



(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

ANNOUNCEMENT

ACQUISITION OF A 50% INTEREST IN AN OFFICE ASSET LOCATED IN SYDNEY, AUSTRALIA

Unless otherwise indicated, certain Australian dollar (“A\$” or “AUD”) amounts in this announcement have been translated into Singapore dollar (“S\$” or “SGD”) based on the exchange rate of A\$1.00:S\$0.8823 as at 20 March 2024 for illustrative purposes only.

1. INTRODUCTION

Keppel REIT Management Limited, in its capacity as manager of Keppel REIT (the “**Manager**”), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Keppel REIT (the “**Trustee**”), through The Trust Company (Australia) Limited, as trustee for Keppel REIT (Australia) Sub-Trust 8 (“**Keppel Australia Sub-Trust 8**”), which is indirectly wholly-owned by Keppel REIT, has on 28 March 2024 entered into a contract of sale (the “**Contract of Sale**”) with Mirvac Funds Management Australia Limited, as trustee of Mirvac Wholesale Office Fund I (the “**Seller**”) to acquire an undivided 50% interest as tenant in common of the property known as 255 George Street located in Sydney, New South Wales, Australia (the “**Property**”) and the acquisition of 50% interest in the Property, the “**Acquisition**”).

2. INFORMATION ON THE PROPERTY

255 George Street is a freehold Grade A building located in the highly sought-after Core Precinct of Sydney’s central business district (CBD). The Property has an aggregate net lettable area (“**NLA**”) of 38,996.8 square metres (“**sqm**”) comprising 38,805.0 sqm of office space and 191.8 sqm of retail space, as well as 188 car park lots. It has large column free floor plates of approximately 1,400 sqm that can be easily and efficiently subdivided to cater to different demands. The 29-level office tower has premium amenities such as multi-use flexible workspaces, brand new ground floor lobby with café, refurbished office spaces and lobbies, as well as end-of-trip facilities and a wellness studio. Extensive upgrading works on the Property were completed in 2022. The Property is highly accessible by multiple modes of public transportation, and has high prominence and visibility along George Street, one of the busiest roads in Sydney CBD. As at 31 December 2023, the Property has a weighted average lease expiry (“**WALE**”) of 6.8 years¹ and committed occupancy of 93.0%. The Property has a diversified tenant base comprising high quality tenants from the government and financial institutions sectors, including major tenants such as the Australian Taxation Office and Bank of Queensland. The Property has achieved a 5.5 Star National Australian

¹ By gross rental income. WALE by NLA was 6.0 years as at 31 December 2023.

Built Environment Rating System (“**NABERS**”) Energy Rating.

3. DETAILS OF THE ACQUISITION

3.1 Valuation and Purchase Consideration

The purchase consideration payable for the Acquisition is A\$363.8 million (approximately S\$321.0 million or A\$18,658 psm, exclusive of GST) (the “**Purchase Consideration**”), which represents a first-year yield that exceeds 6.0% and was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation of the Property. The independent valuation conducted by CIVAS (NSW) Pty Limited (the “**Valuer**”), commissioned by the Manager and the Trustee, concluded a market value for the Property (on 50% interest) as at 1 March 2024 assuming legal completion on 1 June 2024 of A\$363.8 million (with Rent Guarantee (as defined below)) and A\$358.9 million (without Rent Guarantee), using the capitalisation approach, discounted cash flow approach and direct comparison approach.

3.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisition (the “**Total Acquisition Cost**”) is approximately A\$390.1 million (approximately S\$344.1 million), comprising:

- (i) the Purchase Consideration of A\$363.8 million (approximately S\$321.0 million);
- (ii) the acquisition fee payable to the Manager for the Acquisition pursuant to the trust deed dated 28 November 2005 constituting Keppel REIT (as amended and restated) of approximately A\$3.2 million (approximately S\$2.8 million), being 1.0% of the adjusted Purchase Consideration of A\$317.0 million², which is payable in cash or units in Keppel REIT (“**Units**”) as the Manager may elect; and
- (iii) estimated professional and other transaction fees and expenses incurred, or to be incurred, in connection with the Acquisition (inclusive of due diligence cost, stamp duty and other applicable taxes) of approximately A\$23.1 million (approximately S\$20.4 million).

3.3 Contract of Sale

The Trust Company (Australia) Limited, as trustee for Keppel Australia Sub-Trust 8 has entered into the Contract of Sale with the Seller to acquire a 50% freehold interest in the Property. The remaining 50% will be owned by the Seller.

The Contract of Sale contains customary provisions relating to the Acquisition, including representations and warranties, indemnities, limitations of liabilities and other commercial terms. The Acquisition is conditional on there being no objection to the Acquisition by the Foreign Investment Review Board of the Commonwealth of Australia (“**FIRB**”) under the Foreign Acquisitions and Takeovers Act 1975 (Cth). An application was lodged with FIRB and is being processed by FIRB.

Pursuant to the terms of the Contract of Sale, a deposit of 10% of the Purchase

² Adjusted for (i) the Rent Guarantee; (ii) an amount committed as rent abatement or rent-free incentives; (iii) an amount to fund potential incentives and/or leasing commission for existing vacancies and potential expiring tenancy; and (iv) committed capital expenditure.

Consideration amounting to A\$36.4 million (approximately S\$32.1 million) is required to be paid within 12 business days of the date of the Contract of Sale by Keppel Australia Sub-Trust 8 (or its affiliate) to the trust account of the Seller's lawyer, with the balance of the Purchase Consideration to be paid upon completion of the Acquisition ("**Completion**"). Completion is expected to take place within the next two quarters of 2024.

As part of the Acquisition, the Seller shall provide up to approximately A\$46.8 million (approximately S\$41.3 million), comprising (i) the Rent Guarantee; (ii) an amount committed as rent abatement or rent-free incentives; (iii) an amount to fund potential incentives and/or leasing commission for existing vacancies and potential expiring tenancy; and (iv) committed capital expenditure. Please see paragraph 3.6 below for more details on the Rent Guarantee.

3.4 Co-Owners' Agreement

In connection with the Contract of Sale, Keppel Australia Sub-Trust 8 and the Seller have entered into a co-owners' agreement which will take effect from Completion, the key terms of which include the following:

- (i) all decisions of the co-owners are required to be passed unanimously; and
- (ii) the co-owners agree to act in good faith at all times with each other to achieve the objective of maximising and maintaining the value of their interests in the Property.

3.5 Property Management Agreement

Pursuant to the Contract of Sale, Keppel Australia Sub-Trust 8 and the Seller as the co-owners of the Property have entered into a property management agreement which will take effect from Completion, appointing Mirvac Real Estate Pty Limited as the property manager (and who was the existing property manager) of the Property for a term of three years commencing from Completion.

3.6 Rent Guarantee

Pursuant to the Contract of Sale, for the 12-month period starting on the day immediately after Completion (and in respect of one specified tenancy, the period of 19 months starting on 1 December 2024) (the "**Rent Guarantee Period**"), the Seller will provide a rent guarantee (the "**Rent Guarantee**"). The Rent Guarantee amount is based on: (i) for existing vacant tenancies and one specified tenancy, Keppel REIT's share of the expected gross rent per annum as set out in the Contract of Sale; and (ii) for any new vacant tenancy, Keppel REIT's share of the passing gross rent that was payable by the relevant tenant in the last year of the term of the lease as set out in the Contract of Sale.

The amount payable under the Rent Guarantee is estimated at up to A\$5.2 million and (if payable for any relevant month during the Rent Guarantee Period), the relevant portion of the Rent Guarantee will be payable to the Buyer monthly by the Seller. As the Seller is also the co-owner of the Property after Completion, this would provide a safeguard to ensure the Keppel REIT's right of recourse in relation to the Rent Guarantee.

The Valuer has assessed that the rental rate on which the Rent Guarantee is calculated is in line with market rents of comparable properties in the area where the Property is located and therefore the Rent Guarantee is on normal commercial terms and in line with market transactions. Taking into account the Valuer's assessment, the board of directors of the

Manager is of the view that the Rent Guarantee is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its Unitholders.

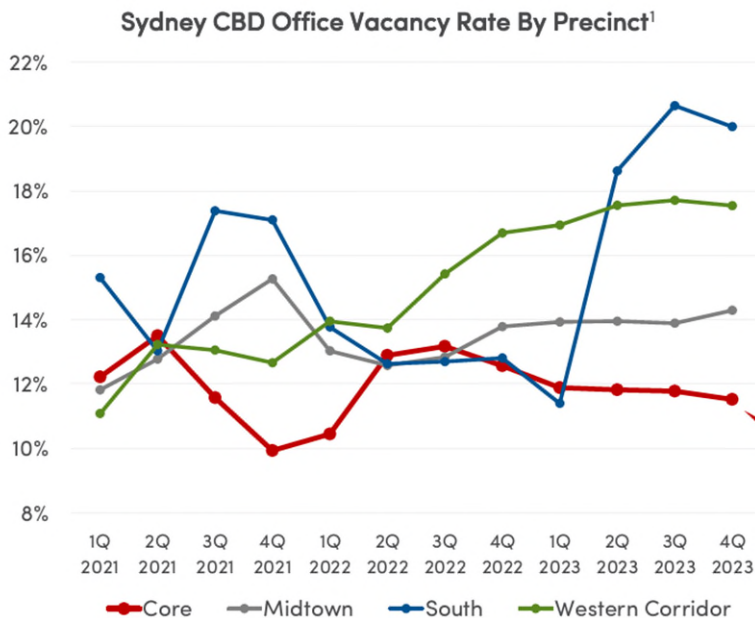
4. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring, *inter alia*, the following key benefits to unitholders of Keppel REIT (“Unitholders”):

4.1 Strategically Located in Highly Sought After Core Precinct of Sydney CBD

The Property is located prominently along George Street, one of the busiest roads in Sydney CBD. It is easily accessible by public transportation and well-connected to good amenities. It is opposite Bridge Street Light Rail Station, a three-minute walk from Wynyard Railway Station, an eight-minute walk from Circular Quay Railway Station and a nine-minute walk from the upcoming Martin Place Metro Station.

Flight-to-quality trend has been gaining momentum across Australia as tenants seek better quality and centrally located offices with amenities that appeal to their employees, resulting in positive net absorption of prime office space. Physical attendance has also increased to 75%³ of pre-Covid levels as more companies require their employees to return to office. In particular, Sydney’s CBD has observed a flight-to-core with the Core Precinct outperforming other precincts in terms of vacancies. Core Precinct all-grade office vacancy was 11.5%⁴ as of 4Q 2023, the lowest amongst the four key submarkets within Sydney CBD, and leads the recovery with five consecutive quarters of declining office vacancies.



Source:

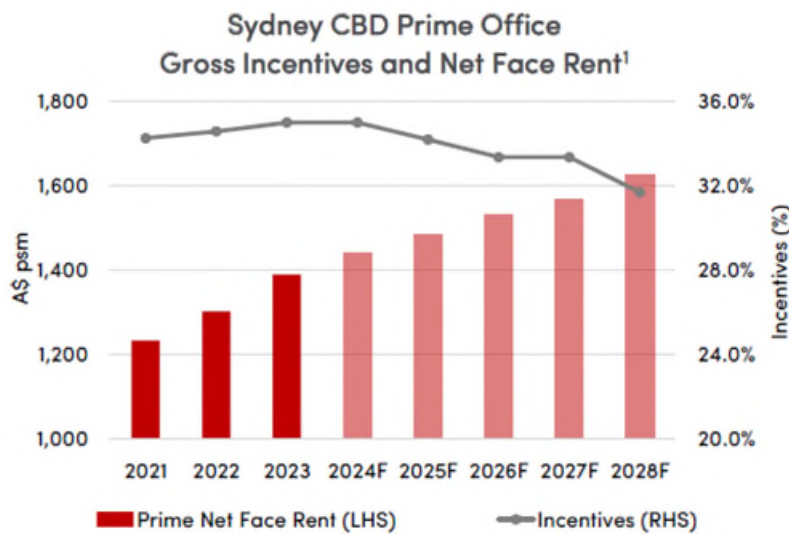
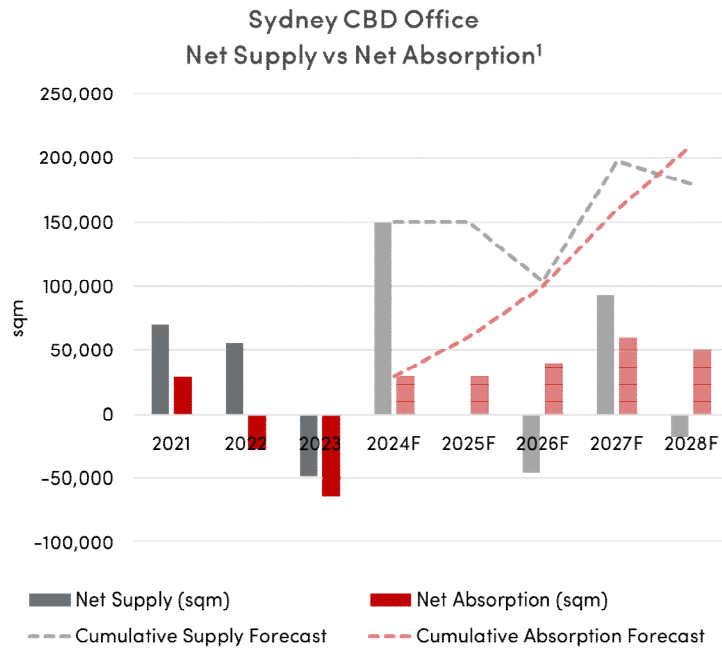
1. JLL Research, 4Q 2023.

Looking ahead, the Core Precinct of Sydney CBD is expected to enjoy healthy outlook as it

³ Source: CBRE Research, November 2023.

⁴ Source: JLL Research, 4Q 2023.

continues to benefit from the flight-to-quality trend. Sydney CBD office supply is forecast to be absorbed within one to two years from the completion of construction and net absorption from 2024 to 2028 is expected to be positive. Expectations for prime office incentives to decline while face rents to rise, leading to potential positive effective rental growth.⁵



Source:

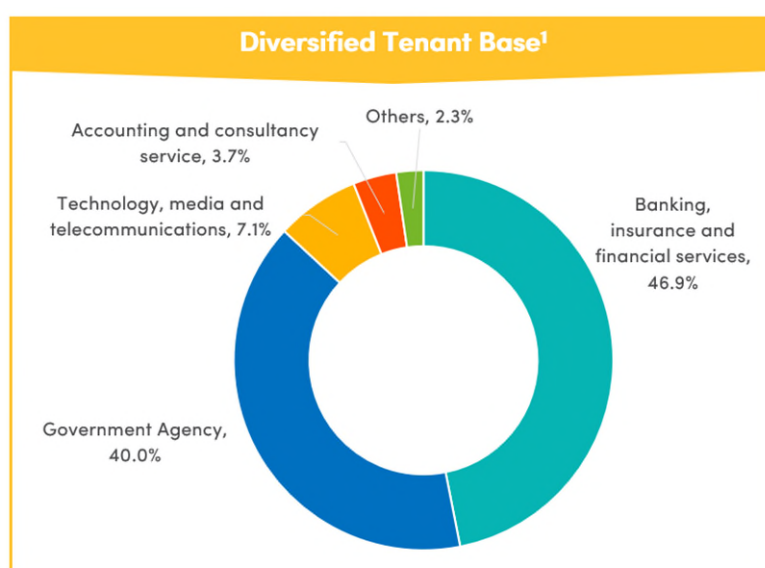
1. JLL Research, 4Q 2023.

⁵ Source: JLL Research, 4Q 2023.

4.2 Prime Property with A Diversified Tenant Base and High-Quality Tenants

255 George Street has been future proofed through extensive enhancement works that were completed in 2022. The Property now features refurbished office spaces and lobbies, as well as premium amenities including a wellness studio, a ground floor café, end-of-trip facilities, as well as multi-use flexible workspaces on the ground and mezzanine floors. It has achieved a 5.5 Star NABERS Energy rating, which would add to Keppel REIT's portfolio of green and sustainable assets when the acquisition is completed.

In addition, 255 George Street has a diversified tenant base from various industries, including the government, financial institutions, healthcare and information technology. The key tenants include the Australian Taxation Office and Bank of Queensland.



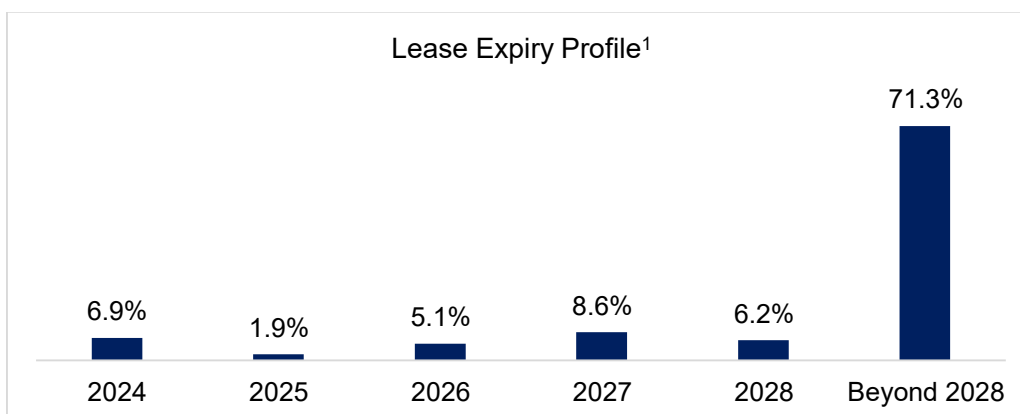
Note:

1. As at 31 December 2023, by attributable NLA.

4.3 Stable Cash Flows Supported by Long WALE and Well-Spread Lease Expiries

As at 31 December 2023, the Property enjoys a long WALE of 6.8 years⁶ and high committed occupancy of 93.0%. The Property also enjoys stable cash flows underpinned by the long WALE with no significant lease expiries from 2024 to 2028. In addition, the seller will be providing Rent Guarantee on existing vacancies and potential expiries.

⁶ By gross rental income. WALE by NLA was 6.0 years as at 31 December 2023.



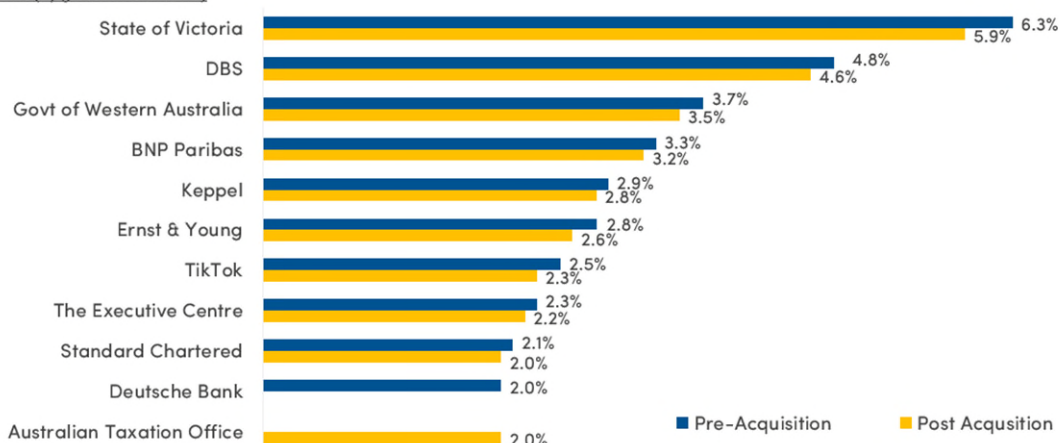
Note:

1. As at 31 December 2023, by gross rental income.

4.4 Enhance Portfolio Tenant Diversification

With the acquisition of 255 George Street, Keppel REIT's tenant diversification will be further enhanced with contribution of gross rental income from top 10 tenants decreasing from 32.7%⁷ to 31.1%⁸ and the NLA occupied by top 10 tenants decreasing from 38.0%⁷ to 36.1%⁸.

Top 10 Tenants (By gross rental income)



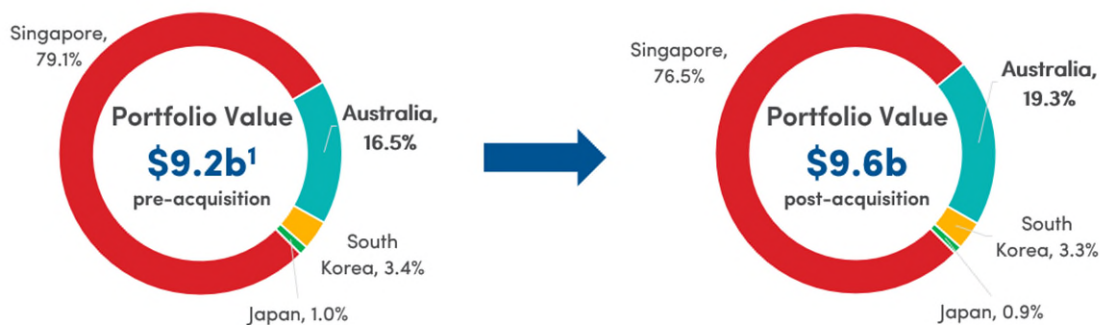
4.5 Strengthen Portfolio Quality with an Addition of a Freehold Grade A Asset

The Acquisition will increase the proportion of freehold assets in Keppel REIT's portfolio from 33.2%⁹ to 36.4%⁸ by NLA, as well as increase the size of the portfolio from S\$9.2 billion⁷ to S\$9.6 billion. Keppel REIT's portfolio continues to be Singapore centric with assets predominantly located in Asia Pacific's key business districts.

⁷ As at 31 December 2023.

⁸ Assuming acquisition is completed as at 31 December 2023 and on attributable gross rental income/NLA basis as appropriate.

⁹ As at 31 December 2023, by attributable NLA.

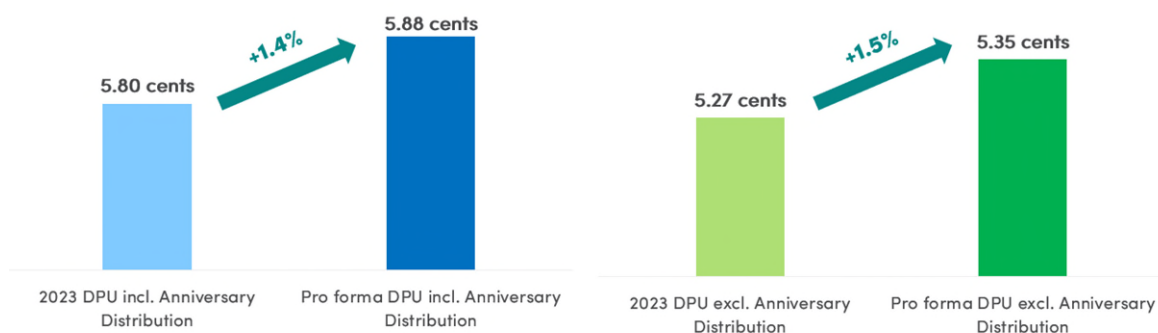


Note:

1. As at 31 December 2023.

4.6 Attractive Pricing and DPU Accretive

The Purchase Consideration of A\$363.8 million (approximately S\$321.0 million), represents a first-year yield that exceeds 6.0%. The Acquisition is expected to be approximately 1.4% DPU accretive (including the Anniversary Distribution¹⁰) and 1.5% DPU accretive (excluding the Anniversary Distribution). The aggregate leverage is expected to increase to approximately 41.0% post-Acquisition, based on the proposed method of financing and pro forma financial effects for the financial year ended 31 December 2023 (please see paragraph 5 below for further details). Keppel REIT will continue to seek recycling opportunities to optimise its portfolio.



5. METHOD OF FINANCING AND FINANCIAL EFFECTS

5.1 Method of Financing

The Manager intends to finance the Total Acquisition Cost with a combination of SGD- and AUD-denominated bank loans and/or potential divestment proceeds that may be available for deployment as part of Keppel REIT's ongoing portfolio optimisation strategy. The Manager may also consider other capital instruments, including but not limited to medium-

¹⁰ As announced on 25 October 2022, to celebrate Keppel REIT's 20th anniversary in 2026, a total of S\$100 million of Anniversary Distribution will be distributed over five years. S\$20 million will be distributed annually with such distribution to be made semi-annually.

term notes or convertible bonds, as part of the funding mix. The final decision regarding the proportion of the debt and/or other capital instruments to be employed to fund the Acquisition will be made by the Manager at the appropriate time.

For the avoidance of doubt, as at 28 March 2024, the Manager has secured sufficient financing (based on existing and available credit facilities) to fund the Acquisition.

5.2 Pro Forma Financial Effects

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the distribution per Unit (“DPU”) and net asset value (“NAV”) per Unit presented below are strictly for illustrative purposes only and were prepared based on the audited financial statements of Keppel REIT and its subsidiaries (the “Keppel REIT Group”) for the financial year ended 31 December 2023, taking into account the Total Acquisition Cost as well as assuming that: (i) the Rent Guarantee arrangement in respect of the Property is in place on 1 January 2023 and received as entitled; and (ii) the Total Acquisition Cost is fully funded by a combination of SGD- and AUD-denominated bank loans.

5.3 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on Keppel REIT’s DPU for the financial year ended 31 December 2023, as if the Acquisition was completed on 1 January 2023 and Keppel REIT held and operated the Property through 31 December 2023, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
DPU (Singapore cents)	5.80 ⁽¹⁾	5.88 ⁽¹⁾
DPU accretion (%)	-	1.4 ⁽¹⁾

Note:

(1) Including Anniversary Distribution. Excluding Anniversary Distribution, the pro forma DPU accretion is 1.5%.

5.4 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2023, as if the Transaction was completed on 31 December 2023, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
NAV per Unit (S\$)	1.29	1.29

5.5 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma aggregate leverage of Keppel REIT as at 31 December 2023, as if the Acquisition was completed on 31 December 2023, is as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition

Aggregate Leverage	38.9%	41.0% ⁽¹⁾
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Note:

(1) Assuming that the Total Acquisition Cost was funded entirely by a combination of SGD- and AUD-denominated bank loans.

6. OTHER INFORMATION

6.1 Disclosure under Rule 1010(13) of the Listing Manual

The relative figures for the Acquisition using the applicable bases of comparison set out in Rules 1006(b) and (c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) as follows are set out in the table below:

- (i) the net profits attributable to the assets acquired, compared with Keppel REIT’s net profits; and
- (ii) the aggregate value of the consideration given, compared with Keppel REIT’s market capitalisation.

Comparison of:	The Acquisition	Keppel REIT	Relative figure (%)
Rule 1006(b) Net Profit before tax ⁽¹⁾ (S\$ million)	5.9 ⁽²⁾	183.4 ⁽³⁾	3.2
Rule 1006(c) Consideration against market capitalisation (S\$ million)	321.0 ⁽⁴⁾	3,289.8 ⁽⁵⁾	9.8

Notes:

- (1) Refers to profit before net change in fair value of investment properties and income tax expense.
- (2) Based on the estimated net profit before tax derived from the Property, including the Rent Guarantee.
- (3) Based on the audited financial statements of Keppel REIT for the financial year ended 31 December 2023.
- (4) This is the Purchase Consideration of A\$363.8 million based on the exchange rate of A\$1.00:S\$0.8823.
- (5) Based on the 3,805,404,897 Units in issue and the weighted average price of S\$0.8645 per Unit on the SGX-ST on 27 March 2024, being the market day immediately prior to the date of entry into the Contract of Sale.

Rule 1006(a) of the Listing Manual is not applicable to the Acquisition as Keppel REIT will not be disposing of any assets under the Acquisition. Rule 1006(d) of the Listing Manual is not applicable as Keppel REIT will not be issuing any Units as consideration for the Acquisition.

Accordingly, given that the relative figure computed in the table above exceeds 5% but does not exceed 20%, the Acquisition is regarded as a “discloseable transaction” under Chapter 10 of the Listing Manual.

6.2 Directors’ Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

6.3 Interests of Directors and Controlling Unitholders

Save for the unitholding interests in Keppel REIT held by certain directors of the Manager

and the controlling Unitholders, and based on information available to the Manager as at the date of this announcement, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Acquisition.

6.4 Documents Available for Inspection

A copy of the following is available for inspection during normal business hours at the office of the Manager located at 1 HarbourFront Avenue, Level 2 Keppel Bay Tower, Singapore 098632 for a period of three months commencing from the date of this announcement, prior appointment would be appreciated:

- (i) a copy of the Contract of Sale; and
- (ii) a copy of the independent valuation report by the Valuer.

BY ORDER OF THE BOARD
Keppel REIT Management Limited
(UEN: 200411357K)
(as manager of Keppel REIT)

Chiam Yee Sheng / Gillian Loh
Company Secretaries
1 April 2024

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Keppel REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, the Trustee or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.