

The logo for Keppel DC REIT, featuring the word "Keppel" in white on a grey background, followed by "DC REIT" in red. The background of the entire slide is a server room with blue and green lighting and a large red diagonal graphic.

**Keppel** DC REIT

# Annual General Meeting

20 April 2022

# FY 2021 Key Highlights



## Sustainable Financial Growth

### Distributable Income

**\$171.6m**

for FY 2021, a 9.4% y-o-y increase, due mainly to contributions from accretive acquisitions and completion of asset enhancement initiative works.

### Continued DPU growth

**9.851 cents**

for FY 2021, representing a 7.4% y-o-y growth.

### DPU yield

**4.0%**

based on the market closing price of \$2.470 per Unit at 31 Dec 2021.



## Resilient & Diversified Portfolio

### Growth in AUM

**\$3.4b<sup>1</sup>**

as at 31 Dec 2021, representing a 13.3% growth from a year ago, underpinned mainly by new acquisitions and portfolio valuation uplift.

### Record High Portfolio Occupancy

**98.3%**

as at 31 Dec 2021.

### Long Portfolio WALE

**7.5 years<sup>2</sup>**

by leased area.



## Strong Balance Sheet

### Aggregate Leverage<sup>3</sup>

**34.6%**

as at 31 Dec 2021, providing sufficient debt headroom for further growth.

### High Interest Coverage

**10.8 times**

as at 31 Dec 2021.

### Average Cost of Debt<sup>4</sup>

**1.6%**

as at 31 Dec 2021.

# Value Creation with DPU Accretive Investments

## Strengthening foothold in Europe

- Strategic acquisitions of **London Data Centre** in the UK and **Eindhoven Campus** in the Netherlands
- The UK is the fourth largest data centre market globally<sup>1</sup>, and London has seen healthy demand from hyperscalers and cloud providers expanding around the western corridor<sup>2</sup>
- The Netherlands data centre market is among the top four major data centre hubs in Europe, and expected to see 5.3% CAGR in 2021-2026<sup>3</sup>



## Maiden acquisition in China

- Strategic acquisition of **Guangdong Data Centre** to tap into China's growing digital economy
- Guangdong is one of the top and fastest growing data centre locations in China, with demand supported by the city government's push to develop a digital and intelligent economy

## Enhancing Income Resilience

- Investment in **bonds and preference shares issued by M1 Network Private Limited**
- Provides stable cash flow of \$11.0m p.a. (comprising both principal<sup>4</sup> and interest) for 15 years, without assuming any operational management risks

# 1Q 2022 Updates

# Key Highlights for 1Q 2022



## Higher distributable income and DPU

- Distributable income and DPU<sup>1</sup> for 1Q 2022 increased by 5.9% and 0.2% y-o-y respectively, mainly due to recent data centre acquisitions and investment in debt securities, partially offset by lower contributions from Singapore assets as a result of provisions made for a client payment under dispute at KDC SGP 1<sup>2</sup> and higher electricity costs



## High income visibility from portfolio of quality data centres

- Established track record with high portfolio occupancy of 98.7% and long WALE of 7.7 years<sup>3</sup>



## Healthy balance sheet to support growth plans

- Healthy aggregate leverage of 36.1%<sup>4</sup> as at 31 Mar 2022
- High interest coverage ratio of 10.0 times and low average cost of debt of 1.8%<sup>5</sup> as at 31 Mar 2022



## Commitment to value creation

- Continued focus on data centres through strategic acquisitions
- Integration of environmental, social and governance factors into our strategy and operations

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 31 March 2022.

2. Provisions were made by Keppel DC Singapore 1 Ltd. 1 out of prudence and without concession to the strength of its claim because this amounts to an ageing receivable.

3. By leased area. WALE by rental income was 5.1 years as a higher proportion of rental income is from colocation assets, which typically have shorter lease periods.

4. 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. Aggregate leverage as at 31 Dec 2021 was 34.6%.

5. Including amortisation of upfront debt financing costs and excluding lease charges. Based on 100% carrying value as at 31 Dec 2021.

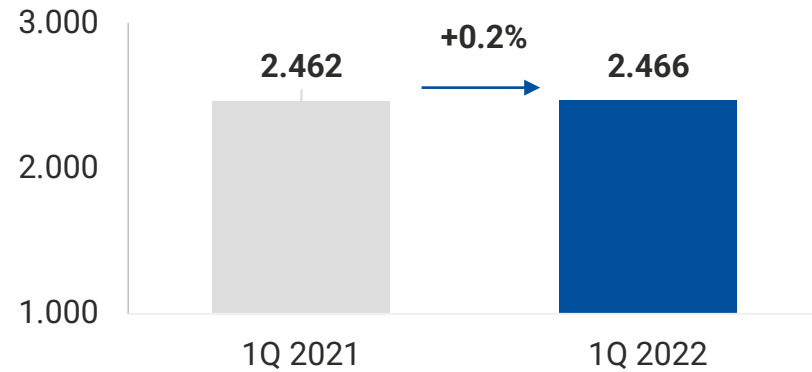
## Higher Distributable Income and DPU

(\$'000)	1Q 2022	1Q 2021	% Change
Gross Revenue	66,104	66,685	(0.9)
Net Property Income	60,129	60,989	(1.4)
Distributable Income (DI) <sup>1</sup>	44,528	42,029	+5.9
Distribution per Unit (DPU) <sup>2</sup> (cents)	2.466	2.462	+0.2

## Stable Metrics

	31 Mar 2022	31 Dec 2021	% Change
Unitholders' Funds (\$'000)	2,292,017	2,293,247	(0.1)
Units in Issue ('000)	1,717,410	1,715,512	+0.1
Net Asset Value (NAV) per Unit (\$)	1.33	1.34	(0.7)
Unit Price (\$)	2.28	2.47	(7.7)
Premium to NAV (%)	+71.4	+84.3	(12.9pp)

### Distribution per Unit (cents)<sup>1</sup>



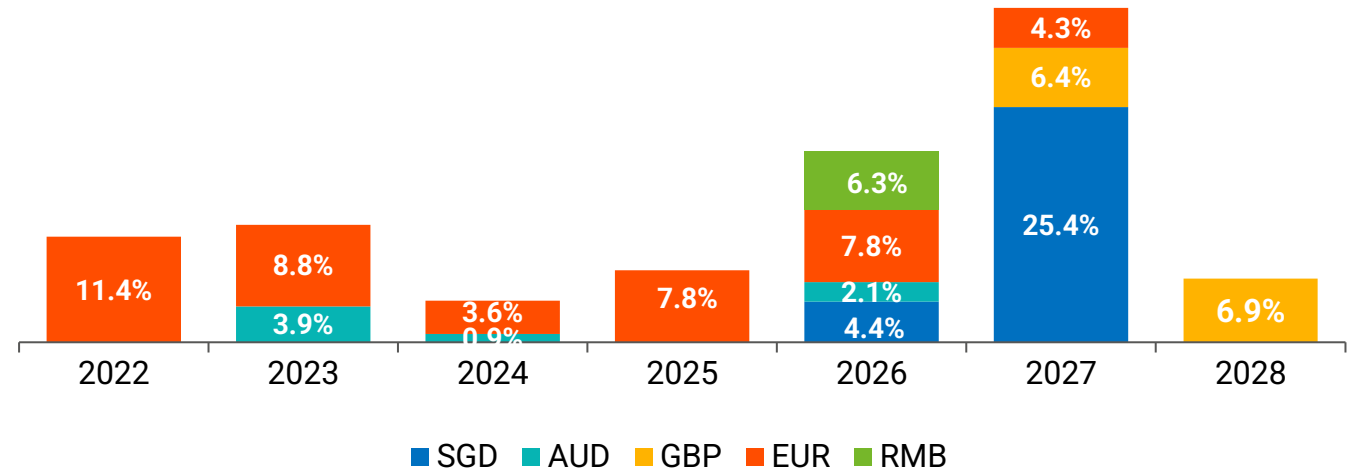
Keppel DC Dublin 2, Ireland



# Well-spread Debt Maturity Profile

- Obtained a revolving credit facility of GBP70m for 6 years in 1Q 2022

Debt Maturity Profile (as at 31 Mar 2022)



## As at 31 Mar 2022

Available Facilities	~\$563.6m of undrawn credit facilities
Aggregate Leverage <sup>1</sup>	36.1%
Average Cost of Debt <sup>2</sup>	1.8%
Weighted Average Debt Tenor	3.8 years
Interest Coverage Ratio (ICR)	10.0 times

Eindhoven Campus, the Netherlands

# Prudent Capital Management

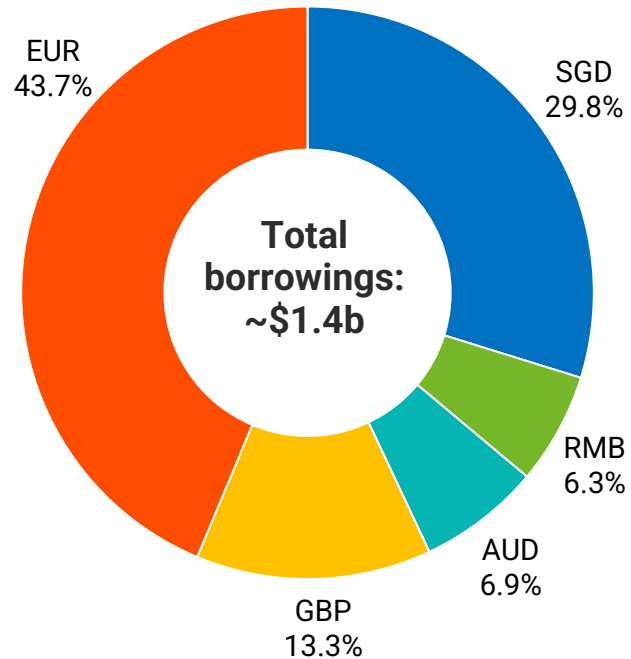
## Managing interest rate exposure

- 76% of loans hedged through floating-to-fixed interest rate swaps, with the remaining unhedged borrowings in EUR
  - Weighted average hedge tenor is 3.4 years
  - With the 76% hedge in place, a 100bps rise in the interest rates would only affect the remaining 24% unhedged borrowings. A 100 bps change would have an approximately 1% impact to 1Q 2022's DPU on a pro forma basis

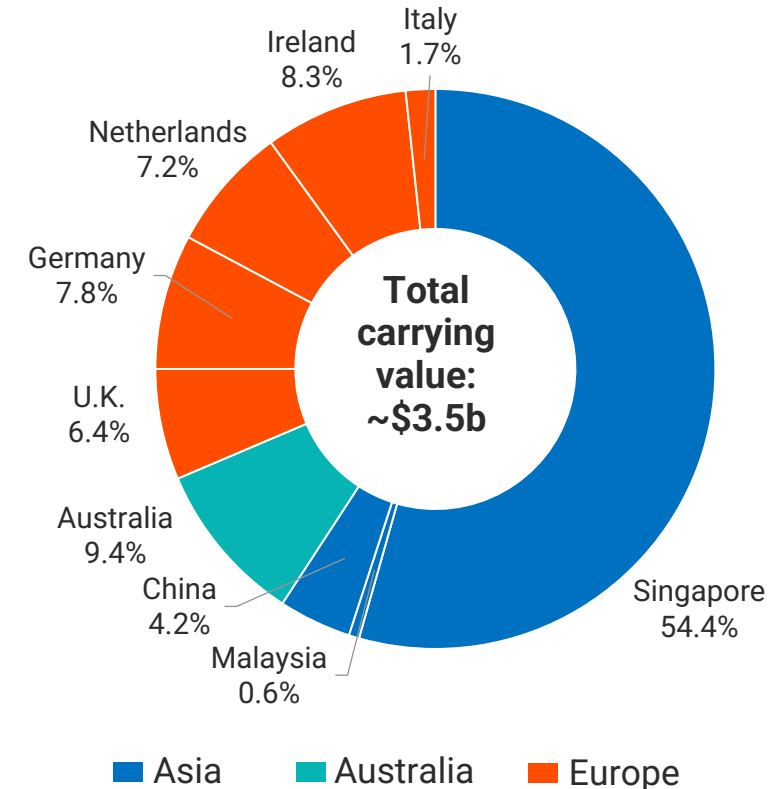
## Mitigating impact of currency fluctuations

- Forecasted foreign-sourced distributions have been substantially hedged till 2H 2023 with foreign currency forward contracts
- Adopted natural hedging as much as possible by borrowing in currencies that match the corresponding investments

**Debt currency breakdown**  
(as at 31 Mar 2022)



**Investment properties breakdown<sup>1</sup>**  
(as at 31 Mar 2022)



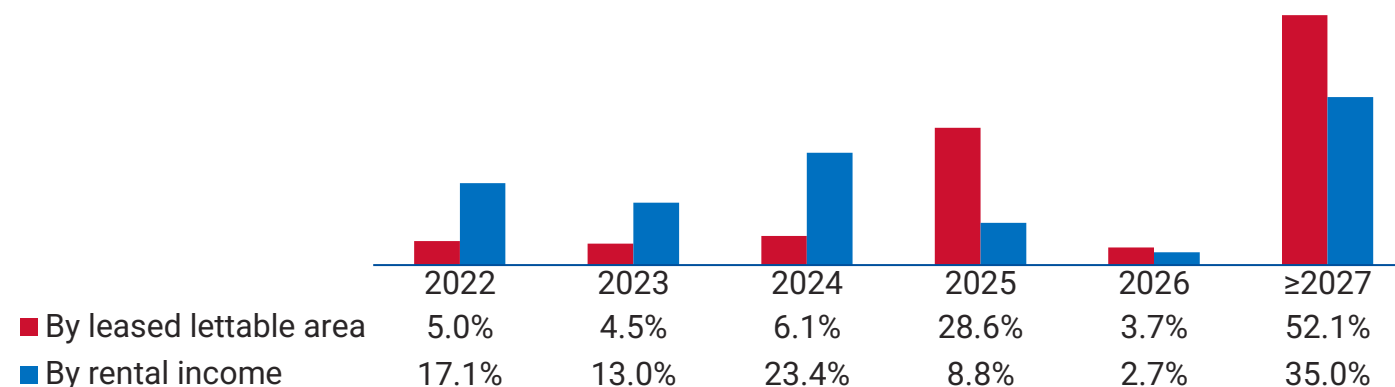




# Proactive Portfolio Management

- Strengthened portfolio and foothold in Europe with the completion of the acquisition of London Data Centre
- Proactive leasing efforts resulted in new, renewal and expansion leases secured at Dublin, Malaysia and the Netherlands
- Enhanced portfolio metrics, with an increase in portfolio WALE of 7.7 years (from 7.5 years as at 31 Dec 2021 and higher occupancy of 98.7% (from 98.3% as at 31 Dec 2021)<sup>2</sup>
- Active review of portfolio exposure to identify and manage any potential risks that may arise from the geopolitical environment and rising costs (e.g. utilities<sup>3</sup> and inflation)
- On a portfolio basis, the built in income and rental escalations based on Consumer Price Index or similar indexation, or fixed rate mechanisms will serve to mitigate the inflationary impact<sup>4</sup>

## Well-Spread Lease Expiry Profile (as at 31 Mar 2022)



Portfolio Occupancy  
**98.7%**  
as at 31 Mar 2022

Portfolio WALE  
**7.7 years<sup>1</sup>**  
by leased area

1. By leased area. WALE by rental income was 5.1 years as a higher proportion of rental income is from colocation assets, which typically have shorter lease periods.  
 2. Not adjusted for the ongoing litigation with DXC Technology Services Singapore Pte. Ltd as the existing lease at Keppel DC Singapore 1 is still in place and effective.  
 3. Based on existing contracts in place, a further 10% increase in electricity tariffs from 1Q2022 would have an impact of approximately 0.009 cents per Unit to 1Q2022 DPU on a pro forma basis.  
 4. The WALE by rental income of contracts/leases with no escalations is approximately 2 years.

# Commitment to ESG Excellence

## Environmental Stewardship



- Signatory of the **Climate Neutral Data Centre Pact** in Europe
- Renewable electricity procured for all our Dublin assets
- Our assets have either/or a combination of **sustainability awards, accreditations and certifications**

## People & Community




- Dedicated **>630 community hours** in 2021, in conjunction with Keppel Capital



## Responsible Business



- Dedicated **Board ESG Committee**
  - To develop and articulate ESG strategy
  - Provide oversight of sustainability initiatives across business operations
  - Review the implementation and integration of the ESG Framework
- Achieved above satisfactory score for **annual customer satisfaction survey**
- **MSCI ESG RATINGS**  <sup>1</sup>  

CCC	B	BB	BBB	<b>A</b>	AA	AAA
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- Engaged with **>800** investors and analysts in 2021

# ESG Targets and Commitments



## Environmental Stewardship

### Climate Change Adaptation

- To align reporting with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)

### Emissions

- To progressively reduce its combined Scope 1 and Scope 2 emissions with an aim to halve this by 2030 from a 2019 baseline

### Energy

- To introduce renewable energy<sup>1</sup> (RE) to at least 50% of the colocation assets by 2030, as well as encourage RE use at all other portfolio assets
- To achieve at least a 10% reduction in effective Power Usage Effectiveness (PUE) for colocation assets that undergo major asset enhancement<sup>2</sup> works, by 2025 from a 2019 baseline



## Responsible Business

### Building and Service Quality

- To obtain and maintain green certification for all Singapore colocation assets by 2025 and obtain green certification for all colocation assets by 2030
- To achieve an above satisfactory score for our Annual Customer Satisfaction Survey<sup>3</sup>
- To aim for zero client dissatisfaction over the physical security of all colocation properties in the Annual Customer Satisfaction Survey

### Corporate Governance

- To uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders

### Cybersecurity and Data Privacy

- To uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure, with zero incidents of data breaches and non-compliance with data privacy laws

### Ethics and Integrity

- To maintain high standards and best practices in ethical business conduct and compliance, with zero incidents of fraud, corruption, bribery and non-compliance with laws and regulations



## People & Community

### Community Development and Engagement

- To engage with local communities and contribute to Keppel Capital's target of >500 hours of staff volunteerism in 2022

### Diversity and Inclusion

- To have female directors represent at least 25% of the Board by 2025

### Employee Health and Wellbeing

- To provide a safe and healthy environment for all stakeholders, adopting the Keppel Zero Fatality Strategy to achieve a zero-fatality workplace

### Human Capital Management

- To achieve on average at least 20 hours of training hours per employee in 2022
- To achieve at least 75% in employee engagement score in 2022

# Outlook



# Demand for Data Centres Remains Robust



- Worldwide spend on data centre IT hardware and software grew 10% in 2021<sup>1</sup>



- Colocation demand is estimated to have grown 14% across Asia Pacific and 12% in Europe in 2021<sup>2</sup>



- Demand continues to be driven by<sup>2,3,4</sup>:
  - Increased prominence of cloud computing
  - Acceleration of cloud migration
  - Focus on data sovereignty and hosting data locally
  - Internet of Things and digitalisation



- Global mobile data traffic is expected to grow at over 40% per annum between 2022 and 2025<sup>5</sup>



- Anticipate that secondary data centre markets will benefit as primary markets restrict power usage and as sustainability demands put pressure on the industry<sup>6</sup>

# Well-Positioned for Growth

The Manager will continue to capitalise on growth opportunities in the data centre industry, and strengthen Keppel DC REIT's global presence.

## Value Creation for Stakeholders



### Diversified portfolio of data centres with a predominantly Asia focus

- Strong operational expertise and proven growth track record
- Proactive asset management to optimise portfolio returns
- Large and stable client base



### Focused and disciplined investment strategy

- Global mandate to invest in data centres, and real estate and assets necessary to support the digital economy
- Over \$2b worth of data centre assets under development and management through our sponsor, Keppel T&T<sup>1</sup>, and Keppel's private data centre funds

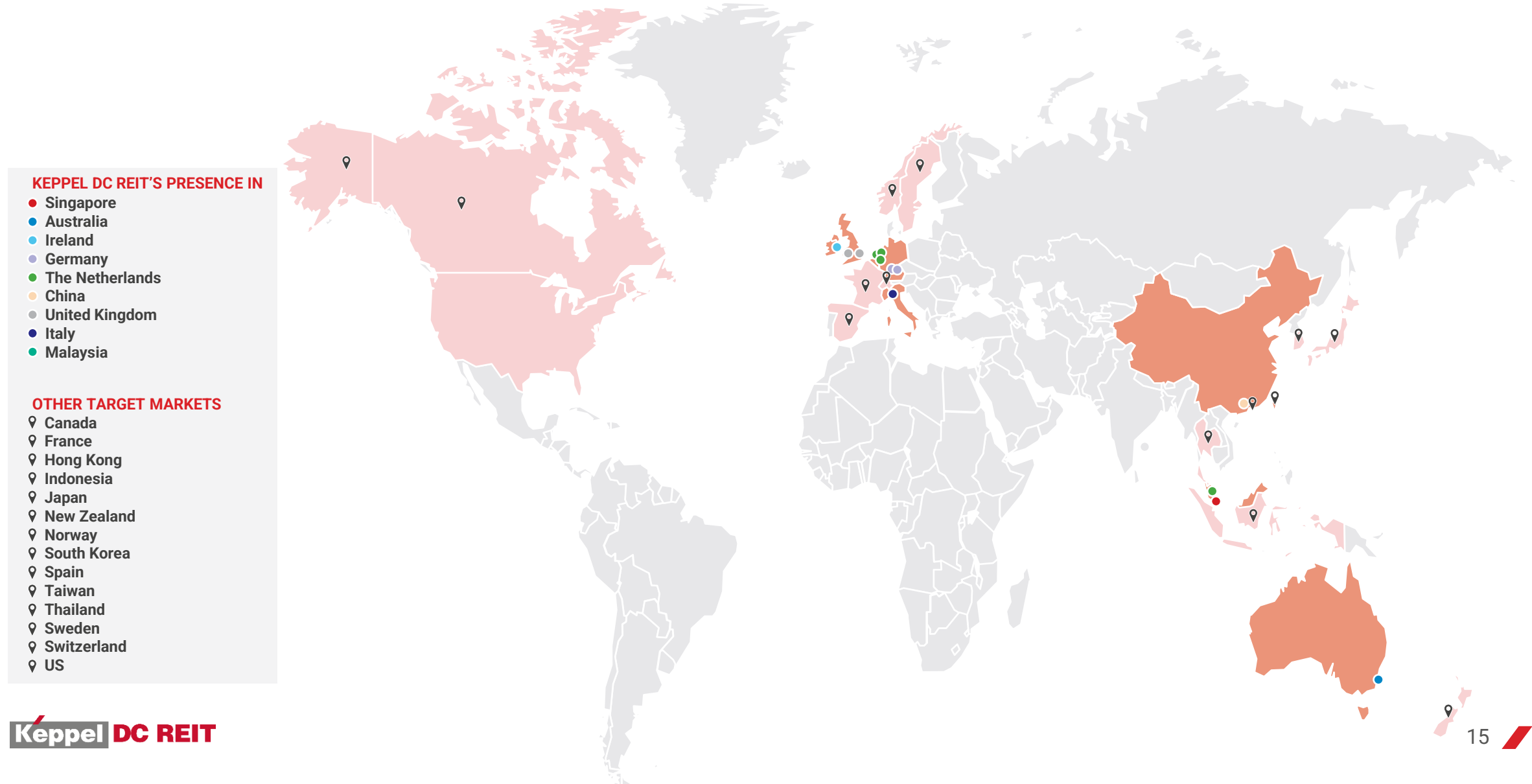


### Ongoing commitment to sustainability

- Align reporting with TCFD recommendations
- Progressively reduce carbon emissions and utilise renewable energy, where available
- Ensure strong corporate governance
- Make a difference to the local communities

1. Keppel T&T has granted the Rights of First Refusal (ROFR) to Keppel DC REIT for future acquisition opportunities of its data centre assets.

# Target Markets



# Thank You

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