

# Keppel DC REIT

## First German Acquisition: mainCubes Data Centre

28 October 2015



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# Overview

- Expansion of footprint in Europe with its first investment in Germany
- Forward purchase of mainCubes Data Centre (mainCubes DC), a 4-storey fully-fitted data centre to be developed to Tier III specifications in Offenbach am Main. Income generating upon contract signing and throughout construction period.
- Upon completion expected in 2018, the facility will be fully-leased under a 15-year triple-net lease with annual rental escalations and three 5-year renewal options
- Purchase consideration of EUR 84.0 mil, with 10% payable upon contract signing and the remaining payable upon completion of the development



Artist impression of mainCubes DC, Offenbach am Main, Germany

<b>Location</b>	Offenbach am Main, Germany
<b>Land Tenure</b>	Freehold
<b>Land Area</b>	5,596 sqm
<b>Estimated lettable area</b>	11,780 sqm
<b>Vendor</b>	mainCubes One Immobilien GmbH & Co. KG
<b>Tenant</b>	mainCubes One GmbH

# Transaction Highlights

Aligned to the REIT's investment strategy of acquiring income-producing assets that would enhance total return to Unitholders and increase potential for future growth

## Forward purchase with no development risks

- Development risks to be borne by the Vendor
- Title to be transferred to Keppel DC REIT when the development is completed and commissioned

## Income-generating acquisition

- The Vendor will pay Keppel DC REIT regular coupons during development period
- Income-generating acquisition that would be immediately accretive for Keppel DC REIT

## No further payment to the Vendor beyond the 10% deposit during the construction period

- 10% of the purchase price will be paid as deposit on execution of the Sale & Purchase Agreement. The balance 90% will only be payable upon completion of building
- Deposit shall be fully refundable upon any default by the Vendor

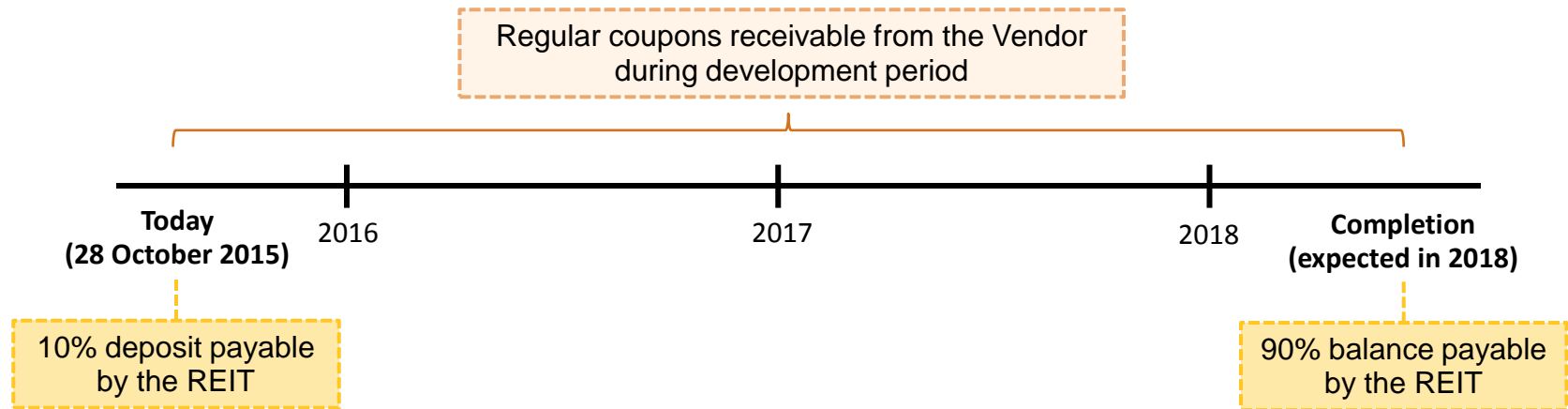
# Key Merits of Investment

1. Forward purchase acquisition which is immediately DPU-accretive
2. Strategic market with high barriers to entry
3. Well-positioned in key data centre market
4. Long lease with established tenant
5. Geographical diversification
6. Complementary to current portfolio
7. Healthy debt headroom remains

# Forward Purchase Acquisition which is Immediately DPU-Accretive

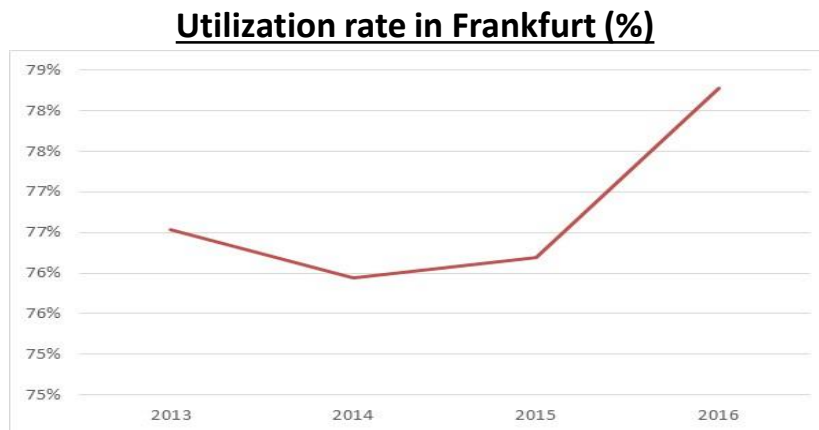
- Income-generating acquisition that would be immediately accretive for Keppel DC REIT with regular coupons receivable from the Vendor during development period
- Development risks to be borne by the Vendor

## Development & Payment Timeline



# Strategic Market with High Barriers to Entry

- Foray into key European data centre market that is tightly-held
- Data centre demand continues to be driven by:
  - **High internet traffic:** Deutscher Commercial Internet Exchange (DE-CIX) is the world's leading carrier and data centre-neutral internet exchange point
  - **Strict data regulation laws:** Data sovereignty laws require data to be housed locally
  - **Data centre hub:** Existence of a large number of cloud service provider and other enterprises co-locating in the region

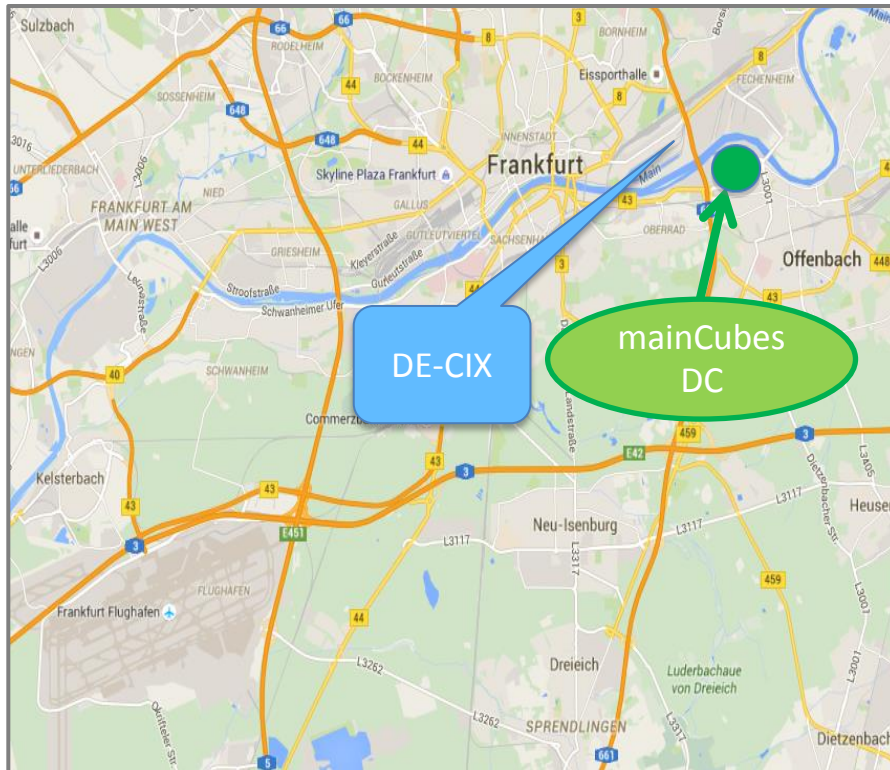


Source: BroadGroup Research

*“Utilization rate across the Frankfurt region’s data centre market is expected to approach 80%, underpinned by an increase in demand for co-location space.”*



# Well-Positioned in Key Data Centre Market



- **Strategic location:** mainCubes will be located within data centre hub that spans across Frankfurt and Offenbach
- **Proximity to internet exchange point (IXP):** mainCubes will be located approximately 800m (linear distance) from the world's leading IXP, DE-CIX
- **Minimal latency issues:** attractive location enables end-users to benefit from minimal latency, which is ideal for financial institutions and e-commerce related corporations

# Long Lease with Established Tenant

- 15-year triple-net lease agreement enhances the REIT's income stream stability
- The data centre will be operated by mainCubes one GmbH, a joint venture company between Art-Invest Real Estate GmbH & Co KG and wusys GmbH



- Part of the Art-Invest Real Estate Group, a real estate development and investment company headquartered in Cologne

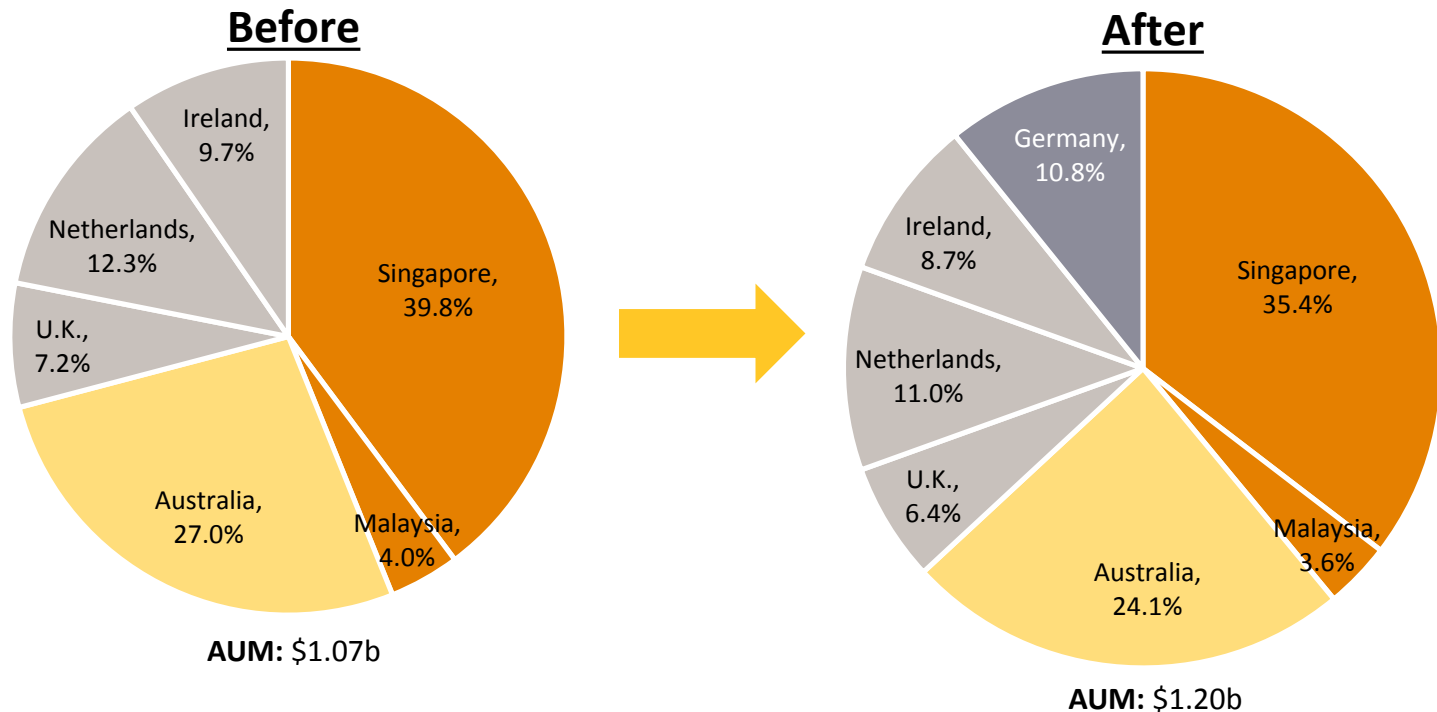


- More than 20 years of experience as a provider of data centre and cloud services in Germany

# Geographical Diversification

- The German acquisition will further diversify the geographical profile of the REIT's portfolio, as well as balance the proportion of assets in Asia Pacific and Europe

## Diversifies Geographical Profile of Portfolio



# Complementary to Current Portfolio

## Extends Weighted Lease to Expiry (WALE)

Before

WALE

**8.9 years**

by lettable area



After<sup>1</sup>

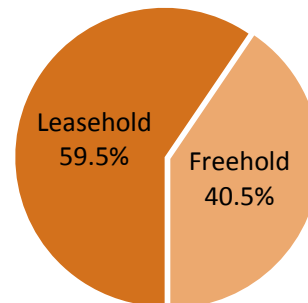
WALE

**10.0 years**

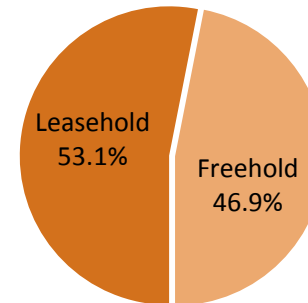
by lettable area

## Increases Portion of Freehold Assets (by AUM)

Before

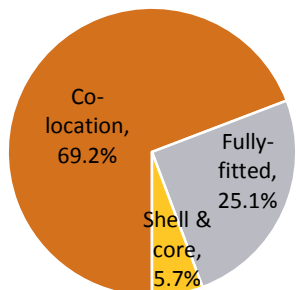


After<sup>1</sup>

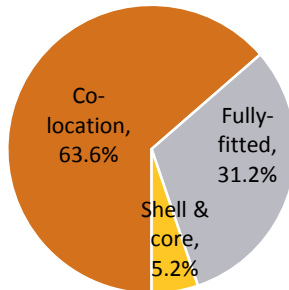


## Balances Portfolio Lease Types<sup>2</sup>

Before



After<sup>1</sup>



## Lowers Portfolio Age

Before

Portfolio Age  
**6.3 years**



After<sup>1</sup>

Portfolio Age  
**5.6 years**

Notes:

- (1) Assuming asset completed and acquired as at 30 September 2015
- (2) Based on percentage contribution of rental income for the month of September 2015

# Healthy Debt Headroom Remains

- **Purchase consideration:** to be funded by a combination of debt and equity, providing natural hedge while maintaining healthy debt headroom
- **Two payment tranches:**
  - First payment of 10% deposit: to be paid upon contract signing. Will be funded by debt, raising aggregate leverage from 30.1% to 31.1%
  - Remaining 90% of purchase consideration: to be paid upon completion of data centre development expected to be in 2018

**Thank you.**