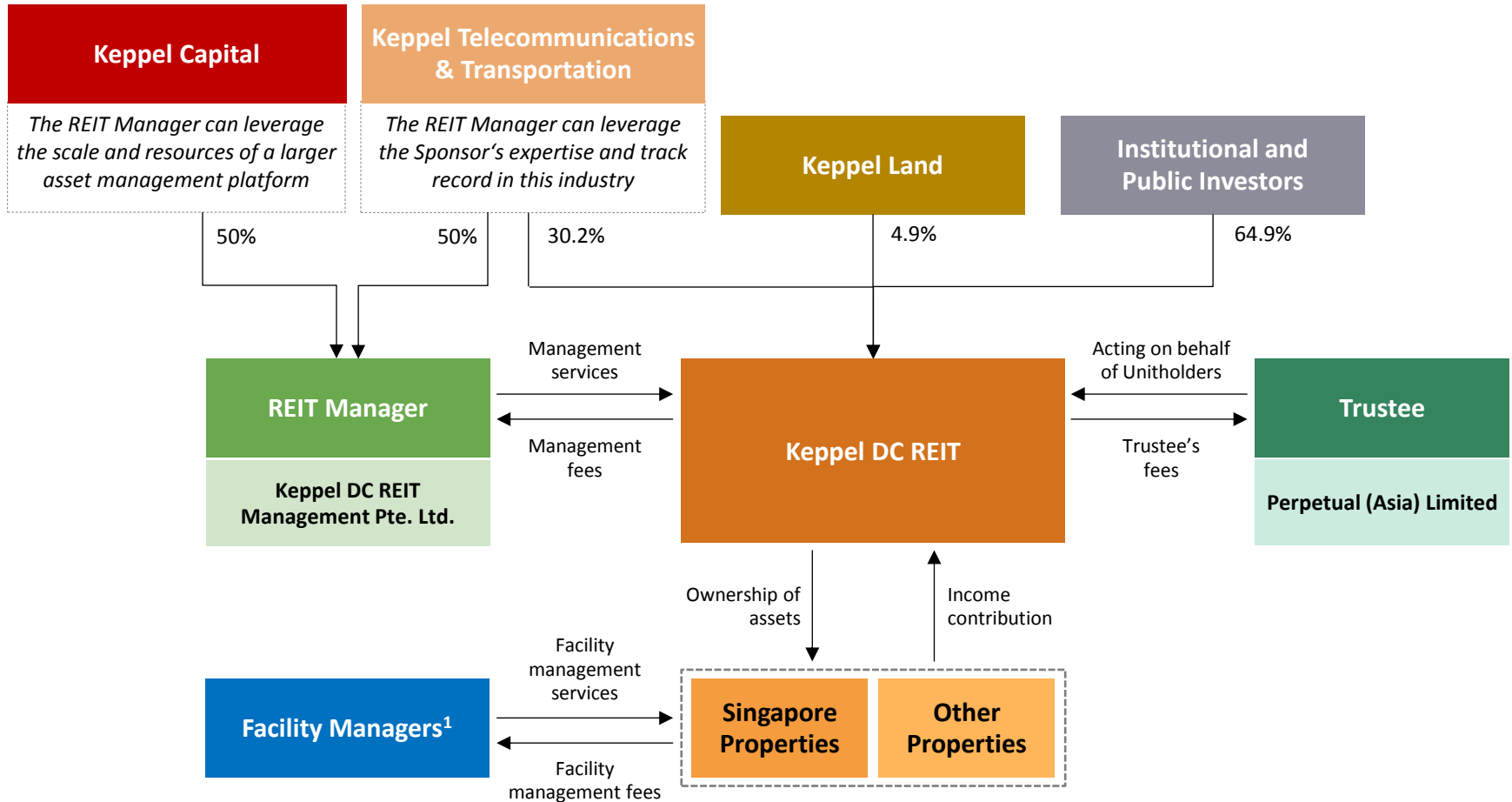


**Vision:** To be the preferred data centre real estate investment trust, serving as a trusted partner to our stakeholders.

**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



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

# Portfolio Overview (as at 31 March 2017)

## Asia Pacific

	Location	Interest	Attributable lettable area (sq ft)	No. of clients <sup>1</sup>	Occupancy rate (%)	Carrying Value <sup>4</sup> (\$m)	Lease type	WALE (years)	Land lease title
 <b>Keppel DC Singapore 1</b>	Singapore	100%	109,721	19	87.3	279.0	Keppel lease / Colocation	4.3	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	176.0	Keppel lease / Colocation	3.9	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	228.1	Keppel lease / Colocation	5.2	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
 <b>Basis Bay Data Centre</b>	Cyberjaya, Malaysia	99% <sup>2</sup>	48,193	1	100.0	35.4	Double-net (Fully fitted)	0.2	Freehold
 <b>Gore Hill Data Centre</b>	Sydney, Australia	100%	90,955	3	100.0	221.4	Triple-net (Shell & core) / Colocation	7.7	Freehold
 <b>Intellicentre 2 Data Centre</b>	Sydney, Australia	100%	87,930	1	100.0	49.6	Triple-net (Shell & core)	18.4	Freehold
 <b>iseek Data Centre</b>	Brisbane, Australia	100%	12,389	1	100.0	35.0	Double-net <sup>3</sup> (Fully fitted)	9.2	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 holds a 99% interest in Basis Bay Data Centre while the Basis Bay vendor holds the remaining 1% interest. Property-related calculations (e.g. Rental Income, Net Property Income, WALE, Independent Valuations) includes the 1% interest in Basis Bay Data Centre held by the Basis Bay vendor.

(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) 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 31 March 2017) (Cont'd)

<u>Europe</u>		Location	Interest	Attributable lettable area (sq ft)	No. of clients <sup>1</sup>	Occupancy rate (%)	Carrying Value <sup>4</sup> (\$m)	Lease type	WALE (years)	Land lease title
	<b>GV7 Data Centre</b>	London, United Kingdom	100%	24,972	1	100.0	67.2	Triple-net (Fully fitted)	9.9	Leasehold (Expiring 28 Sep 2183)
	<b>Cardiff Data Centre</b>	Cardiff, United Kingdom	100%	79,439	1	100.0	60.1	Triple-net (Shell & core)	14.2	Freehold
	<b>Almere Data Centre</b>	Almere, Netherlands	100%	118,403	1 <sup>2</sup>	100.0	135.6	Double-net (Fully fitted)	11.4	Freehold
	<b>Keppel DC Dublin 1</b>	Dublin, Ireland	100%	68,118	12	55.9	80.1	Colocation	2.3	Leasehold (Expiring 11 Apr 2041)
	<b>Milan Data Centre</b>	Milan, Italy	100%	165,389	1	100.0	52.6	Double-net (Shell & core)	10.8	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
	<b>maincubes Data Centre<sup>3</sup></b> <i>(expected completion in 2018)</i>	Offenbach am Main, Germany	100%	126,800	1	100.0 (upon legal completion)	127.3	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 isek Data Centre and Keppel DC Dublin 1.



# Overview of Lease Arrangements

## Asia Pacific

Property	Lease Arrangement	Description	Responsibilities of Lessor / Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
Keppel DC Singapore 1	Keppel lease <sup>1</sup> / Colocation <sup>2</sup>	<ul style="list-style-type: none"> <li>Client: Pays cost of rent and all expenses recharged to Lessor</li> <li>Lessor: Responsible for facilities management</li> </ul>	✓	✓	✓	✓
Keppel DC Singapore 2	Keppel lease <sup>1</sup> / Colocation <sup>2</sup>	<ul style="list-style-type: none"> <li>Client: Pays cost of rent and all expenses recharged to Lessor</li> <li>Lessor: Responsible for facilities management</li> </ul>	✓	✓	✓	✓
Keppel DC Singapore 3	Keppel lease <sup>1</sup> / Colocation <sup>2</sup>	<ul style="list-style-type: none"> <li>Client: Pays cost of rent and all expenses recharged to Lessor</li> <li>Lessor: Responsible for facilities management</li> </ul>	✓	✓	✓	✓
Basis Bay Data Centre	Double-net lease	<ul style="list-style-type: none"> <li>Client: Pays all outgoings except building insurance and property tax; responsible for facilities management</li> </ul>	✓	✓	-	✓
Gore Hill Data Centre <i>(for one client)</i>	Triple-net lease	<ul style="list-style-type: none"> <li>Client: Pays all outgoings and responsible for facilities management in their space</li> </ul>	-	-	-	-
Gore Hill Data Centre <i>(for two clients)</i>	Colocation arrangement <sup>2</sup>	<ul style="list-style-type: none"> <li>Client: Pays cost of rent</li> <li>Owner: All expenses paid by Lessor; responsible for facilities management</li> </ul>	✓	✓	✓	✓
Intellicentre 2 Data Centre	Triple-net lease	<ul style="list-style-type: none"> <li>Client: Pays all outgoings; responsible for facilities management</li> </ul>	-	-	-	-
iseek Data Centre	Double-net lease <sup>3</sup>	<ul style="list-style-type: none"> <li>Client: Pays all outgoings except building insurance; Client responsible for facilities management</li> </ul>	-	✓	-	✓

- (1) Refers to the leases entered into by Keppel DC REIT with the Keppel lessees (Keppel DC Singapore 1 Ltd, Keppel DC Singapore 2 Pte Ltd and Keppel DCS3 Services Pte Ltd) in relation to Keppel DC Singapore 1, Keppel DC Singapore 2 and Keppel DC Singapore 3 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) 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. In the case of Keppel DC REIT, end-clients with colocation arrangements pay for rent and all the property-related expenses are borne by the Keppel DC REIT. Keppel DC REIT is usually responsible for facilities management in respect of such colocation arrangements.
- (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 thereof are structured as effectively equivalent to a double-net lease.

# Overview of Lease Arrangements (Cont'd)

## Europe

Property	Lease Arrangement	Description	Responsibilities of Lessor / Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
GV7 Data Centre	Triple-net lease	■ Client: Pays all outgoings; responsible for facilities management	-	-	-	-
Cardiff Data Centre	Triple-net lease	■ Client: Pays all outgoings; responsible for facilities management	-	-	-	-
Almere Data Centre	Double-net lease	■ Client: Pays all outgoings except building insurance and property tax; responsible for facilities management	✓	✓	-	-
Keppel DC Dublin 1	Colocation <sup>1,2</sup>	■ Client: Pays cost of rent; all expenses paid by Lessor ■ Owner: Responsible for facilities management	✓	✓	✓	✓
Milan Data Centre	Double-net lease	■ Client: Pays all outgoings except building insurance and property tax; responsible for facilities management	✓	✓	-	-

## Pending Legal Completion

Property	Lease Arrangement	Description	Responsibilities of Lessor / Owner			
			Property Tax	Building Insurance	Maintenance Opex	Refresh Capex
<b>maincubes Data Centre<sup>3</sup></b> <i>(expected completion in 2018)</i>	Triple-net lease	■ Client: Pays 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. In the case of Keppel DC REIT, end-clients with colocation arrangements pay for rent and all the property-related expenses are borne by the Keppel DC REIT. Keppel DC REIT is usually responsible for facilities management in respect of such colocation arrangements.

(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.**