

The logo for Keppel DC REIT, featuring the word "Keppel" in white on a grey background and "DC REIT" in red on a white background, with a red diagonal line above the "K".

Keppel **DC REIT**

Acquisition of Tokyo Data Centre 1

11 Jul 2024



Acquisition Overview

Acquisition of 98.47% freehold interest of a shell & core data centre (DC) in Tokyo, Japan

Purchase Consideration ¹	100% Basis: JPY 23.4b (SGD 201.0m) KDCR's 98.47% Effective Interest ² : JPY 23.0b (SGD 197.9m)
Valuation	100% Basis: JPY24.0b (SGD 206.1m) ¹
Net Lettable Area	~190,166 sq ft
Client	Fortune Global 500 Company (Hyperscaler)
Occupancy	100%
Lease Type	Triple-net (Shell and core)
Asset WALE	~7 years
Land Lease Title	Freehold
Year Built	2019
Expected Completion Date of Acquisition	3Q 2024

Quality DC Leased to Hyperscaler



- Located within a primary DC hub in West Tokyo



- Built to meet the latest seismic safety standards, featuring a base isolation system



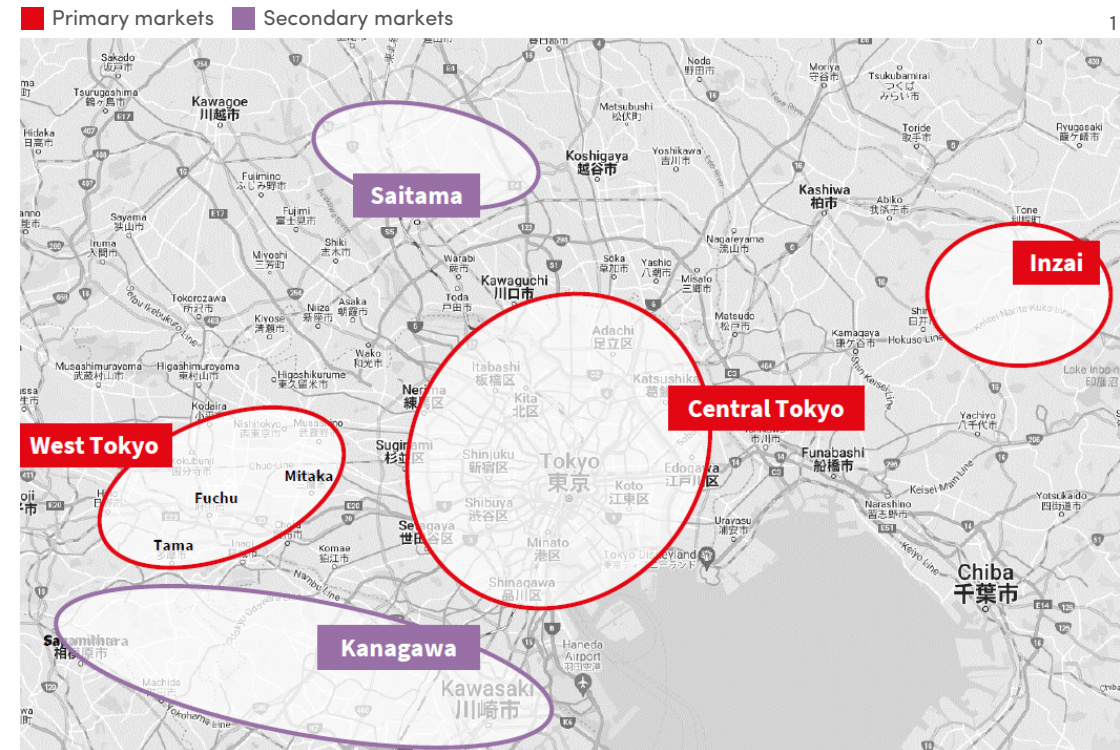
- 100% leased to a Fortune Global 500 Company (Hyperscaler)



- Triple-net (Shell and core) lease; no service level obligations for landlord



- Purchase consideration is at a 2.5% discount to valuation



Key Investment Merits

1

Maiden foray into Japan, the second largest data centre hub in Asia

2

Potential positive rental reversion

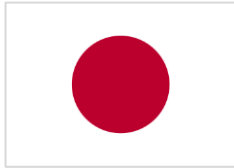
3

Enhanced portfolio metrics & income resilience

4

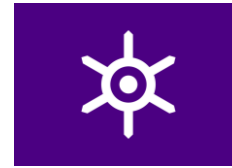
DPU accretive acquisition

1. Maiden Foray Into Japan



Japan

- 3rd largest economy globally with high digital penetration
- Strategic location with good connectivity, reliable power infrastructure and stable political climate
- 2nd largest DC hub in Asia, DC market forecast to grow at a CAGR of >10% from 2024 to 2028¹



Tokyo

- Tokyo is one of the top DC markets in Asia and globally^{1,2}
- Strong demand underpinned by increasing cloud adoption, digital transformation measures and development of new technologies (generative AI, Internet of Things)
- Limited DC supply due to challenges in securing suitable land and power³

2. Potential Positive Rental Reversion



- Current rent committed in mid-2010s, remaining lease term of ~7 years, provides opportunity for positive rental reversion and further organic growth



- Hyperscale and build-to-suit data centres typically have longer contract terms, with hyperscalers often contracted for >20 years¹



- Japan is embracing digital technology and AI tools to address its shrinking workforce and ageing population, with government initiatives to foster an AI environment



- Major US hyperscalers (e.g. AWS, Microsoft, Oracle) have announced >US\$10b investments in Japan. Generative AI will become an increasingly significant demand driver, providing a tailwind to existing hyperscale demand for data centre capacity²



- Tight supply-demand balance for data centres in Greater Tokyo; operators should be able to pass on rising costs to end users¹

3. Enhanced Portfolio Metrics & Income Resilience

[Post the Intellicentre Campus transactions which were completed in Jun 2024]



- Improved portfolio occupancy from 98.1% to 98.2%; Lengthened portfolio WALE¹ from 6.5 years to 6.6 years

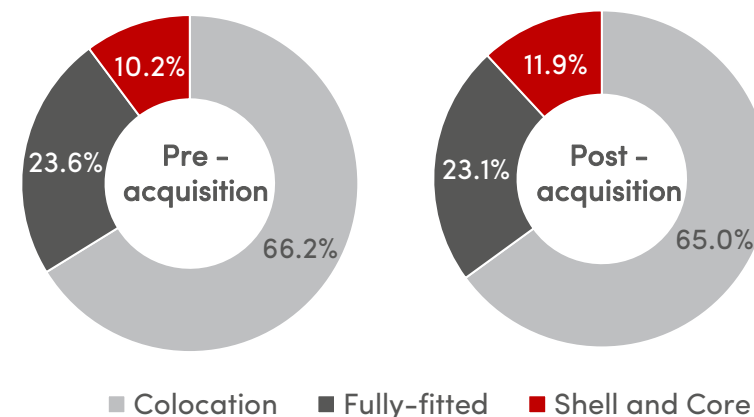


- Enhanced income resilience with proportion of shell and core contracts increasing from 10.2% to 11.9% by rental income²



- Increased rental income² exposure from Internet Enterprises clients from 44.1% to 45.1%

% of Rental Income²



Rental Income from Internet Enterprises Clients²



1. By lettable area. WALE by rental income was 4.1 years as a higher proportion of rental income is from colocation assets, which typically have shorter contractual periods.
 2. For the month of Mar 2024, post-completion of Intellicentre Campus and based on Keppel DC REIT's effective interest of 98.47% in Tokyo Data Centre 1. Based on agreements with clients of the properties, treating the Keppel leases on a pass-through basis to the underlying clients.

4. DPU Accretive Acquisition



- FY 2023 pro forma DPU will increase from 9.383 cents to 9.488 cents, had the proposed transaction occurred on 1 Jan 2023

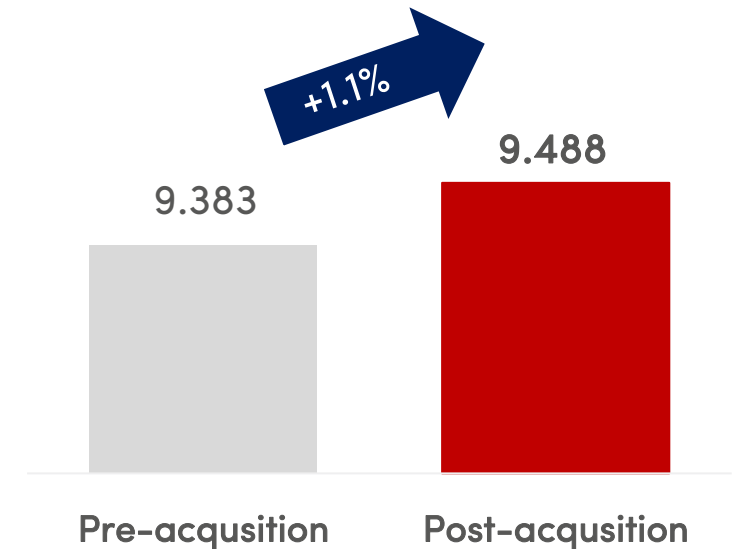


- Funded by JPY debt, providing natural hedge



- Post-acquisition, average cost of debt will improve from 3.6%¹ to 3.3%; aggregate leverage will increase from 36.2%¹ to 39.4%²

FY 2023 Pro Forma Distribution Per Unit (cents)¹



1. Based on aggregate leverage and average cost of debt of 37.6% and 3.5% respectively as at 31 Mar 2024 and including repayment of debts amounting to approximately S\$58.5 million using the net proceeds from the divestment of Intellicentre Campus and the subscription of Australia Data Centre Note.

2. On a stabilised basis after the consumption tax payable has been refunded. Aggregate leverage is expected to increase to 39.6% had the consumption tax payable been included.

Diversified Global Portfolio with Strong Asia Pacific Presence

Keppel DC REIT

Assets under Management

\$3.8b¹

23 data centres across 10 countries

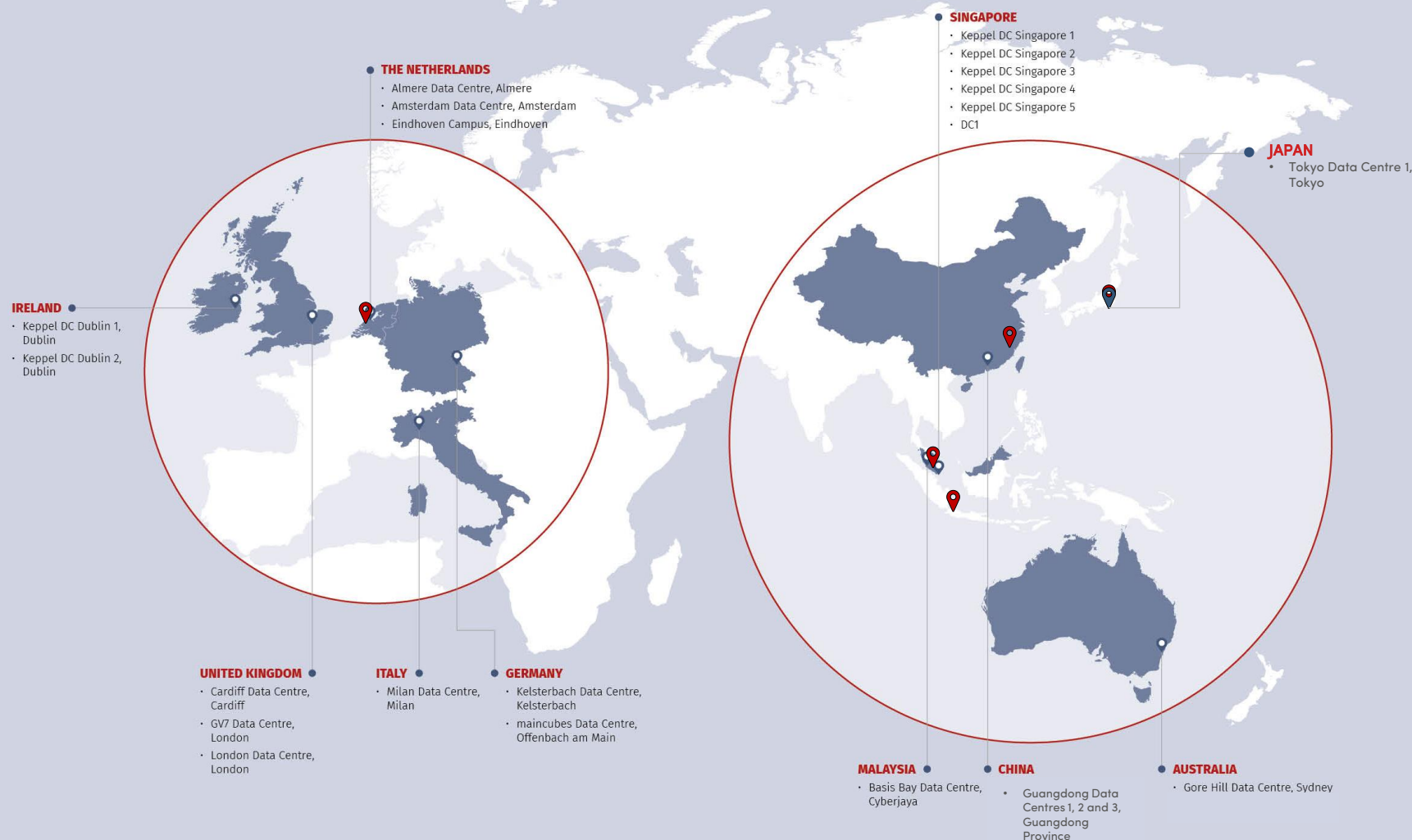
AUM Breakdown (as at 31 Mar 2024) ¹			
Asia Pacific	73.1%	Europe	26.9%
Singapore	53.2%	Germany	6.4%
Australia	7.2%	Ireland	7.8%
China	7.1%	Italy	1.5%
Malaysia	0.4%	The Netherlands	6.6%
Japan	5.2%	United Kingdom	4.5%

Potential Data Centre Assets for Acquisitions

>\$2b

Data centre assets under development & management through Keppel² and Keppel's private data centre funds

- KEPPEL'S ASSETS**
- SINGAPORE
 - CHINA
 - INDONESIA
 - JAPAN
 - THE NETHERLANDS



1. Includes investments in debt securities, Intellicentre Campus transactions and acquisition of Tokyo Data Centre 1.
 2. Keppel has granted the Rights of First Refusal (ROFR) to Keppel DC REIT for future acquisition opportunities of its data centre assets.

Thank You

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