

# **Extraordinary General Meeting: Proposed Acquisition of Keppel DC Singapore 3**

7 November 2016

# Important Notice

DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited are the Joint Financial Advisers and Issue Managers to the initial public offering of Keppel DC REIT (the "Offering"). DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Credit Suisse (Singapore) Limited are the Joint Global Coordinators to the Offering. DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch and Goldman Sachs (Singapore) Pte. are the Joint Bookrunners and Underwriters to the Offering (collectively, the "Joint Bookrunners").

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

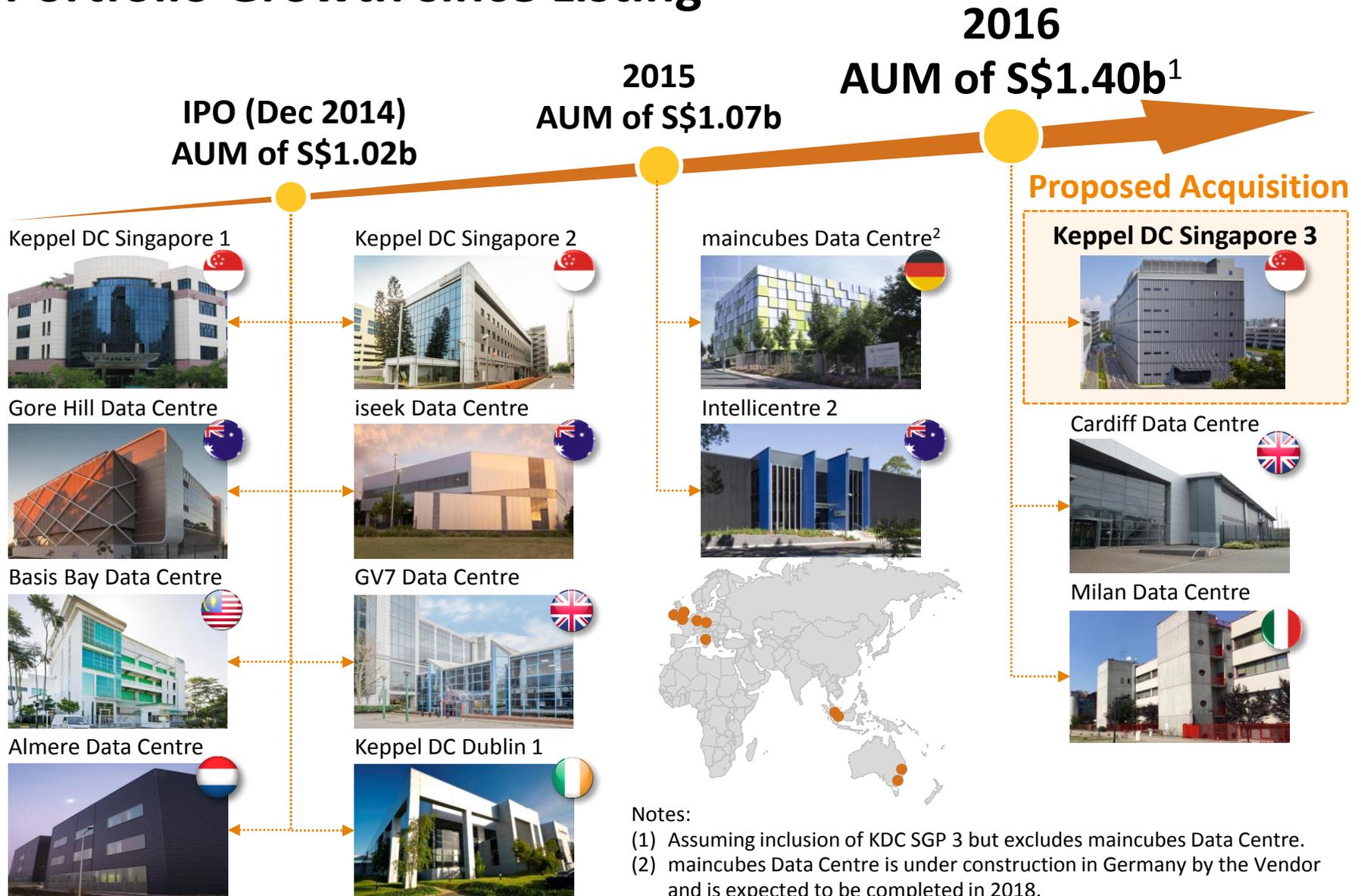
The past performance of Keppel DC REIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of 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. The information contained in this presentation has not been independently verified. 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.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

# Portfolio Growth since Listing



# Proposed Acquisition

- 90% interest in Keppel DC Singapore 3 (KDC SGP 3), from Keppel Data Centres Holding, a 70:30 joint venture between Keppel Telecommunications & Transportation and Keppel Land

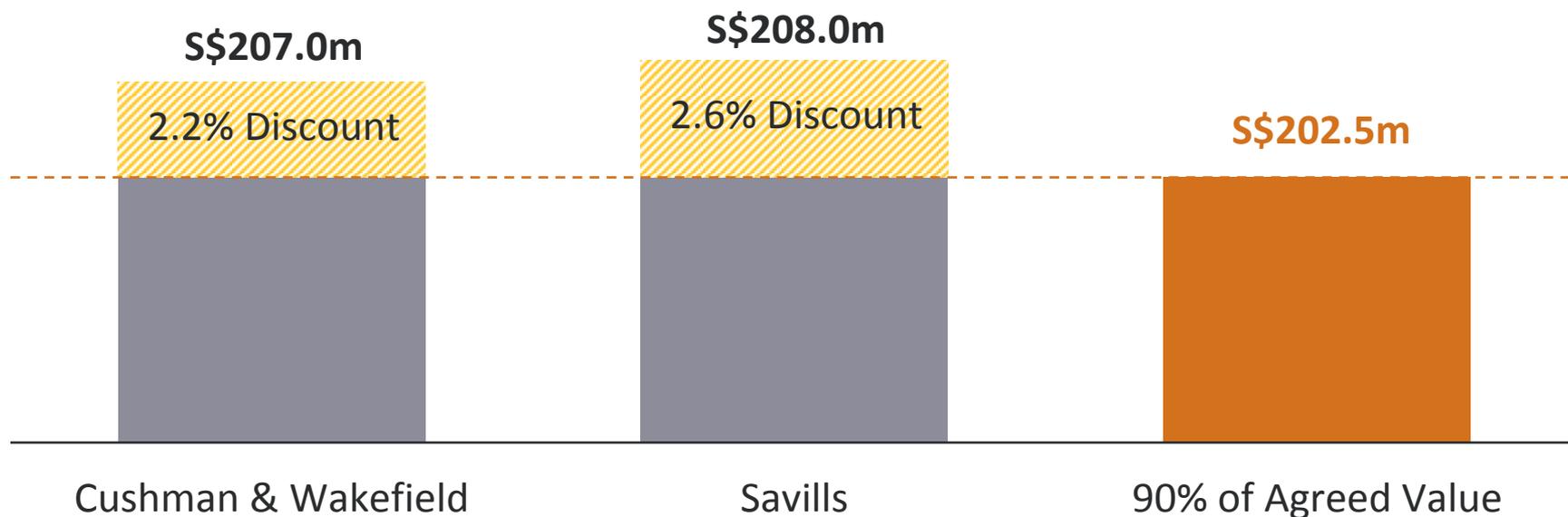


## Keppel DC Singapore 3 in Tampines

- **Young Asset:**  
Completed in July 2015
- **Long Leases:**  
Weighted average lease expiry of 5.7 years
- **Fully Leased:**  
100% committed occupancy

## Acquisition Price & Funding

- Agreed Value of 90% interest in KDC SGP 3 is lower than the independent valuations by Cushman & Wakefield and Savills



- Proposed Acquisition will be funded by equity with a fully underwritten preferential offering launched for the issuance of 242.0 million new Units

**Merits of Proposed Acquisition**

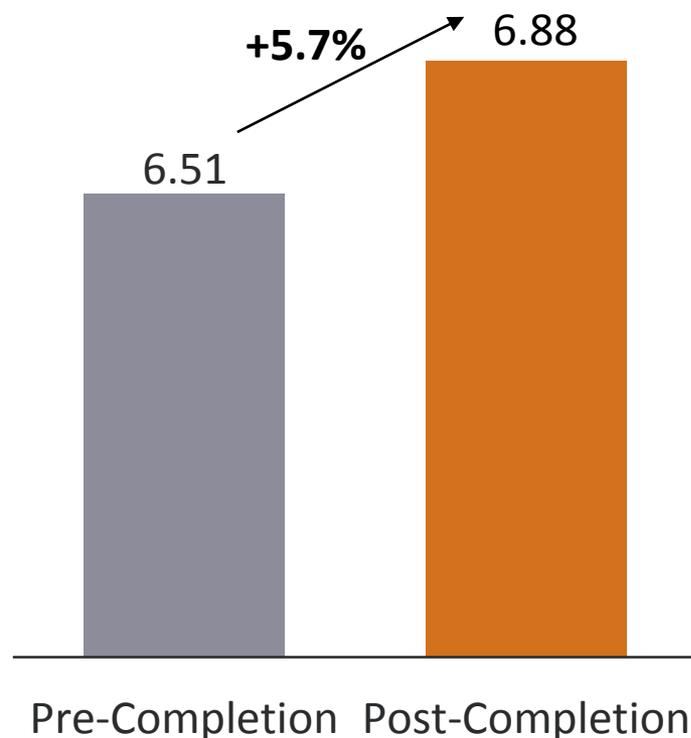
# 1 DPU Accretive Acquisition

## DPU Accretion from Proposed Acquisition

Scenarios <sup>1</sup>	<u>Before</u> 2015 DPU	<u>After</u> 2015 DPU (Pro Forma)	DPU Accretion
<b>With tax transparency</b>	6.51 cents	7.19 cents	10.4%
<b>Without tax transparency</b>	6.51 cents	6.88 cents	5.7%

## Pro Forma DPU<sup>2</sup>

(S\$ cents)

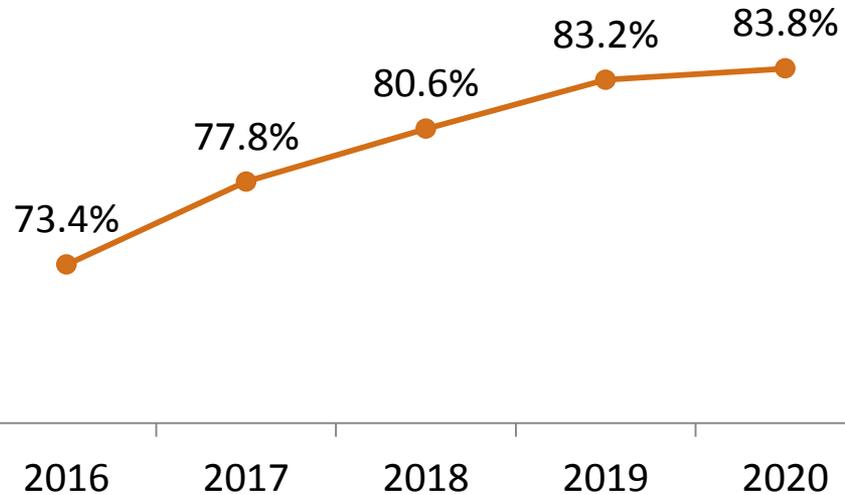


### Notes:

- (1) An application has been made to Inland Revenue Authority of Singapore (IRAS) for a ruling on KDCS3LLP's tax transparency treatment.
- (2) The pro forma financial effects of the Proposed Acquisition on Keppel DC REIT's DPU for FY2015, as if the Proposed Acquisition were completed on 1 January 2015, and Keppel DC REIT held and operated the KDC SGP 3 Interest through to 31 December 2015, without tax transparency.

## 2 Strengthens Foothold in Singapore

### Projected Utilisation in Singapore



*“Singapore’s wholesale colocation market is projected to grow at a compound annual growth rate of 10% from 2016 to 2020”*

*– Structure Research*



- **Key data centre market:** Singapore is one of the key data centre hubs in Asia with its status as a financial hub, robust infrastructure and strong government support for the data centre sector

## 2 Strengthens Foothold in Singapore (Cont'd)

### Strategic Location

- **Adjacent to existing property:** KDC SGP 3 will be able to integrate seamlessly with KDC SGP 2 to become a data centre campus



### Prime Asset with High Specifications

- **Green accolade:** KDC SGP 3 is the first data centre in Singapore to achieve the BCA-IDA Green Mark Platinum Award for New Data Centres

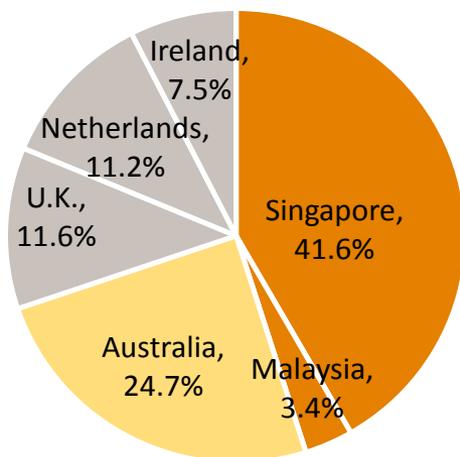


*Data centre interior*

### 3 Enhances Income Resilience

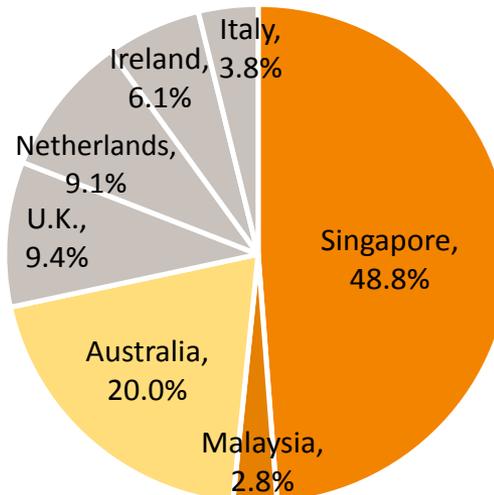
- The enlarged portfolio provides further diversified income streams

**Existing Portfolio**  
(Including Cardiff DC)



<b>AUM:</b>	S\$1.14b
<b>No. of assets</b>	10
<b>No. of countries</b>	6
<b>No. of cities</b>	8

**Portfolio Post Completion**  
(Including Cardiff DC, Milan DC and KDC SGP 3)

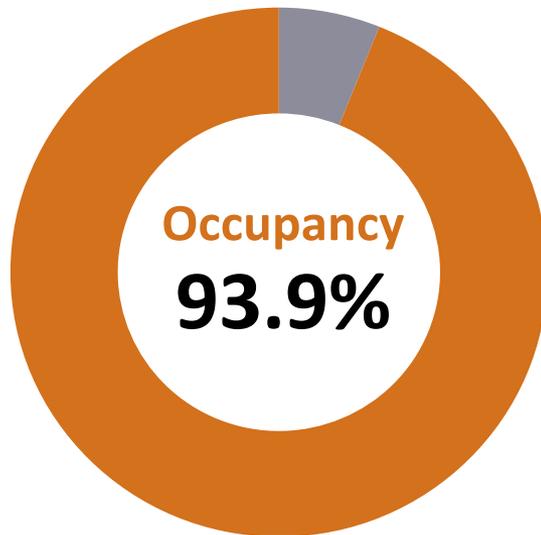


<b>AUM:</b>	S\$1.40b
<b>No. of assets</b>	12
<b>No. of countries</b>	7
<b>No. of cities</b>	9

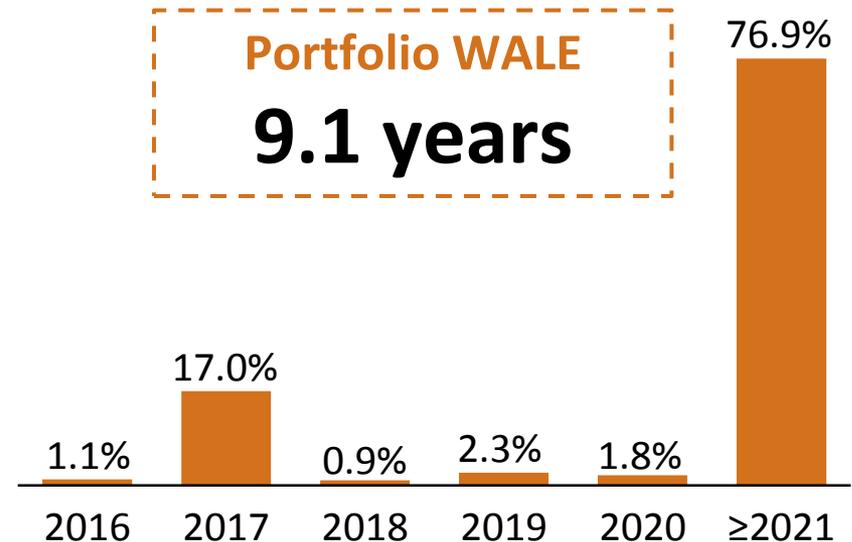
## 4 Improves Portfolio Occupancy and Lease Profile

- Portfolio occupancy rate rises to 93.9%
- Lease profile improves such that not more than 17.0% will be due for renewal in any one year for the next 10 years

Enlarged Portfolio Post Transaction<sup>1</sup>



Lease Expiry Profile Post Transaction<sup>1,2</sup>



Notes:

(1) Assuming acquisition completed as at 30 September 2016.

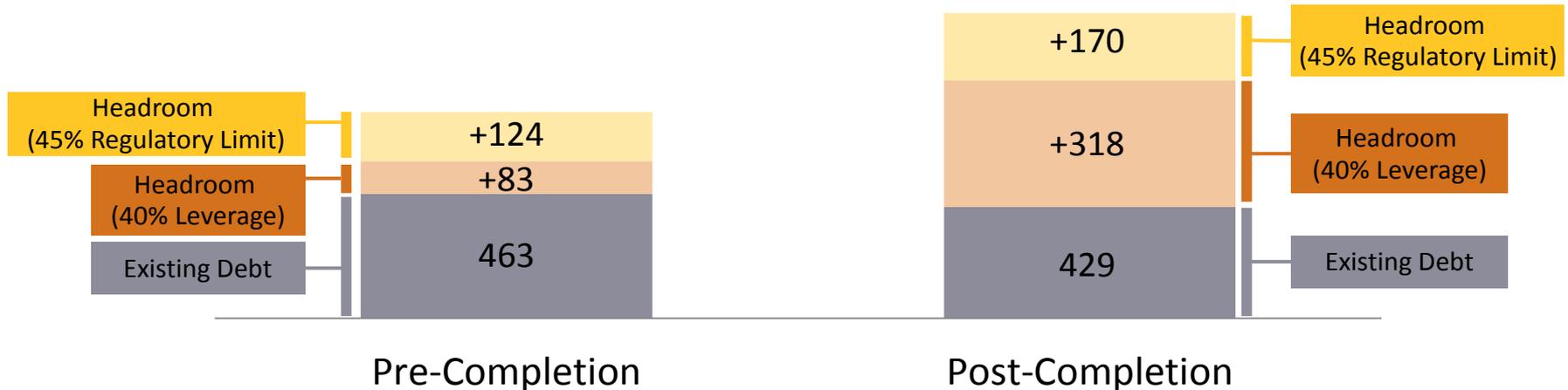
(2) By leased lettable area, includes KDC SGP 3's leased lettable area attributable to the 90% interest.

## 5 Creates Stronger Platform for Growth

- Lowers aggregate leverage to 27.7%
- Increase in debt headroom for future acquisitions
- Greater financial flexibility with a larger and fully unencumbered portfolio as well as higher free float

### Increase in Debt Headroom

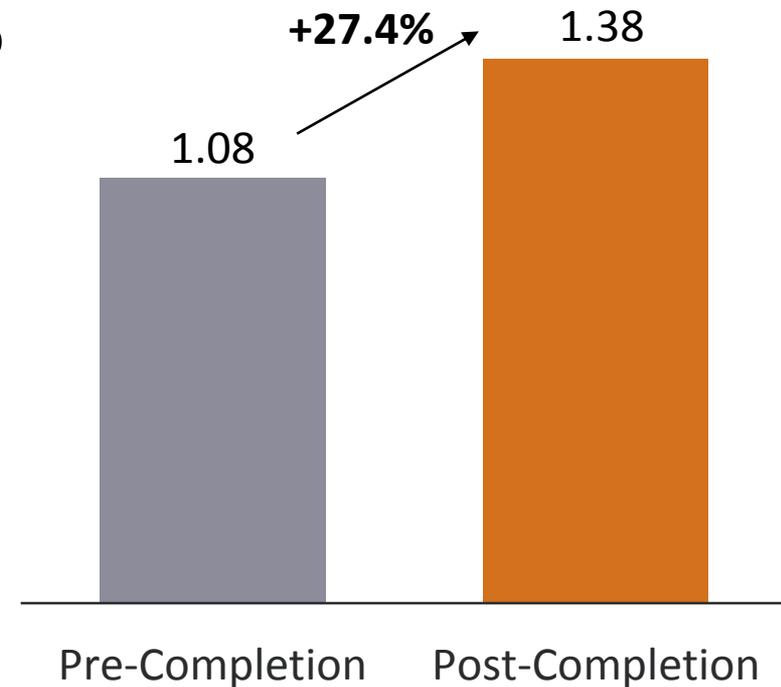
(S\$'million)



## 6 Aligns Interests with Fully Underwritten Preferential Offering

- Further aligns interests with Keppel DC Investment Holdings and DC REIT Holdings' irrevocable undertakings to subscribe for pro-rata entitlement
- Allows Unitholders' participation in the REIT's future growth at discounted issue price
- Potentially improves trading liquidity with increase in the number of Units in issue

Increase in Market Capitalisation<sup>1</sup>  
(S\$'billion)



Note:

(1) Derived using the Units in issue and market closing price of S\$1.225 on 17 October 2016.

# Merits of Proposed Acquisition



1 Distribution per Unit (DPU) accretive

2 Strengthens foothold in Singapore

3 Enhances income resilience

4 Improves portfolio occupancy and lease profile

5 Creates a stronger platform for growth

6 Aligns interests with fully underwritten preferential offering

**Keppel DC REIT**

**Thank You**

# **Extraordinary General Meeting: Proposed Acquisition of Keppel DC Singapore 3**

7 November 2016