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Media Release

Keppel DC REIT enters Japan with acquisition of a hyperscaler data centre in Tokyo

- *Strategic expansion into Japan, the second largest data centre market in Asia.*
- *DPU-accretive acquisition of Tokyo Data Centre 1; with opportunity for positive rental reversion.*
- *Assets under management will increase to \$3.8 billion, portfolio will enjoy further income diversification and a higher occupancy of 98.2% post-acquisition.*

Singapore, 11 July 2024 - Keppel DC REIT Management Pte. Ltd, as manager of Keppel DC REIT (the Manager), and Keppel Ltd. (Keppel) have entered into an agreement to acquire a 100% interest in a shell and core data centre located in Tokyo, Japan for JPY 23.4 billion (S\$201.0 million¹). The total purchase consideration represents a 2.5% discount to the property's valuation of JPY 24.0 billion (S\$206.1 million¹). Keppel DC REIT will have a 98.47% effective interest in the property, while the remaining 1.53% effective interest in the property will be held by Keppel.

The freehold multi-storey property, named Tokyo Data Centre 1, was completed in 2019 with a net lettable area of 190,166 sq ft. It is master leased on a triple-net basis to a Fortune Global 500 company and hyperscaler. With the remaining lease term of approximately seven years, there is an opportunity for positive rental reversion and potential for further organic growth on the back of growing demand for generative artificial intelligence (AI) and tight data centre supply in Japan.

Mr Loh Hwee Long, CEO of the Manager, said, "Our first acquisition in Japan, one of the largest and fastest growing data centre markets in Asia, demonstrates our ability to acquire quality assets in key data centre hubs. Japan is a core market and the addition of Tokyo Data Centre 1 will further strengthen our portfolio's geographical, as well as income diversification."

The acquisition marks Keppel DC REIT's maiden entry into Japan, the second largest data centre hub in Asia, which is projected to expand at a compounded annual growth rate of over 10% from 2024 to 2028². Demand for data centres in Japan and Tokyo is expected to continue rising with the proliferation of generative AI, growth of cloud services, digital transformation, and

¹ Based on the exchange rate of JPY 100:S\$0.859 as at 30 June 2024 unless stated otherwise.

² 451 Research, 1Q 2024.

technological developments such as the Internet of Things. Tokyo has an estimated operational IT load of more than 1,000 megawatts (MW), which makes up over 80% of the total operational capacity in Japan³.

Strategically located in West Tokyo, Tokyo Data Centre 1 is part of a primary data centre hub. It is built to the latest seismic design standards with base isolation system.

The inclusion of Tokyo Data Centre 1 will enhance Keppel DC REIT's portfolio occupancy from 98.1%⁴ to 98.2%⁵ and increase the weighted average lease expiry (WALE) by lettable area from 6.5 years⁴ to 6.6 years⁵. Post-acquisition, Keppel DC REIT's portfolio will be strengthened through geographical diversification, increased exposure to shell and core leases and a higher proportion of rental income derived from clients with investment grade or equivalent credit profiles. The acquisition of Tokyo Data Centre 1 is estimated to be completed in 3Q 2024. Keppel DC REIT's assets under management will increase to \$3.8 billion⁶ with a total of 23 data centres across 10 countries in Asia Pacific and Europe.

The acquisition is expected to be 1.1% accretive to DPU. If the proposed acquisition was completed on 1 January 2023, DPU would increase from 9.383 cents to 9.488 cents.

Tokyo Data Centre 1 is expected to be funded through Yen-denominated debt, providing natural hedge over its capital value. As Yen-dominated loans are lower in costs, this is expected to bring down the costs of financing. Upon completion of the acquisition, Keppel DC REIT's average cost of debt will improve to 3.3%⁶ with an aggregate leverage of 39.4%⁷.

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³ Global Data Centre Market Comparisons, Cushman & Wakefield, March 2024.

⁴ As at 31 March 2024, post-completion of Intellicentre Campus.

⁵ As at 31 March 2024, post-completion of Intellicentre Campus and based on Keppel DC REIT's effective interest of 98.47% in Tokyo Data Centre 1.

⁶ Includes investments in debt securities, Intellicentre Campus transactions and acquisition of Tokyo Data Centre 1.

⁷ Does not include the consumption tax payable with respect to the Acquisition which should be refunded within nine months from completion. The aggregate leverage will increase to 39.6% had the consumption tax payable been included.

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About Keppel DC REIT (www.keppeldcreit.com)

Keppel DC REIT was listed on the Singapore Exchange on 12 December 2014 as the first pure-play data centre REIT in Asia.

Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate and assets necessary to support the digital economy.

Keppel DC REIT's investments comprise a mix of colocation, fully-fitted and shell and core assets, as well as debt securities, thereby reinforcing the diversity and resiliency of its portfolio.

Keppel DC REIT is managed by Keppel DC REIT Management Pte. Ltd. (the Manager) and is sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.