

### **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.



<sup>1.</sup> Including the acquisition of London Data Centre which was completed in Jan 2022, Keppel DC REIT's AUM would be \$3.5b.

<sup>2.</sup> By leased area. WALE by rental income was 4.9 years as a higher proportion of rental income is from colocation assets, which typically have shorter lease periods.

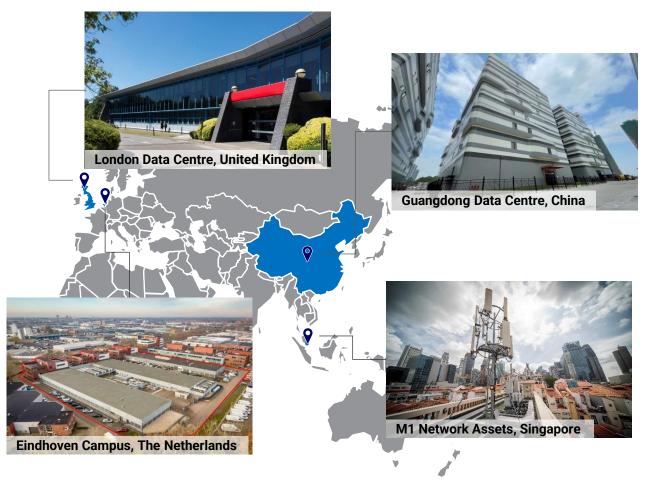
<sup>.</sup> Computed based on gross borrowings and deferred payment as a percentage of deposited properties, both of which do not consider the lease liabilities pertaining to land rent commitments and options. Aggregate leverage as at 31 Dec 2020 was 36,2%.

<sup>4.</sup> Including amortisation of upfront debt financing costs and excluding lease charges. Based on 100% carrying value 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



- According to Structure Research, in 2019, UK is ranked 4th globally, after the US, China and Japan.
- CBRE Report 102021 Europe Data Centres.
- Principal repayments from the investment may be used to pare down external borrowings, as well as fund potential acquisitions and/or capital expenditures.

# 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



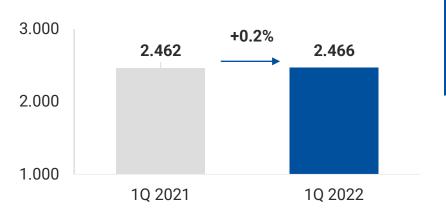
#### **Commitment to value creation**

- 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.

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





### **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)



<sup>1.</sup> Distributable Income is before the deduction of 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. After the deduction of Capex Reserves that has been set aside.





### **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



<sup>1.</sup> 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 options.
2. Including amortisation of upfront debt financing costs and excluding lease charges.





### **Prudent Capital Management**

#### **Managing interest rate exposure**

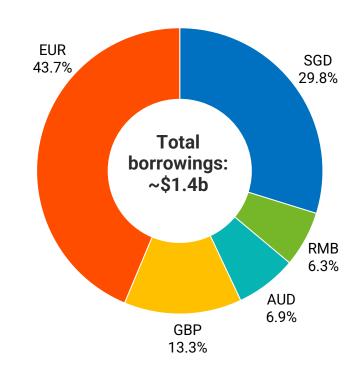
- 76% of loans hedged through floating-to-fixed interest rate swaps, with the remaining unhedged borrowings in EUR
  - Weighted average hedge tenor is 3.4 years
  - With the 76% hedge in place, a 100bps rise in the interest rates would only affect the remaining 24% unhedged borrowings. A 100 bps change 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

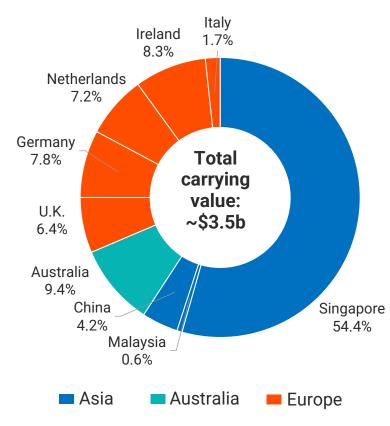
#### **Debt currency breakdown**

(as at 31 Mar 2022)



### Investment properties breakdown<sup>1</sup>

(as at 31 Mar 2022)



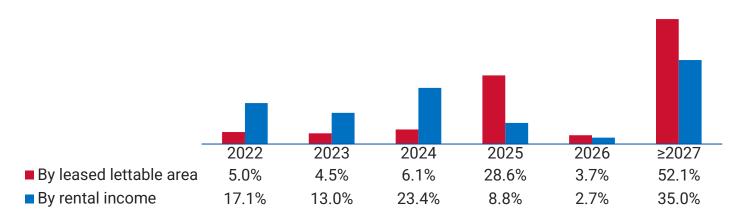


# **Keppel DC Singapore 3, Singapore Portfolio Occupancy** Portfolio WALE 98.7% 7.7 years<sup>1</sup> by leased area as at 31 Mar 2022

### **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)²
- 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)





<sup>.</sup> 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.

<sup>2.</sup> 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.

<sup>3.</sup> A further 10% increase in our portfolio electricity costs would have an approximately 3% impact to FY 2021 DPU on a pro forma basis.

<sup>4.</sup> 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



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 noncompliance 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



- 1. This includes exploring the use of solar powered ancillary equipment (e.g. signage lights)
- 2. Major asset enhancement defined as any capex above S\$1m targeted at enhancing asset value and/or revenue but excludes repairs and maintenance as well as replacement.
- 3. Ratings based. A scale of 1-5 is used in the survey. The higher the score, the more satisfied/confident the client is with Keppel DC REIT's assets.

# 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





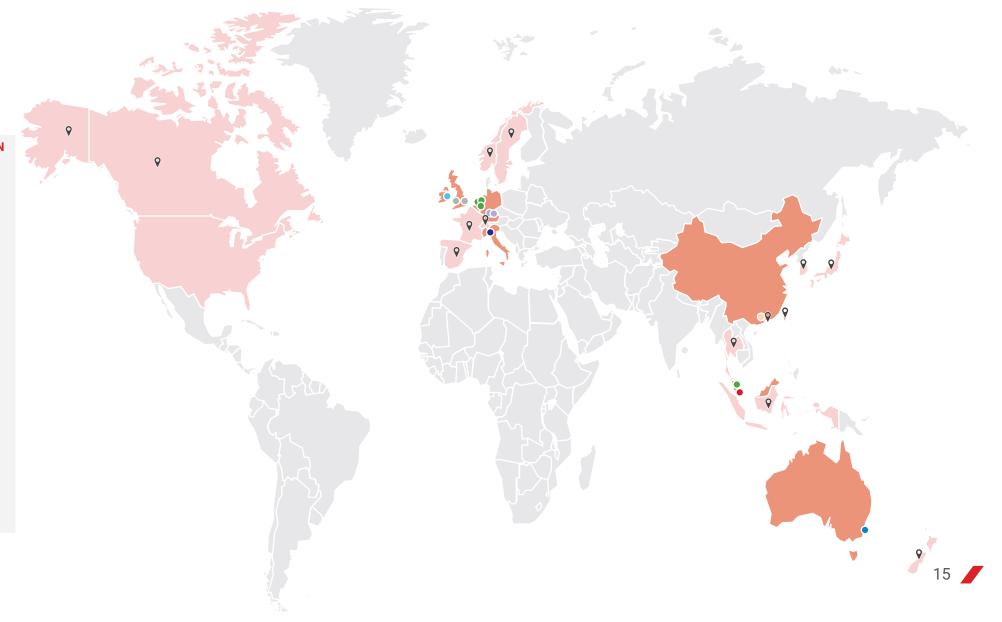
### **Target Markets**

#### **KEPPEL DC REIT'S PRESENCE IN**

- Singapore
- Australia
- Ireland
- Germany
- The Netherlands
- China
- United Kingdom
- Italy
- Malaysia

#### **OTHER TARGET MARKETS**

- **♥** Canada
- **♥** France
- **∀** Hong Kong
- **9** Japan
- **♦ New Zealand**
- **♦** Norway
- **♀** South Korea
- **♀** Spain
- **∀** Taiwan
- **♥** Thailand
- **♀** Sweden
- Switzerland
- **₽ US**





### Thank You

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#### **Constituent of:**



Times Index

CEPRA Nareit.

Developed Index

FTSE Straits FTSE EPRA Nareit Global





MSCI Singapore Small Cap Index

GPR 250 **Index Series** 

#### **Awards and Certifications:**











For more information, please visit: www.keppeldcreit.com

