

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 photograph of a server room with rows of server racks, blue lighting, and a red diagonal graphic element.

**Keppel DC REIT**

# Citi Pan-Asia Regional Investor Conference

19-20 May 2020

# Introduction



## Investment merits

- ✓ Proxy to fast-growing data centre sector
- ✓ Resilient income stream
- ✓ Focused investment strategy
- ✓ Prudent capital management

# Overview



**Steady DPU growth since listing**



**Stable income stream** with portfolio occupancy of 94.7% and long WALE of 8.3 years



**Constituent of the FTSE EPRA Nareit Global Developed Index**



**Low aggregate leverage** of 32.2% provides financial flexibility to pursue growth



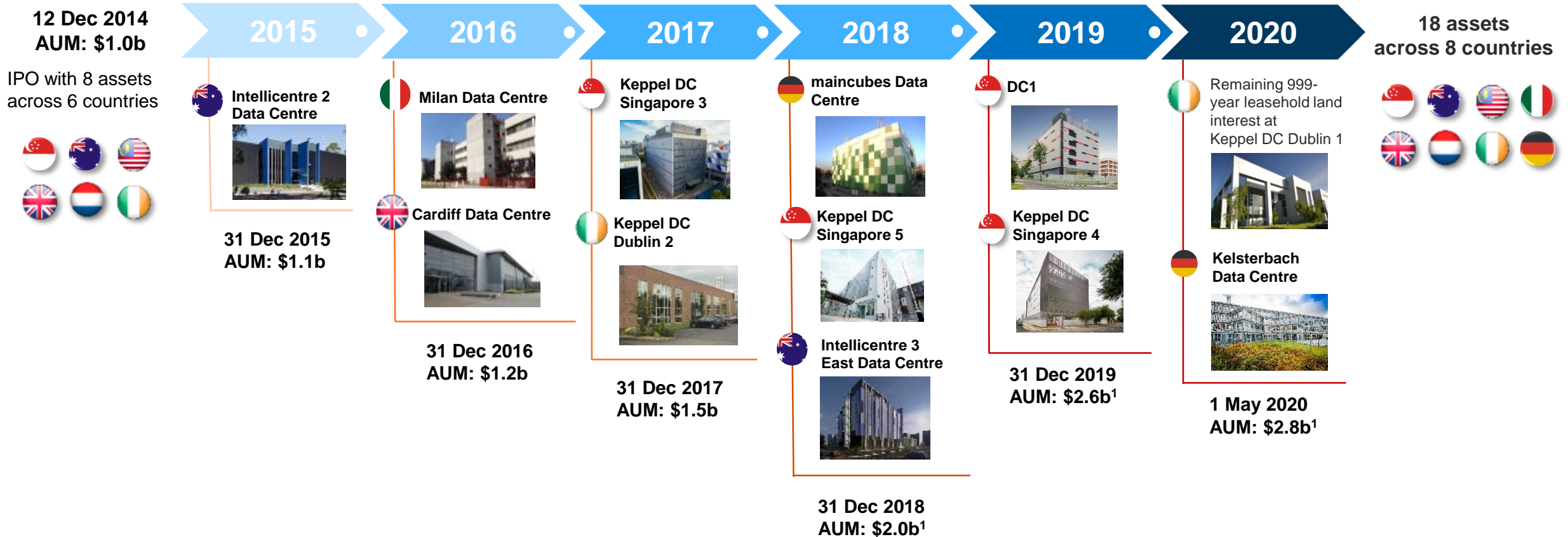
**Limited interest rate exposure** with 77% of borrowings hedged over the entire loan term



**Forecasted foreign-sourced distributions hedged** till 2H 2021 through foreign currency forward contracts

# Steady growth momentum

- Completed the acquisitions of the remaining 999-year leasehold land interest at Keppel DC Dublin 1 and Kelsterbach Data Centre in Mar and May 2020 respectively



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

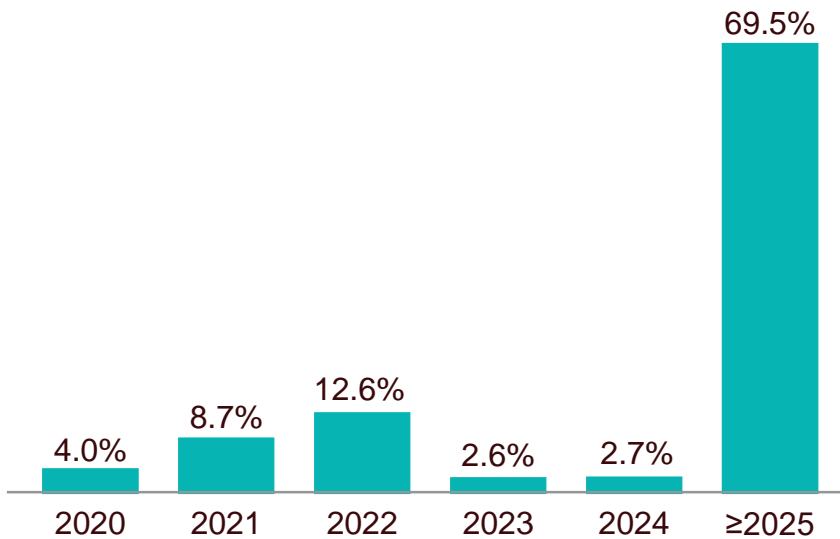
# Portfolio Updates

# Resilient asset class that supports the digital economy

- **Optimising portfolio returns:** Increasing power capacity at Keppel DC Singapore 5 and fitting out shell & core space at DC1; Converting additional space at Keppel DC Dublin 2 into a data hall
- **Managing impact of COVID-19:** Measures and controls to ensure that facilities continue to operate with zero downtime

## Lease expiry profile (by leased area)

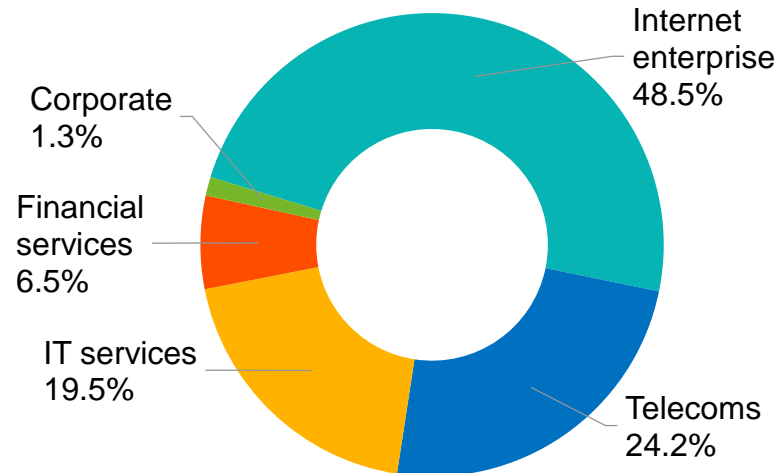
As at 31 Mar 2020



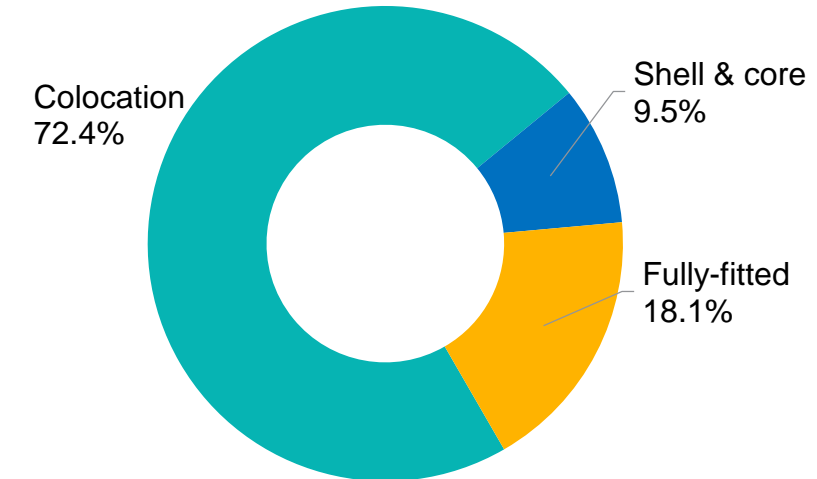
## Rental income breakdown

for Dec 2019<sup>1</sup>

### By trade sector:



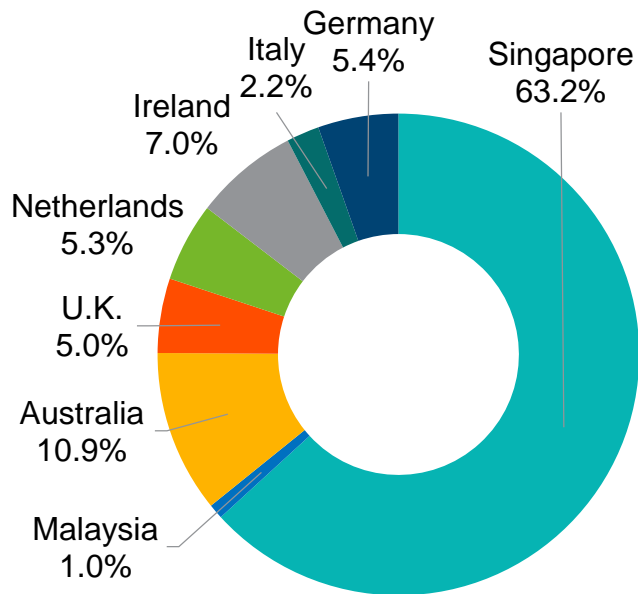
### By lease type:



# Well-diversified portfolio across Asia Pacific and Europe

## Portfolio AUM breakdown

As at 31 Dec 2019



- **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

Lease Type	Client Count	WALE <sup>1</sup> (years)	Ownership of Data Centre Components		
			M&E Equipment	Facility Management	Servers & Racks
<b>Colocation</b>	Multi	2.9	✓	✓	-
<b>Fully-fitted</b>	Single	12.0	✓	-	-
<b>Shell &amp; core</b>	Single	11.4	-	-	-

1. By leased area as at 31 Dec 2019

# Financial Updates





## Stable Returns

(\$'000)	1Q 2020	1Q 2019	% Change
Gross Revenue	60,272	48,033	+25.5
Net Property Income	55,443	43,230	+28.3
Distributable Income <sup>1</sup>	35,781	27,109	+32.0
Distribution per Unit (DPU) <sup>1</sup> (cents)	2.085	1.920	+8.6

## Healthy Balance Sheet

	31 Mar 2020	31 Dec 2019	% Change
Unitholders' Funds (\$'000)	1,870,300	1,868,018	+0.1
Units in Issue ('000)	1,632,784	1,632,395	-
Net Asset Value (NAV) per Unit (\$)	1.15	1.14	+0.9
Unit Price (as at balance sheet date) (\$)	2.29	2.08	+10.1
Premium to NAV (%)	+99.1	+82.5	+16.6pp

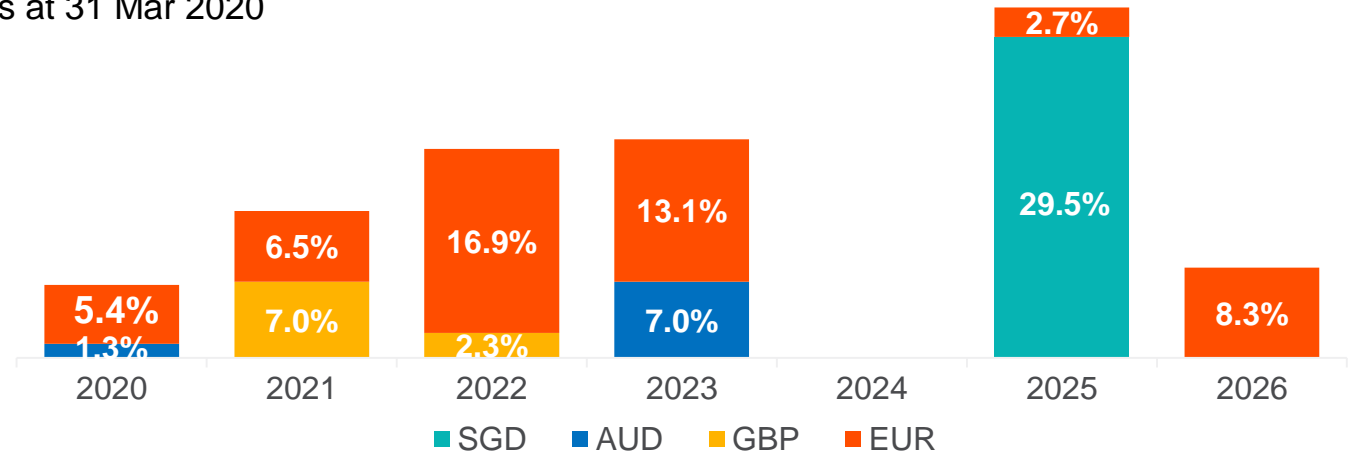
1. Distributable Income includes Capex Reserves. Keppel DC REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter ended 31 March 2020.



# Prudent Capital Management

## Debt Maturity Profile

As at 31 Mar 2020



- **Obtained new loan facilities:** EUR 50 million revolving credit facility and EUR 50 million term loan facility in Mar 2020
- **Managing interest rate exposure:** 77% of loans hedged with floating-to-fixed interest rate swaps
- **Mitigating impact of currency fluctuations** by hedging forecasted foreign-sourced distributions till 2H 2021 with foreign currency forward contracts

As at 31 Mar 2020

<b>Total debt</b>	~\$931.0m of external loans/notes (unencumbered)
<b>Available facilities</b>	~\$330.3m of undrawn credit facilities
<b>Aggregate leverage<sup>1</sup></b>	32.2%
<b>Average cost of debt<sup>2</sup></b>	1.7% per annum
<b>Debt tenor</b>	3.6 years
<b>Interest coverage<sup>3</sup></b>	12.8 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



**Global colocation market** expected to grow by

**14%**<sup>1</sup> in 2020



**Enterprise spending on cloud infrastructure** expected to grow by

**>20%**<sup>1</sup>

CAGR over next 5 years

- Asia Pacific data centre spending expected to surpass \$25b by 2023 to account for > 30% of global market<sup>1</sup>
- European data centre market expected to grow by > 40% to over \$20b by 2023, despite limited new supply<sup>1</sup>

## Stable Outlook Supported by Sound Industry Fundamentals

- Demand is expected to hold up in a pandemic as data centres support mission critical operations
- COVID-19: Expect higher data traffic as well as accelerated pace of cloud and technological adoption as more work and transact from home



**Global IT spending** expected to grow by 3.4% in 2020<sup>2</sup>



**Global spending on augmented and virtual reality** expected to increase by 78.5% in 2020<sup>4</sup>



**Mobile data traffic** expected to increase by 27% annually from 2019 to 2025<sup>3</sup>



**5G connection** to generate 2.5 times more traffic than the average 4G connection, and take up 10.6% of total mobile traffic by 2023<sup>5</sup>

Sources: 1. Broadgroup (for Keppel DC REIT's Annual Report 2019 published in Apr 2020); 2. Gartner (Jan 2020); 3. Ericsson (Nov 2019); 4. IDC (Nov 2019); 5. Cisco (Mar 2020)

## Stable outlook supported by sound industry fundamentals (cont'd)

- Demand for data centre space underpinned by increasing cloud adoption, rapid digital transformation, data centre outsourcing and data sovereignty regulations

### Growing data requirements

- Strong growth in data creation, usage and requirements expected to continue.
- Driven by Internet of Things, and new technologies like 5G, Artificial Intelligence, Virtual Reality, driverless vehicles.

### Mission-critical infrastructure

- Data centre facilities support clients' critical day-to-day business operations, and/or meet regulatory and compliance requirements.

### Substantial relocation costs

- The need to replicate costly and high specifications set of IT services and data centre equipment for seamless relocation.
- Risk of downtime and business disruptions.

### Long lead time to develop data centres

- Technical expertise and intricate understanding of industry and clients' needs are required.
- Anchor clients or significant pre-let, on top of the necessary power, cooling and network connectivity, have to be secured before development.

### Scarcity of attractive sites

- Limited suitable sites with specialised data centre requirements:
  - Access to sufficient power and fibre connectivity
  - Minimal risk factors such as flooding or natural disasters

# 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

# What is a Data Centre?

- Facilities that house servers and network equipment, supporting clients' critical business operations
- Requires technical expertise and intricate understanding of the industry and clients' needs

## Internet Connectivity

Physical telecommunication cables brought into the data centre to allow direct connectivity

## Uninterruptible Power System (UPS) / Generators

To provide continuous power supply in the event of outages from local power grids

## Cooling equipment

To maintain a facility's temperature, typically at 18 - 24 degrees Celsius

## Fire suppression and building monitoring systems

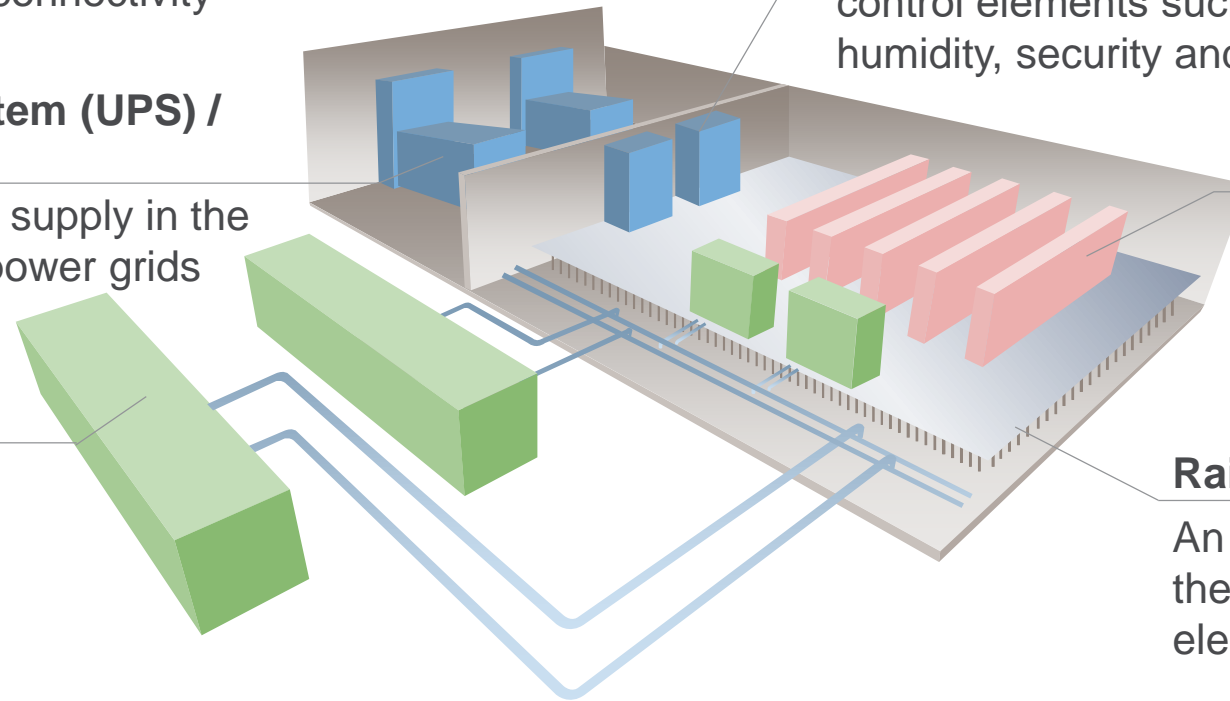
Hardware and associated software to monitor and control elements such as the facility's temperature, humidity, security and operations

## Client's servers

Enclosures to house client's computer servers and connect to power and cooling sources

## Raised flooring

An elevated structural floor to allow the passage of mechanical and electrical services





# Portfolio Overview (as at 31 Mar 2020)

	Location	Interest	Attributable lettable area (sq ft)	No. of clients <sup>1</sup>	Occupancy rate (%)	Valuation <sup>2</sup>	Lease type	WALE (years)	Land lease title
<b>Asia Pacific</b>									
Keppel DC Singapore 1	Singapore	100%	109,721	20	89.2	S\$296.0m	Keppel lease / Colocation	3.7	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	1.9	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	2.2	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 <sup>3</sup> (purchase price)	Keppel lease / Colocation	2.4	Leasehold (Expiring 30 June 2020, with option to extend by 30 years)
Keppel DC Singapore 5	Singapore	99%	97,781	3	84.2	S\$327.7m	Keppel lease / Colocation	2.5	Leasehold (Expiring 31 Aug 2041)
DC1	Singapore	100%	213,815	1	100	S\$200.2m (purchase price)	Triple-net (Fully-fitted/ Shell & core)	16.0	Leasehold (Expiring 31 Jul 2044)
Basis Bay Data Centre	Cyberjaya, Malaysia	99%	48,193	1	63.1	MYR 78.2m (S\$25.6m)	Colocation	2.2	Freehold
Gore Hill Data Centre	Sydney, Australia	100%	90,955	3	100.0	A\$207.5m (S\$192.1m)	Triple-net (Shell & core) / Colocation	5.1	Freehold
iseek Data Centre	Brisbane, Australia	100%	12,389	1	100.0	A\$35.0m (S\$32.4m)	Double-net <sup>4</sup> (Fully-fitted)	6.2	Leasehold (Expiring 29 June 2040, with option to extend by 7 years)

# Portfolio Overview (as at 31 Mar 2020)

	Location	Interest	Attributable lettable area (sq ft)	No. of clients <sup>1</sup>	Occupancy rate (%)	Valuation <sup>2</sup>	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)	15.4	Freehold
Intellicentre 3 East Data Centre <sup>5</sup>	Sydney, Australia	100%	Min. 86,000	1	100.0 <sup>5</sup>	A\$26.0-A\$36.0m (development costs)	Triple-net (Shell & core)	20.0 <sup>5</sup>	Freehold
<b>Europe</b>									
Cardiff Data Centre	Cardiff, United Kingdom	100%	79,439	1	100.0	£35.9m (S\$63.2m)	Triple-net (Shell & core)	11.2	Freehold
GV7 Data Centre	London, United Kingdom	100%	24,972	1	100.0	£36.3m (S\$64.0m)	Triple-net (Fully-fitted)	6.9	Leasehold (Expiring 28 Sep 2183)
Almere Data Centre	Almere, Netherlands	100%	118,403	1 <sup>6</sup>	100.0	€89.9m (S\$135.2m)	Double-net (Fully-fitted)	8.4	Freehold
Keppel DC Dublin 1	Dublin, Ireland	100%	68,118	24	65.8	€49.9m (S\$75.0m)	Colocation	2.1	Leasehold (Expiring 31 Dec 2999)
Keppel DC Dublin 2	Dublin, Ireland	100%	25,652	4	100.0	€68.7m (S\$103.3m)	Colocation	8.3	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)	7.8	Freehold
maincubes Data Centre	Offenbach am Main, Germany	100%	97,043	1	100.0	€91.2m (S\$137.1m)	Triple-net (Fully-fitted)	13.0	Freehold
Kelsterbach Data Centre	Kelsterbach, Germany	100%	540,869	1	100.0	€81.8m (purchase price)	Triple-net (Shell & core)	6	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 isek Lease with the client of isek Data Centre. While the isek 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.

6. Keppel DC REIT, through its wholly-owned subsidiary has entered into the Ground Lease with Borchveste. With the Ground Lease in place, the lease with the underlying client becomes conceptually similar to a sub-lease, with Borchveste being (i) the leasehold client of KDCR Almere B.V. and (ii) the lessor to the underlying client.