

Keppel DC REIT

# SGX-JP Morgan Corporate Day

9 November 2020

# Outline

- Overview
- Portfolio Updates
- Financial Updates
- Outlook

**Constituents of:**

FTSE Straits Times Index

FTSE EPRA Nareit Global Developed Index

GPR 250 Index Series

MSCI Singapore Small Cap Index

**Awards and Accreditations:**

# Overview

# First Pure-play Data Centre REIT Listed in Asia on SGX

## Portfolio growth since listing



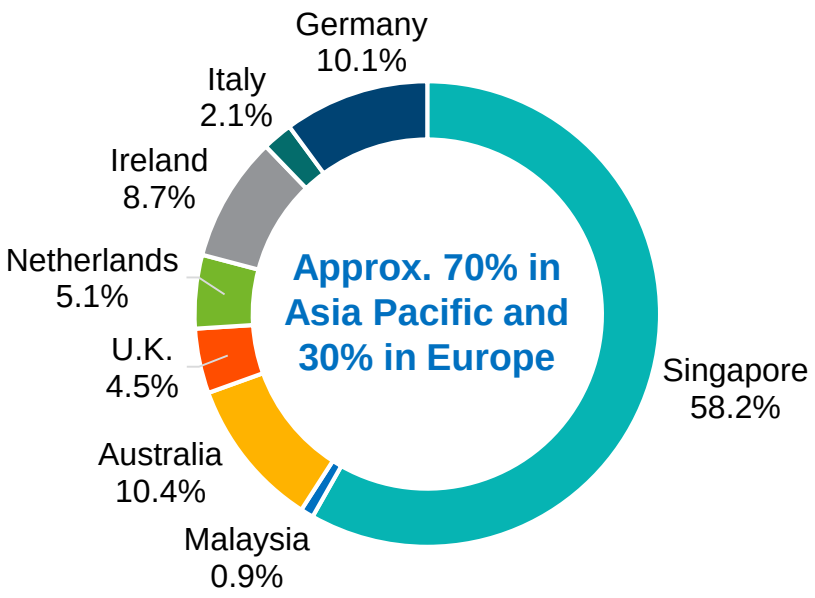

[1] Exclude Intellicentre 3 East Data Centre which development is expected to be completed in 1H 2021.

# 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

## Portfolio AUM breakdown

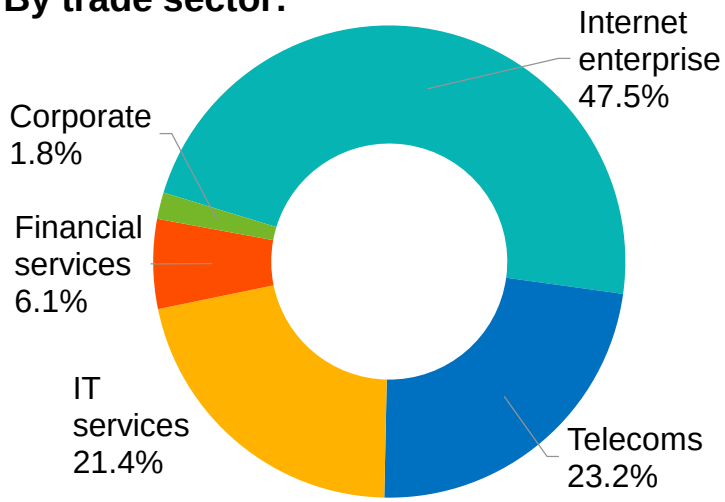
As at 30 Jun 2020



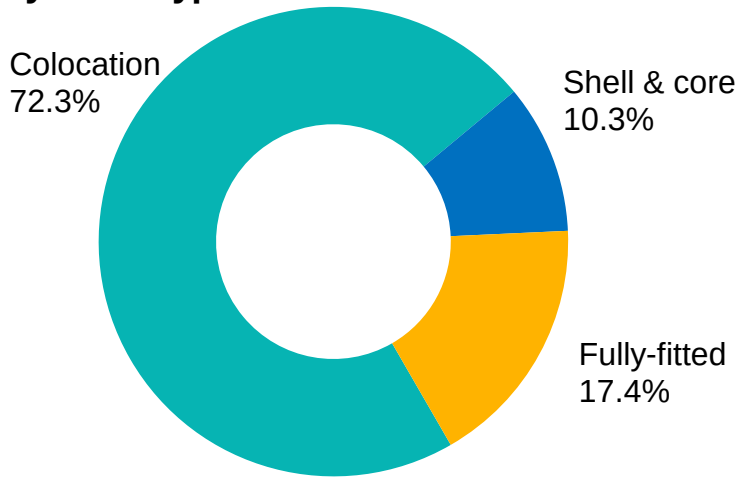

## Rental income breakdown

for Jun 2020[1]

**By trade sector:**




**By lease type:**




| Lease Type | Client Count | WALE[2] (years) | Ownership of Data Centre Components | | |
|---|---|---|---|---|---|
| | | | M&E Equipment | Facility Management | Servers & Racks |
| **Colocation** | Multi | 2.8 | ✓ | ✓ | - |
| **Fully-fitted** | Single | 11.5 | ✓ | - | - |
| **Shell & core** | Single | 8.1 | - | - | - |

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 Jun 2020.

# 3Q 2020 Highlights

- **Included in the benchmark Straits Times Index (STI) in Oct 2020**

- **Continued to deliver strong financial performance**
  DPU increased 22.1% y-o-y to 2.357 cents while Distributable Income increased 47.6% to $40.5m in 3Q 2020

- **Strong leasing momentum**
  New take-ups at colocation facilities in Singapore and Dublin, and secured early lease renewal at iseek Data Centre in Brisbane, Australia

- **Resilient asset class and stable portfolio matrices provide income visibility**
  Healthy portfolio occupancy of 96.7% and long WALE of 7.2 years

- **Maintain investment focus**
  Continue to pursue growth opportunities, diversify risks and maintain growth momentum

# Portfolio Updates



**Stable income stream with healthy portfolio occupancy and long WALE**

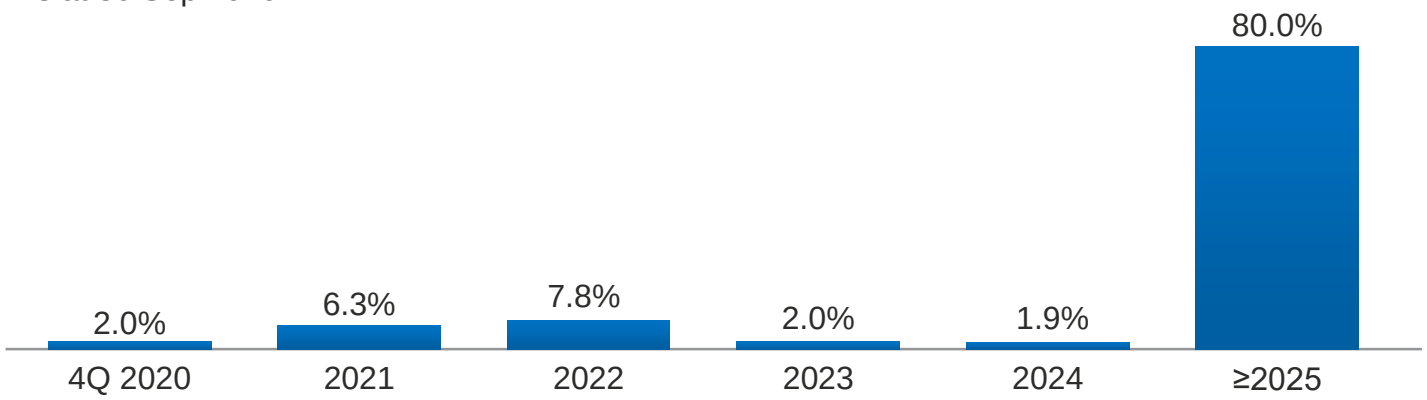
| Portfolio Occupancy | Portfolio WALE |
|---|---|
| **96.7%** | **7.2 years** |
| as at 30 Sep 2020 | by leased area |

# Proactive Leasing Efforts

- **Keppel DC Singapore 1:** Client expansion, increasing occupancy from 89.2% as at 30 Jun 2020 to 91.0% as at 1 Oct 2020
- **Keppel DC Singapore 2:** Secured new client, increasing occupancy from 93.5% as at 30 Jun 2020 to 98.2% as at 1 Oct 2020
- **Keppel DC Dublin 1:** Secured new client following practical completion of AEI works, increasing occupancy from 63.3% as at 30 Jun 2020 to 81.1% as at 30 Sep 2020
- **Keppel DC Dublin 2:** Additional data hall being fitted out has been committed by an existing client in the facility; IT power fully contracted
- **iseek Data Centre:** Secured early lease renewal, increasing asset WALE from 6 years as at 30 Jun 2020 to 10.7 years as at 30 Sep 2020

**Lease expiry profile (by leased area)**

As at 30 Sep 2020





# Closely Monitoring AEI Works

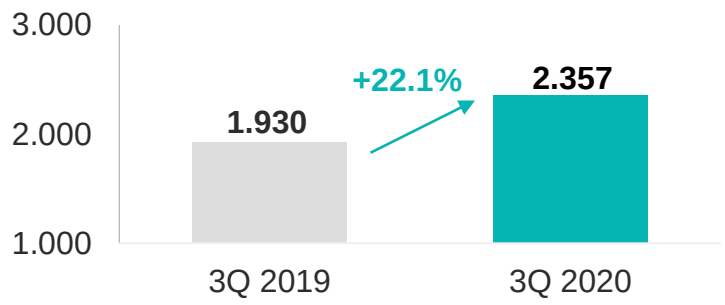
- **Keppel DC Dublin 1:** Practical completion of AEI works
- **DC1:** Completion of fitout works delayed to 1H 2021 due to COVID-19
- **IC3 East DC:** Topped out in Oct 2020, on track for completion in 1H 2021
- AEI works at **Keppel DC Singapore 5** and **Keppel DC Dublin 2** on track for completion in 1H 2021, subject to COVID-19 developments

| Assets | Details | Estimated Costs | Estimated Completion[1] |
|---|---|---|---|
| **Under development** | | | |
| Intellicentre 3 East Data Centre (IC3 East DC), Sydney | ▪ Building on vacant land within Intellicentre 2 Data Centre (IC2 DC) site<br>▪ New 20-year triple net master lease with Macquarie Telecom for IC2 DC and IC3 East DC to commence upon development completion | A$26.0-A$36.0m | 1H 2021 |
| **Asset enhancement initiatives (AEIs)** | | | |
| Keppel DC Singapore 5 | ▪ Converting vacant non-DC space to DC space and increase power capacity | $29.9m | 1H 2021 |
| DC1, Singapore | ▪ Fitting out shell & core space for client expansion | Up to $56.6m | 1H 2021 |
| Keppel DC Dublin 2 | ▪ Converting additional space into a data hall | €12.0m | 1H 2021 |

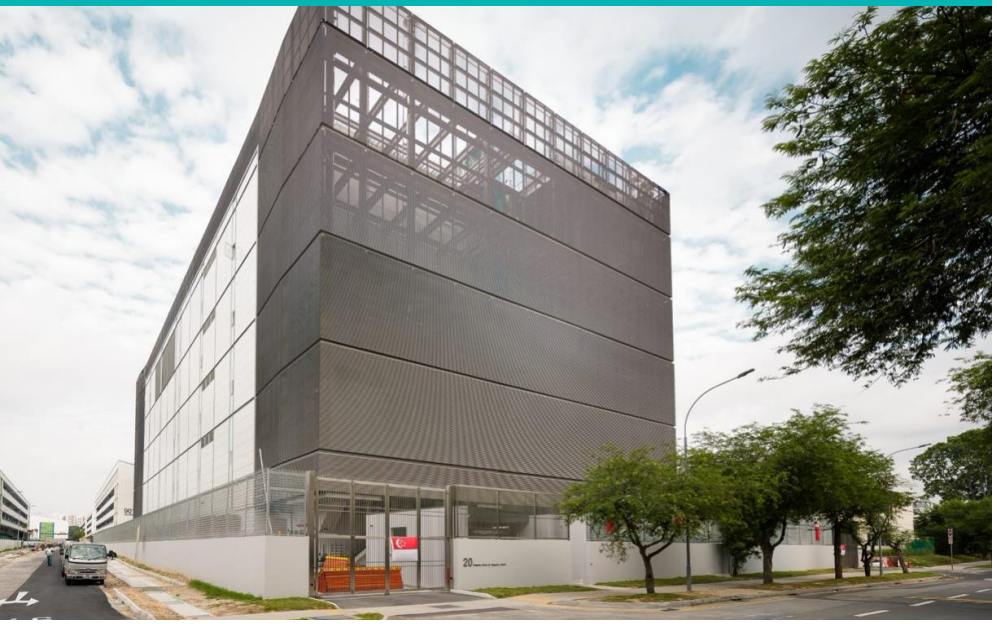
1. Subject to further delays due to COVID-19.

# Financial Updates

## Distribution Per Unit (cents)




**DPU increased 22.1% y-o-y in 3Q 2020, supported by new acquisitions**



# Continued to Deliver Strong Returns

| ($'000) | 3Q 2020 | 3Q 2019 | % Change | 9M 2020 | 9M 2019 | % Change |
|---|---|---|---|---|---|---|
| Gross Revenue | 67,666 | 46,354 | +46.0 | 191,616 | 141,846 | +35.1 |
| Net Property Income | 62,370 | 42,269 | +47.6 | 176,587 | 128,758 | +37.1 |
| Distributable Income[1] | 40,482 | 27,427 | +47.6 | 115,462 | 81,780 | +41.2 |
| Distribution per Unit (DPU)[2] (cents) | 2.357 | 1.930 | +22.1 | 6.732 | 5.780 | +16.5 |

# Healthy Balance Sheet

| | 30 Sep 2020 | 31 Dec 2019 | % Change |
|---|---|---|---|
| Unitholders' Funds ($'000) | 1,900,975 | 1,868,018 | +1.8 |
| Units in Issue ('000) | 1,633,028 | 1,632,395 | - |
| Net Asset Value (NAV) per Unit ($) | 1.16 | 1.14 | +1.8 |
| Unit Price ($) | 2.91 | 2.08 | +39.9 |
| Premium to NAV (%) | +150.9 | +82.5 | +68.4pp |

1. Distributable Income includes Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter ended 30 September 2020.
2. Excludes an amount of Capex Reserves that has been set aside.

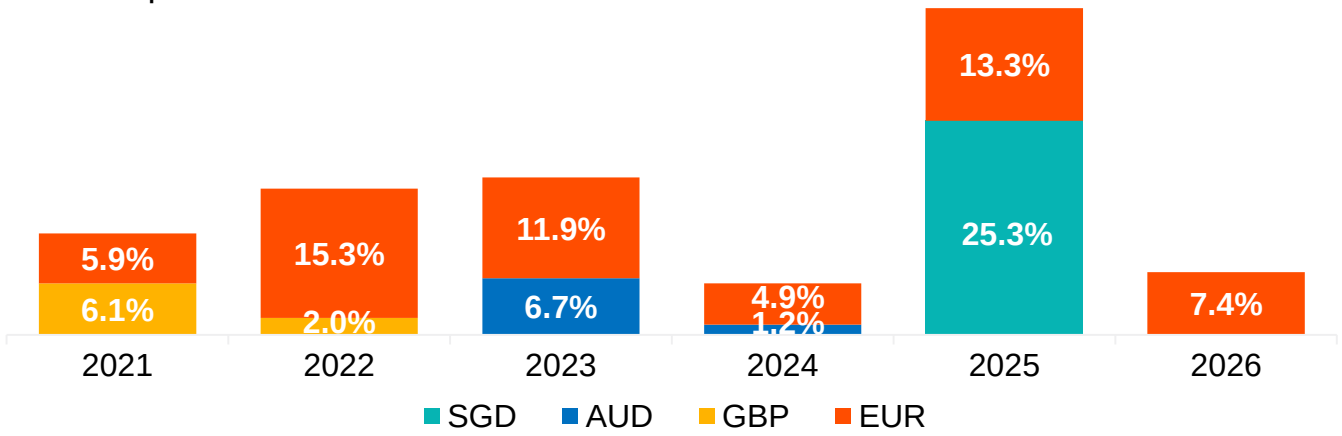


# Prudent Capital Management

- **Refinanced AUD 13.2m loan to 2024 and obtained new SGD 150m 6-year revolving credit facility**
- **Manage interest rate exposure:** 68% of loans hedged with floating-to-fixed interest rate swaps, with the remaining unhedged borrowings in EUR
- **Mitigate impact of currency fluctuations** by hedging forecasted foreign-sourced distributions till 1H 2022 with foreign currency forward contracts

## Debt Maturity Profile

As at 30 Sep 2020




| As at 30 Sep 2020 | |
|---|---|
| **Total debt** | ~$1.08b of external loans/notes (unencumbered) |
| **Available facilities** | ~$481.4m of undrawn credit facilities |
| **Aggregate leverage[1]** | 35.2% |
| **Average cost of debt[2]** | 1.6% per annum |
| **Debt tenor** | 3.4 years |
| **Interest coverage[3]** | 12.7 times |

1. Computed based on gross borrowings and deferred payment as a percentage of deposited properties, both of which do not consider the lease liabilities pertaining to land rent commitments and options.
2. Including amortisation of upfront debt financing costs and excluding lease charges.
3. Interest Coverage Ratio disclosed above is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020.

# Outlook



# Resilient Asset Class that Supports the Digital Economy

- COVID-19 and the changes in working practices accelerated shift to hosted and cloud collaboration solutions[1]
- Cloud is increasingly dominating the IT landscape: Annual spending on cloud services expected to double in under four years[1]
- COVID-19 has accelerated the move to keep data in-country due to stricter border controls as well as more stringent security and data sovereignty regulations[2]

**APAC data centre spending** to surpass US$30b by 2023 to account for >30% of global market[2]

**European data centre market** to grow by >40% to over US$20b by 2023, despite limited new supply[2]

**Global colocation market** expected to grow by 15%[2] in 2020

**Enterprise spending on cloud infrastructure** expected to grow by 22%[2] CAGR over next 5 years

**>70% of all hyperscale data centers** are located in facilities that are leased or owned by partners[1]

**Global mobile data traffic** expected to increase by 31% annually from 2019 to 2025[3]



Sources: 1. Synergy Research (Sep 2020); 2. Danseb Consulting (formerly Broadgroup Consulting) (Oct 2020); 3. Ericsson (Jun 2020)

# Well-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

## Investment merits

- ✓ Fast-growing asset class
- ✓ Resilient income stream
- ✓ Focused investment strategy
- ✓ Prudent capital management

**Steady DPU growth since listing**

**Low aggregate leverage** of 35.2%[1] provides financial flexibility to pursue growth

**Stable income stream** with portfolio occupancy of 96.7% and long WALE of 7.2 years

**Limited interest rate exposure** with 68% of borrowings hedged over the entire loan term, with the remaining unhedged borrowings in EUR

**Constituents of the Straits Times Index and FTSE EPRA Nareit Global Developed Index**

**Forecasted foreign-sourced distributions hedged** till 1H 2022 through foreign currency forward contracts

1. Aggregate Leverage was computed based on gross borrowings and deferred payment as a percentage of the deposited properties, both of which do not take into consideration the lease liabilities pertaining to land rent commitments and options for certain data centres.

# Thank You

**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.

# Additional Information

# Portfolio Overview (as at 30 Sep 2020)

| | Location | Interest | Attributable lettable area (sq ft) | No. of clients[1] | Occupancy rate (%) | Valuation[2] | Lease type | WALE (years) | Land lease title |
|---|---|---|---|---|---|---|---|---|---|
| **Asia Pacific** | | | | | | | | | |
| Keppel DC Singapore 1 | Singapore | 100% | 109,721 | 21 | 89.2 | S$296.0m | Keppel lease / Colocation | 4.2 | Leasehold (Expiring 30 Sep 2025, with option to extend by 30 years) |
| Keppel DC Singapore 2 | Singapore | 100% | 38,480 | 4 | 93.5 | S$174.0m | Keppel lease / Colocation | 1.8 | Leasehold (Expiring 31 Jul 2021, with option to extend by 30 years) |
| Keppel DC Singapore 3 | Singapore | 90% | 49,433 | 2 | 100.0 | S$238.5m | Keppel lease / Colocation | 1.7 | Leasehold (Expiring 31 Jan 2022, with option to extend by 30 years) |
| Keppel DC Singapore 4 | Singapore | 99% | 83,698 | 6 | 95.7 | S$384.9m[3] (purchase price) | Keppel lease / Colocation | 1.9 | Leasehold (Expiring 30 Jun 2050) |
| Keppel DC Singapore 5 | Singapore | 99% | 97,781 | 3 | 84.2 | S$327.7m | Keppel lease / Colocation | 2.0 | Leasehold (Expiring 31 Aug 2041) |
| DC1 | Singapore | 100% | 213,815 | 1 | 100 | S$200.2m (purchase price) | Triple-net (Fully-fitted/ Shell & core) | 15.5 | Leasehold (Expiring 31 Jul 2044) |
| Basis Bay Data Centre | Cyberjaya, Malaysia | 99% | 48,193 | 1 | 63.1 | MYR 78.2m (S$25.6m) | Colocation | 1.7 | Freehold |
| Gore Hill Data Centre | Sydney, Australia | 100% | 90,955 | 3 | 100.0 | A$207.5m (S$192.1m) | Triple-net (Shell & core) / Colocation | 4.6 | Freehold |
| iseek Data Centre | Brisbane, Australia | 100% | 12,389 | 1 | 100.0 | A$35.0m (S$32.4m) | Double-net[4] (Fully-fitted) | 10.7 | Leasehold (Expiring 29 Jun 2040, with option to extend by 7 years) |

# Portfolio Overview (as at 30 Sep 2020)

| | Location | Interest | Attributable lettable area (sq ft) | No. of clients[1] | Occupancy rate (%) | Valuation[2] | Lease type | WALE (years) | Land lease title |
|---|---|---|---|---|---|---|---|---|---|
| Intellicentre 2 Data Centre | Sydney, Australia | 100% | 87,930 | 1 | 100.0 | A$57.7 m (S$53.4m) | Triple-net (Shell & core) | 14.9 | Freehold |
| Intellicentre 3 East Data Centre[5] | Sydney, Australia | 100% | Min. 86,000 | 1 | 100.0[5] | A$26.0-A$36.0m (development costs) | Triple-net (Shell & core) | 20.0[5] | Freehold |
| **Europe** | | | | | | | | | |
| Cardiff Data Centre | Cardiff, United Kingdom | 100% | 79,439 | 1 | 100.0 | £35.9m (S$63.2m) | Triple-net (Shell & core) | 10.7 | Freehold |
| GV7 Data Centre | London, United Kingdom | 100% | 24,972 | 1 | 100.0 | £36.3m (S$64.0m) | Triple-net (Fully-fitted) | 6.4 | Leasehold (Expiring 28 Sep 2183) |
| Almere Data Centre | Almere, Netherlands | 100% | 118,403 | 1 | 100.0 | €89.9m (S$135.2m) | Double-net (Fully-fitted) | 7.9 | Freehold |
| Keppel DC Dublin 1 | Dublin, Ireland | 100% | 68,118 | 27 | 81.1 | €49.9m (S$75.0m) | Colocation | 2.7 | Leasehold (Expiring 31 Dec 2999) |
| Keppel DC Dublin 2 | Dublin, Ireland | 100% | 25,652 | 4 | 100.0 | €68.7m (S$103.3m) | Colocation | 8.1 | Leasehold (Expiring 31 Dec 2997) |
| Milan Data Centre | Milan, Italy | 100% | 165,389 | 1 | 100.0 | €38.2m (S$57.4m) | Double-net (Shell & core) | 7.3 | Freehold |
| maincubes Data Centre | Offenbach am Main, Germany | 100% | 97,043 | 1 | 100.0 | €91.2m (S$137.1m) | Triple-net (Fully-fitted) | 12.5 | Freehold |
| Kelsterbach Data Centre | Kelsterbach, Germany | 100% | 540,869 | 1 | 100.0 | €81.8m (S$123.0m) (purchase price) | Triple-net (Shell & core) | 5.3 | 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 2019, unless otherwise stated.
3. Purchase price includes rental support.
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 are structured as effectively equivalent to a double-net lease.
5. This development is expected to be completed in 1H 2021 and is excluded from the portfolio's asset under management; Facility will be fully leased to Macquarie Telecom upon completion.