Keppel DC REIT

# Extraordinary General Meeting

## Proposed Acquisitions of 99% Interest in Keppel DC Singapore 4 and 100% Interest in DC1

23 October 2019



# Outline

- Merits of the Proposed Acquisitions
- Resolutions

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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.

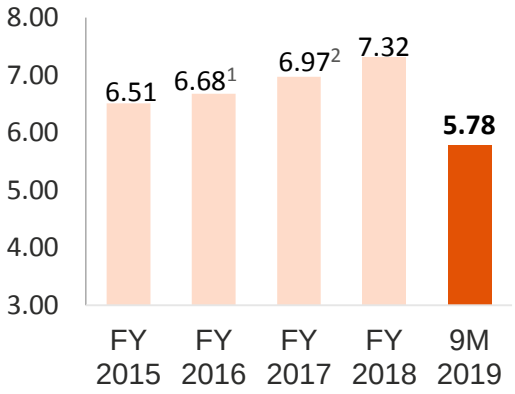
# Steady Growth Since IPO

**Steady DPU growth since listing**

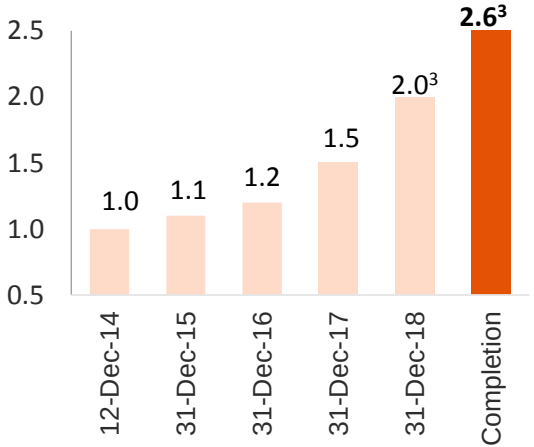
**Strong growth in AUM; AUM to ↑ to $2.6b post-acquisitions**

**Total return of 186.2% since listing**

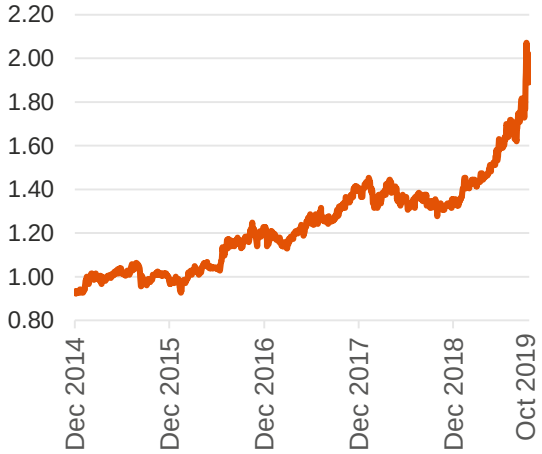
## Adjusted DPU (cents)




## Assets under management ($'b)




## Closing Price ($)




1. Exclude the impact of the pro-rata preferential offering and the one-off net property tax refund in 2016.
2. Exclude the one-off capital distribution arising from the later completion of Keppel DC Singapore 3 in 2017.
3. Exclude Intellicentre 3 East Data Centre which is expected to be completed in 2020.

# Strengthening Foothold in Singapore

**Agreed values for KDC SGP 4 and DC1 supported by independent valuations**






**99% Interest in Keppel DC Singapore 4 (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. $8.712m
- Agreed value of $384.9m is below Cushman & Wakefield's and Savills' valuations of approx. $385.1m (including rental support)
- Expected completion: 4Q 2019[1]



**100% Interest in the DC located at 18 Riverside Road, Singapore (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 2019[1]

[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.

# Merits of the Proposed Acquisitions

# 1 DPU-accretive Acquisitions

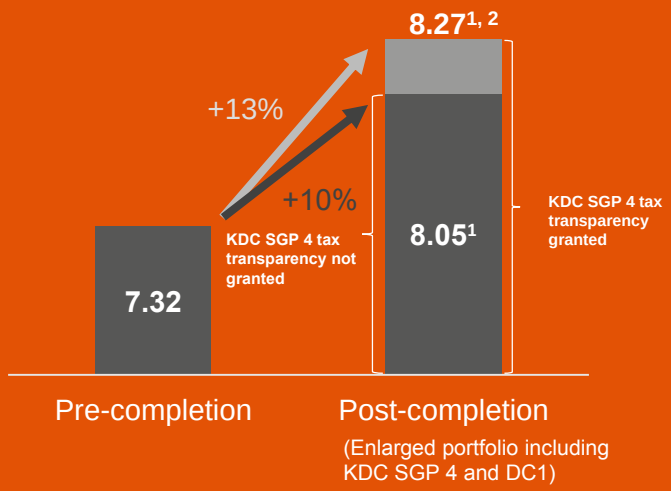
- **Accretion without KDC SGP 4 tax transparency: 10%**
- **Accretion with KDC SGP 4 tax transparency: 13%**

| Effects of the Proposed Acquisitions<br>For pro forma FY 2018 | | Actual<br>FY2018 | With KDC SGP 4 | With DC1 | With KDC SGP 4 and DC1 |
|---|---|---|---|---|---|
| KDC SGP 4 Tax Transparency not Granted | DPU (cents) | 7.32 | 7.63 | 7.79 | 8.05[1] |
| | Accretion (%) | - | 4.2% | 6.4% | 10.0% |
| KDC SGP 4 Tax Transparency Granted[2] | DPU (cents) | 7.32 | 7.88 | 7.79 | 8.27[1,2] |
| | Accretion (%) | - | 7.6% | 6.4% | 13.0% |

1. Assuming the Proposed Acquisitions are funded via a combination of private placement issuance, preferential offering issuance and external debt and completed on 1 Jan 2018
2. An application to Inland Revenue Authority of Singapore (IRAS) to seek a ruling that the income from KDC SGP 4 Target Entity would be tax transparent will be submitted.

## Pro Forma DPU[1] (cents)

Proposed Acquisitions are expected to be DPU-accretive



**Demand for data centres in Singapore** is estimated to grow at a CAGR of 9.4% between 2018 and 2022[1]

**Large hyperscale cloud providers** could potentially take up around 40% of Singapore's colocation space

- **Singapore is one of the world's fast-growing data centre markets**
  - Strong demand from internet enterprises as well as the IT services, telecommunications and financial services sectors
  - Robust connectivity, strong legal and regulatory framework, pro-business environment
- **Market expected to continue to tighten in 2019 with limited supply[1]**

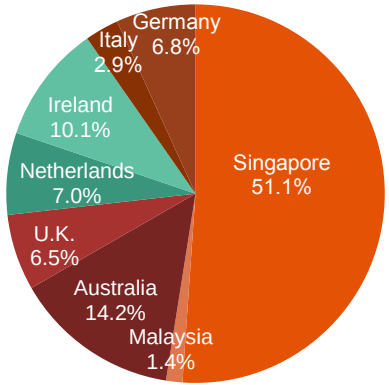
[1] Source: Broadgroup

# 2 Strengthens foothold in Singapore

**Portfolio AUM in Singapore to increase from 51.1% as of 30 Jun 2019 to 62.7% post-completion**

**Portfolio AUM breakdown**

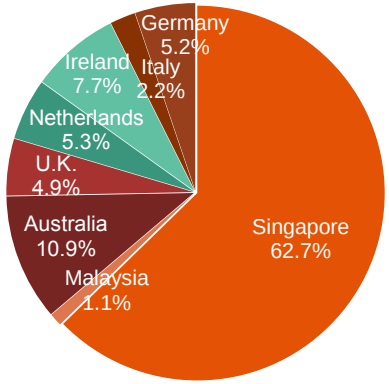
Pre-completion




**Portfolio AUM breakdown**

Post-completion

(Enlarged portfolio including KDC SGP 4 and DC1)



# 3 Greater income resilience through exposure to a larger portfolio

- Portfolio AUM will increase from $2.0b to $2.6b with an enlarged asset base of 17 assets

## Europe

**Ireland**

1. Keppel DC Dublin 1, Dublin
2. Keppel DC Dublin 2, Dublin

**United Kingdom**

3. GV7 Data Centre, London
4. Cardiff Data Centre, Cardiff

**The Netherlands**

5. Almere Data Centre, Almere

**Germany**

6. maincubes Data Centre, Offenbach am Main

**Italy**

7. Milan Data Centre, Milan

## Asia-Pacific

**Singapore**

8. Keppel DC Singapore 1
9. Keppel DC Singapore 2
10. Keppel DC Singapore 3
11. Keppel DC Singapore 4
12. Keppel DC Singapore 5
13. DC1

**Malaysia**

14. Basis Bay Data Centre, Cyberjaya

**Australia**

15. iseek Data Centre, Brisbane
16. Gore Hill Data Centre, Sydney
17. Intellicentre 2 Data Centre, Sydney
18. Intellicentre 3 East Data Centre, Sydney^




^ Construction expected to be completed in 2020.

# 4 Improvement in portfolio occupancy and lease profile

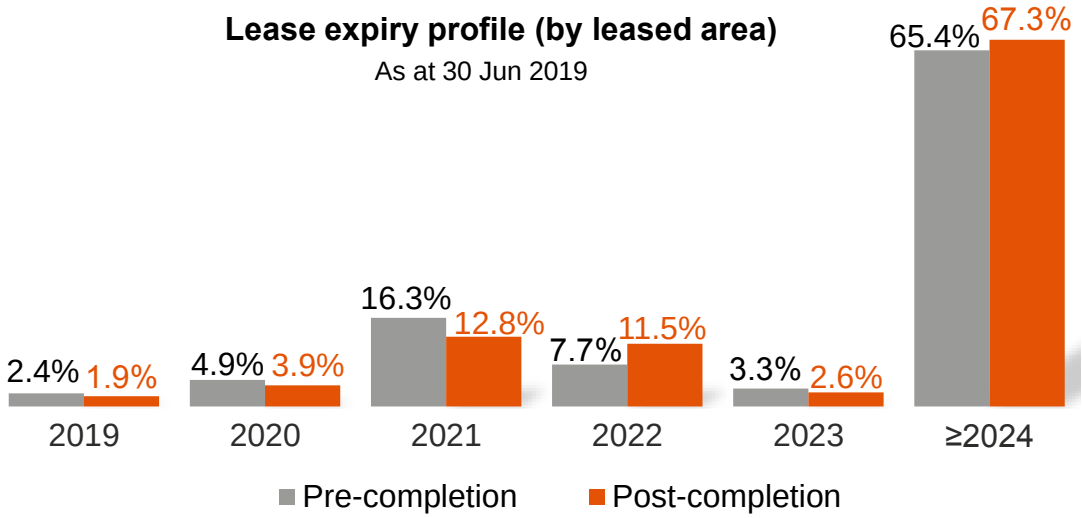
**Higher portfolio occupancy and longer WALE**

**Portfolio Occupancy**
from 93.2% to
**94.1[1]%**

**Portfolio WALE**
from 7.8 years to
**8.9 years[1]**
by leased area

[1]Pro forma figures as at 30 Jun 2019

- Well-spread lease expiry with less than 5% of leases up for renewal between 2019 and 2020



## 5 Stronger platform for growth

**Aggregate Leverage**
from 31.9% to

**30.3%**[1]

post-completion

- Higher debt headroom to pursue further growth opportunities
- Better access to the debt and equity markets with an enlarged and fully unencumbered portfolio

[1] Pro forma figure as at 30 Jun 2019, and include funds raised for capital expenditures

## 6 Greater leasing synergies and operational efficiency

**KDC SGP 4:**

- Proximity to KDC SGP 2 and KDC SGP 3: Strengthens the REIT's presence within Tampines Industrial Park
- Potential to achieve leasing synergies, increase operational efficiency and economies of scale with enlarged portfolio

**DC1:**

- Provides diversification of location to the Northern part of Singapore, complementing Keppel DC REIT's existing assets in the Central, Eastern and Western regions
- Located just outside the Woodlands Regional Centre: A planned key commercial hub expected to be the largest in Singapore's Northern region




## 7 Alignment of interests with fully underwritten preferential offering

- Preferential offering allows unitholders to participate in Keppel DC REIT's growth at discounted issue price
- Keppel Telecommunications & Transportation and Keppel Capital have subscribed for their pro-rata entitlements
- Free float and trading liquidity of the Units could improve

# Resolutions

# Proposed Acquisitions of KDC SGP 4 and DC1

- **Resolution 1**: The Proposed Acquisition of 99% Interest in Keppel DC Singapore 4 (KDC SGP 4) and the entry into the Keppel Lease Agreement, the Facility Management Agreement and the LLP Agreement
- **Resolution 2**: The Proposed Acquisition of a 100% Interest in the company which holds the data centre located at 18 Riverside Road, Singapore (DC1)



**DPU-accretive acquisitions**



**Strengthens foothold in Singapore**



**Stronger platform for growth**



**Improvement in portfolio occupancy and lease profile**



**Greater leasing synergies and operational efficiency**

# Thank You