

Media Release

Keppel REIT to acquire 50% interest in Sydney freehold Grade A office building for A\$363.8 million

- *Accretive acquisition of 255 George Street, an iconic prime building located in Sydney CBD's highly sought after Core Precinct with high occupancy rate, long weighted average lease expiry (WALE) and excellent ESG credentials*
- *The acquisition will improve DPU by 1.4%¹ on a pro forma basis*

Singapore, 1 April 2024 – Keppel REIT Management Limited, as manager of Keppel REIT (the Manager), is pleased to announce that Keppel REIT has entered into a contract of sale to acquire an effective 50% interest in 255 George Street (the Acquisition), a freehold Grade A office building in Sydney, Australia, for A\$363.8 million (approximately S\$321.0 million)². The remaining 50% interest in the property will continue to be held by the seller, Mirvac Funds Management Australia Limited, as trustee of Mirvac Wholesale Office Fund I.

Mr Koh Wee Lih, Chief Executive Officer of the Manager, said, “Located in the highly sought after Core Precinct of Sydney’s CBD, 255 George Street is an iconic freehold Grade A office building with excellent ESG credentials. With the Core Precinct’s positive office market outlook and the property’s prime specifications, this DPU-accretive Acquisition will enhance the quality of Keppel REIT’s portfolio and we are confident that it will continue to attract companies looking for quality office spaces in Sydney.

“Looking ahead, we will continue to seek opportunities within Keppel REIT’s portfolio for optimisation and capital recycling, while remaining disciplined in capital management, to capture opportunities with attractive total returns over the long term.”

The building has a total net lettable area (NLA) of 38,996.8 sm, comprising 38,805.0 sm of office space and 191.8 sm of retail space, as well as 188 car park lots. It is located along the prime end of George Street, within Sydney CBD’s Core Precinct. Sydney’s CBD has observed a flight-to-core trend with the Core Precinct outperforming other precincts in terms of vacancies. The Core Precinct’s all-grade office vacancy was 11.5% as of 4Q 2023, the lowest among the four key submarkets within the Sydney CBD, and leads the recovery with five consecutive quarters of declining office vacancies³.

Strategically situated opposite Bridge Street Light Rail Station and within walking distance to Wynyard Station, 255 George Street features refurbished office spaces

¹ The pro forma DPU is based on the audited financial statements of Keppel REIT for the financial year ended 31 December 2023 and assuming that the Acquisition was completed on 1 January 2023. Excluding the Anniversary Distribution, DPU accretion would be 1.5%.

² Based on an exchange rate of A\$1 to S\$0.8823 as at 20 March 2024.

³ Source: JLL Research, 4Q 2023.

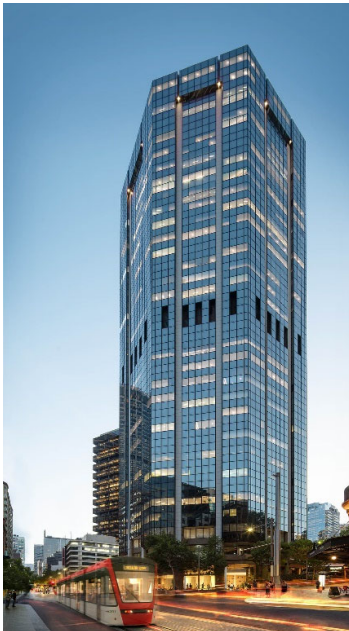
and lobbies, as well as premium amenities including a wellness studio, a ground floor café, end-of-trip facilities, as well as multi-use flexible workspaces on the ground and mezzanine floors. It has achieved a 5.5 Star National Australian Built Environment Rating System (NABERS) Energy rating, which would add to Keppel REIT's portfolio of green and sustainable assets when the acquisition is completed.

With a high committed occupancy rate of 93%⁴, the property also enjoys stable cash flows underpinned by a long WALE of 6.8 years⁵ with no significant lease expiries from 2024 to 2028. In addition, the property 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 the Bank of Queensland.

255 George Street is expected to generate a first-year yield that exceeds 6.0% and DPU accretion of 1.4%¹ on a pro forma basis. The seller will be providing rent guarantee on existing vacancies and potential expiries.

This Acquisition also marks Keppel REIT's deepening partnership with Mirvac, as they already jointly own 8 Chifley Square in Sydney and David Malcolm Justice Centre in Perth.

Post-acquisition, Keppel REIT's Singapore-centric portfolio will be approximately S\$9.6 billion across 13 properties in Singapore (76.5% of AUM), Australia (19.3% of AUM), South Korea (3.3% of AUM) and Japan (0.9% of AUM), and the proportion of freehold assets in its portfolio will increase from 33.2% to 36.4%⁴ (by NLA).



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⁴ As at 31 December 2023.

⁵ As at 31 December 2023, by gross rental income. WALE by NLA was 6.0 years as at 31 December 2023.

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About Keppel REIT (www.keppelreit.com)

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading real estate investment trusts with a portfolio of prime commercial assets in Asia Pacific's key business districts.

Keppel REIT's objective is to generate stable income and sustainable long-term total return for its Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Asia Pacific.

Keppel REIT has a portfolio value of over \$9.0 billion, comprising properties in Singapore; the key Australian cities of Sydney, Melbourne and Perth; Seoul, South Korea; as well as Tokyo, Japan.

Keppel REIT is managed by Keppel REIT Management Limited and sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.