

## **Keppel DC Reit to build new Australia data centre**

By Wong Kai Yi, The Business Times TUE, AUG 07, 2018

KEPPEL DC Reit (real estate investment trust) will build a new data centre in Macquarie Business Park in Sydney, Australia, which is estimated to cost between A\$26 million and A\$36 million (S\$26.26 million and S\$36.35 million).

The fee will be payable to master lessee Macquarie Telecom upon completion.

Development on the new centre - named Intellicentre 3 East Data Centre (IC3 East DC) - will be undertaken by Macquarie Telecom, which is also the master lessee of the existing shell and core data centre Intellicentre 2 Data Centre (IC2 DC). The new facility will feature at least 86,000 square feet (sq ft) of lettable area upon its completion, which is expected to be between 2019 and 2020.

Keppel DC Reit expects the new data centre to be distribution per unit (DPU) accretive. A new 20-year triple-net master lease with Macquarie Telecom incorporating both IC2 DC and IC3 East DC shell and core buildings will begin after completion of construction.

The lease will include built-in annual rental escalations with renewal options, the pure-play data centre Reit said in a press statement on Tuesday.

The new asset will be fully leased upon completion, said Keppel DC Reit's chief executive Chua Hsien Yang.

"Sydney is a key data centre hub in Australia and a strategic market for Keppel DC Reit. We continue to see growth potential in the Australian data centre market, which was ranked as one of the top five most robust data centre markets in the Asia-Pacific," Mr Chua added.

On a proforma basis, the Reit noted that if the completion of the new data centre had occurred on Jun 30, 2018, the transaction would have increased the portfolio weighted average lease expiry (WALE) from 8.8 years to 9.9 years, with its portfolio aggregate lettable area increasing to around 1,198,103 sq ft.