

Keppel DC REIT

First Quarter 2019 Financial Results

15 April 2019



Important Notice

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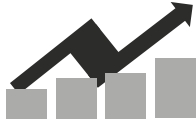
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Key Highlights



- **Steady y-o-y growth in distributable income and DPU**, increasing 29.9% to \$27.1m and 6.7% to 1.92 cents respectively in 1Q 2019



- **Stable income stream** with healthy portfolio occupancy of 93.2% and long WALE of 8.0 years



- **Diversified sources of funding** with issuance of €50 million 7-year floating-rate notes due 2026, providing a more well-spread loan maturity profile



- **Limited interest rate exposure** with 81% of borrowings hedged over the entire loan term



- **Low aggregate leverage** of 32.5% as at 31 Mar 2019 provides healthy debt headroom to pursue growth

Financial Performance

1Q 2019 Financial Update

- **6.7% y-o-y growth in DPU** mainly contributed by new acquisitions
- **Issued €50 million 7-year floating rate notes** due 2026 (MTN Series 002) in Feb 2019
- **Tax transparency treatment**, in line with the REIT's other Singapore assets, obtained for Keppel DC Singapore 5 in Jan 2019

Distributable Income

(\$'000)	1Q 2019	1Q 2018	+/(-) %
Distributable Income to Unitholders	27,109	20,867	+29.9
<u>Comprising</u>			
Gross Revenue	48,033	38,008	+26.4
Property Expenses	(4,803)	(3,920)	+22.5
Net Property Income	43,230	34,088	+26.8
Distribution per Unit ¹ (DPU) (cents)	1.92	1.80	+6.7
Annualised Distribution Yield ² (%)	5.12	4.80	32bps

1. Exclude Capex Reserves set aside for Keppel DC Singapore 3 and Keppel DC Singapore 5. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter ended 31 March 2019.

2. Distribution yields were computed based on 1Q 2019 closing price of \$1.500.

Balance Sheet Highlights

(\$'000)	As at 31 Mar 2019	As at 31 Dec 2018	+/(-) %
Investment Properties	2,032,061	2,028,672	+0.2
Total Assets	2,260,245	2,259,144	-
Gross Borrowings ¹	714,231	673,952	+6.0
Total Liabilities	811,247	783,150	+3.6
Unitholders' Funds	1,417,667	1,444,839	(1.9)
Units in Issue ('000)	1,351,942	1,351,578	-
Net Asset Value (NAV) per Unit (\$)	1.05	1.07	(1.9)
Unit Price (Closing price of last trading day) (\$)	1.500	1.350	+11.1
Premium to NAV (%)	+42.9	+26.2	16.7pp

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

Aggregate Leverage

(\$'000)	As at 31 Mar 2019	As at 31 Dec 2018	+/(-) %
Investment Properties¹ <i>(excluding lease liabilities commitments)</i>	1,999,332	1,995,206	+0.2
Deposited Properties¹ <i>(excluding lease liabilities commitments)</i>	2,195,267	2,187,396	+0.4
Gross Borrowings + Deferred Payment	714,231	673,952	+6.0
Aggregate Leverage²	32.5%	30.8%	170bps

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 33.6% (2018: 31.9%).

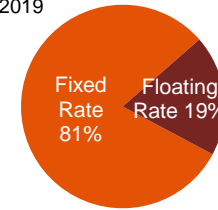
Capital Management

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 €50m 7-year floating rate notes due 2026
- **Maintaining low aggregate leverage:** Provides flexibility and a healthy debt headroom for growth

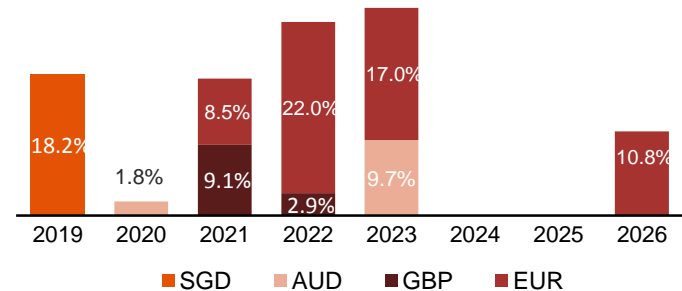
Borrowings on fixed rate

As at 31 Mar 2019



Debt maturity profile

As at 31 Mar 2019



As at 31 Mar 2019

Total debt	■ ~\$714.2m of external loans/notes (unencumbered)
Available facilities	■ ~\$140.0m of undrawn credit facilities
Aggregate Leverage¹	■ 32.5%
Average cost of debt²	■ 1.7% per annum
Debt tenor	■ 3.3 years
Interest coverage³	■ 12.9 times

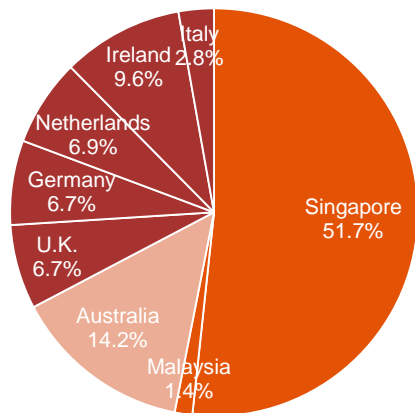
1. Aggregate Leverage was computed based on gross borrowings as a percentage of the deposited properties, both of which do not take into consideration the lease liabilities pertaining to land rent commitments for isseek Data Centre and Keppel DC Dublin 1.
2. Including amortisation of upfront debt financing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

Mitigating impact of currency fluctuations:

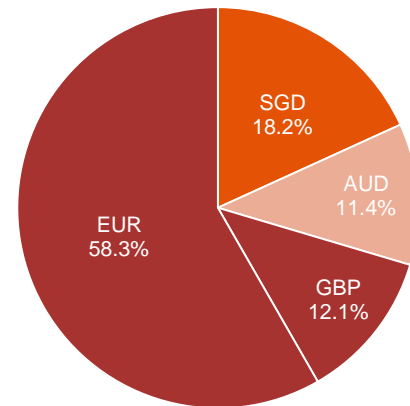
- Hedged forecasted foreign-sourced distributions till 2H 2020 through foreign currency forward contracts
- Adopted natural hedging by borrowing in currencies that match the corresponding investments

Investment properties breakdown¹
(as at 31 Mar 2019)



Total carrying value:
Approx. \$2.0b

Debt currency breakdown
(as at 31 Mar 2019)



Total borrowings:
Approx. \$714m

■ Asia ■ Australia ■ Europe

1. Based on 100% carrying value as at 31 Mar 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

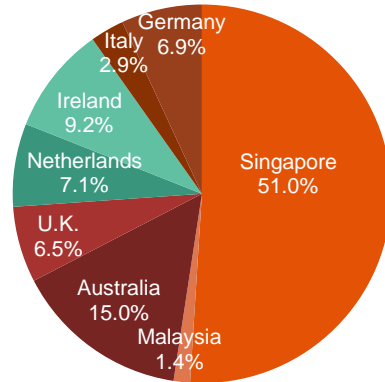
Portfolio Update

- **Keppel DC Singapore 3**
 - Retrofitting works to make way for expansion within a client's premises
 - Expected completion: Mid-2019
- **Keppel DC Dublin 1**
 - Asset enhancement works to improve energy efficiency
 - Expected completion: 2020
- **Keppel DC Dublin 2:**
 - Power upgrade and fit-out works to make way for client expansion
 - Expected completion: 2H2019

- **67.4% of portfolio in Asia Pacific and 32.6% in Europe**

Portfolio AUM breakdown

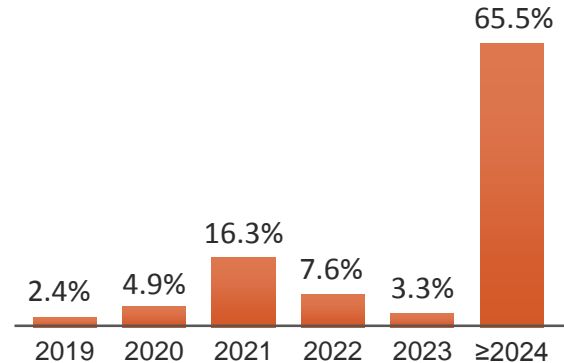
As at 31 Mar 2019



- **Healthy portfolio occupancy of 93.2% and long WALE of 8.0 years**

Lease expiry profile (by leased area)

As at 31 Mar 2019



Diversified and Resilient Portfolio

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

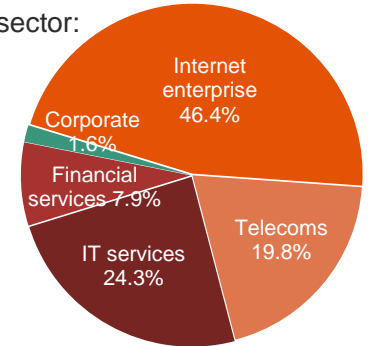
- Colocation facilities provide diverse client profile and lease expiry
- Fully-fitted and shell & core facilities provide income stability with typically longer lease terms

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	10.9	✓	-	-
Shell & core	Single	10.9	-	-	-

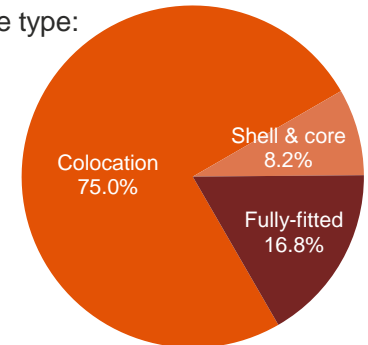
1. Based on the colocation agreements and lease agreements with clients of the properties, treating the Keppel leases on a pass-through basis to the underlying clients.
2. By leased area as at 31 Mar 2019.

Rental income breakdown for the month of Mar 2019¹

By trade sector:



By lease type:



Outlook



Demand for data centre space underpinned by increasing cloud adoption, rapid digital transformation, data centre outsourcing and data sovereignty regulations

Supported by Sound Industry Fundamentals



Global co-location market expected to grow by 15-17% in 2019¹



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



Virtual Reality (VR) and Augmented Reality (AR) traffic expected to increase 12-fold between 2017 and 2022 globally, a 65% CAGR²



Total mobile data traffic predicted to increase by 31% CAGR by 2024, reaching 136 exabytes per month by end 2024²

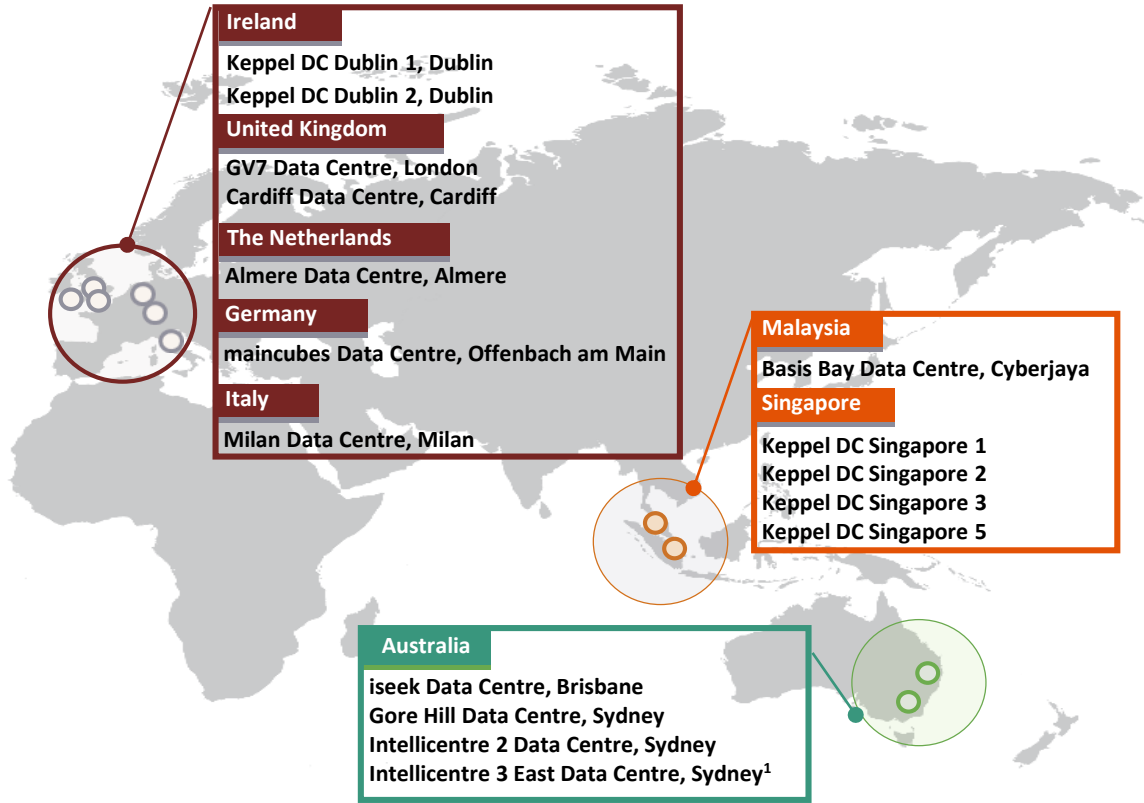


Hyperscale operator revenues are growing by 20% p.a driven by expansion of cloud services, e-commerce, social media and online advertising³

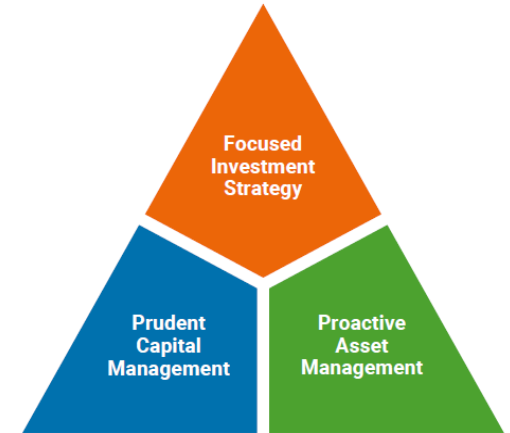


Cloud gaming market is expected to grow at 15% CAGR between 2018 and 2023⁴

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.

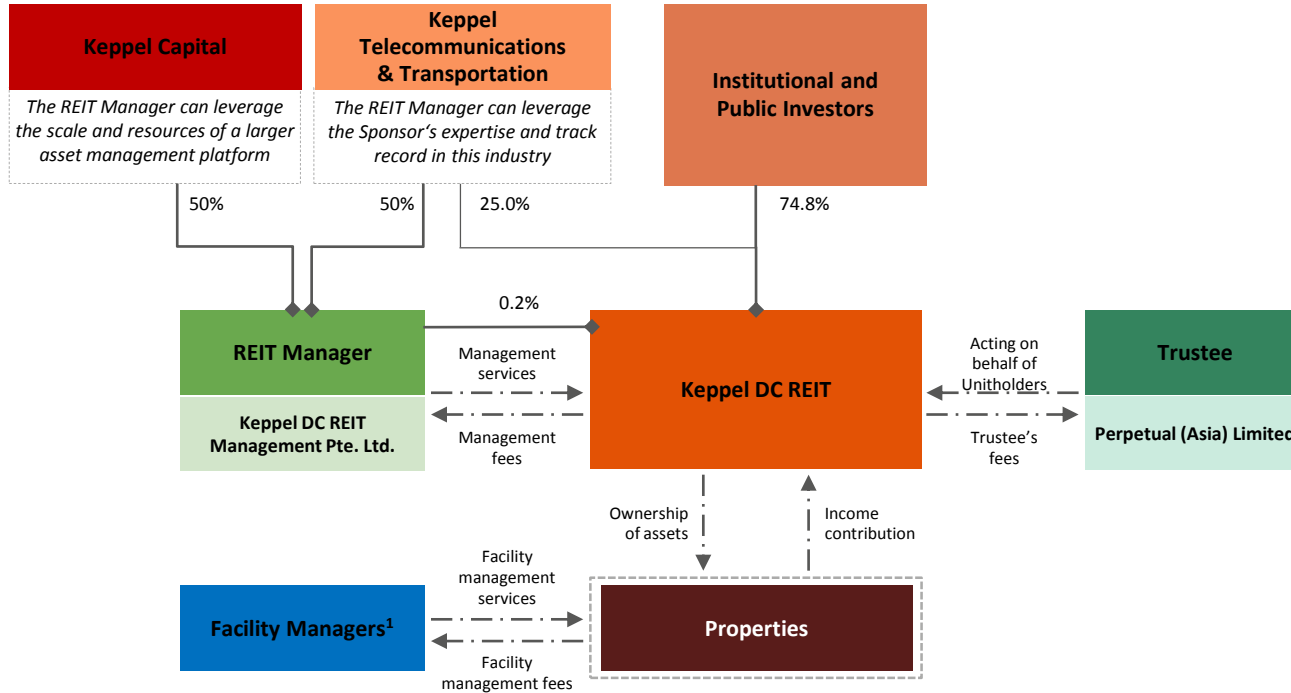


Additional Information










Portfolio Growth since Listing



Keppel DC REIT Structure



Portfolio Overview (as at 31 Mar 2019)

Asia Pacific	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	86.9	287.0	Keppel lease / Colocation	3.0	Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years)
 Keppel DC Singapore 2	Singapore	100%	38,090	4	100.0	169.0	Keppel lease / Colocation	2.4	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	3.2	Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years)
 Keppel DC Singapore 5	Singapore	99%	97,781	3	84.2	316.8	Keppel lease / Colocation	2.6	Leasehold (Expiring 31 Aug 2041)
 Basis Bay Data Centre	Cyberjaya, Malaysia	99%	48,193	1	63.1	27.9	Colocation	3.2	Freehold
 Gore Hill Data Centre	Sydney, Australia	100%	90,955	3	100.0	197.6	Triple-net (Shell & core) / Colocation	6.1	Freehold
 Intellicentre 2 Data Centre	Sydney, Australia	100%	87,930	1	100.0	51.3	Triple-net (Shell & core)	16.4	Freehold
 iseek Data Centre	Brisbane, Australia	100%	12,389	1	100.0	33.1	Double-net ³ (Fully-fitted)	7.2	Leasehold (Expiring 29 Sep 2040, with option to extend by 7 years)
 Intellicentre 3 East Data Centre ⁴ (under development)	Sydney, Australia	100%	Min. 86,000	1	100.0 ⁴	A\$26.0-A\$36.0m (development costs)	Triple-net (Shell & core)	20.0 ⁴	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.

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 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 31 Mar 2019)

Europe	Location	Interest	Attributable lettable area (sq ft)	No. of clients ¹	Occupancy rate (%)	Valuation ² (\$m)	Lease type	WALE (years)	Land lease title	
	Cardiff Data Centre	Cardiff, United Kingdom	100%	79,439	1	100.0	67.0	Triple-net (Shell & core)	12.2	Freehold
	GV7 Data Centre	London, United Kingdom	100%	24,972	1	100.0	65.1	Triple-net (Fully-fitted)	7.9	Leasehold (Expiring 28 Sep 2183)
	Almere Data Centre	Almere, Netherlands	100%	118,403	1 ³	100.0	137.6	Double-net (Fully-fitted)	9.4	Freehold
	Keppel DC Dublin 1	Dublin, Ireland	100%	68,118	19	61.8	75.9	Colocation	1.8	Leasehold ⁴ (Expiring 11 Apr 2041)
	Keppel DC Dublin 2	Dublin, Ireland	100%	25,127	4	90.7	103.8	Colocation	9.2	Leasehold (Expiring 31 Dec 2997)
	Milan Data Centre	Milan, Italy	100%	165,389	1	100.0	56.7	Double-net (Shell & core)	8.8	Freehold
	maincubes Data Centre	Offenbach am Main, Germany	100%	97,043	1	100.0	134.1	Triple-net (Fully-fitted)	14.0	Freehold

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

2. Portfolio AUM is based on respective independent valuations and respective ownership interests as at 31 Dec 2018.

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 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

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 	✓	✓	✓	✓
Keppel DC Singapore 5	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 (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 Arrangement 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 ⁴	<ul style="list-style-type: none"> Client: Pays rent and all outgoings except building insurance; responsible for facilities management 	-	✓	-	✓
Intellicentre 3 East Data Centre ⁵ (under development)	Triple-net lease	<ul style="list-style-type: none"> Client: Pays rent and all outgoings except building insurance and property tax; responsible for facilities management 	-	-	-	-

Overview of Lease Arrangements

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 ^{3,6}	■ Client: Pays rent ■ Owner: Bears all expenses; responsible for facilities management	✓	✓	✓	✓
Keppel DC Dublin 2	Colocation ^{3,6}	■ 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 LLP 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 2020 and is excluded from the portfolio's assets 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