

Media Release

Keppel REIT expands into Grade A metropolitan office space with acquisition of a 100% interest in a Sydney freehold commercial property for A\$306 million

- *DPU-accretive acquisition of the Pinnacle Office Park is part of the Manager's active portfolio optimisation efforts to improve income resilience and portfolio yield*
- *Opportunity to gain exposure to Macquarie Park – a key metropolitan office market*
- *Enables Keppel REIT to provide quality metropolitan space to tenants seeking cost-effective or hub-and-spoke business models, complementing its prime CBD offering*

Singapore, 13 September 2020 – Keppel REIT Management Limited, as Manager of Keppel REIT, wishes to announce that Keppel REIT¹ has entered into an agreement with the Goodman Group² to acquire a 100% stake in Pinnacle Office Park, a freehold Grade A commercial property comprising three office buildings located within Macquarie Park in Sydney. The agreed property value is A\$306.0 million (approximately S\$303.3 million³).

Mr Paul Tham, CEO of the Manager, said, "With an initial net property income yield of 5.25%⁴, the acquisition of Pinnacle Office Park is in line with our active portfolio optimisation strategy to improve Keppel REIT's income resilience and portfolio yield. The expansion into the Grade A metropolitan office space strengthens our portfolio as it complements our prime CBD offering.

"In the wake of COVID-19, we believe demand in Australia for quality and well-networked metropolitan locations, such as Macquarie Park, will increase as more companies seek cost-effective solutions or adopt a hub-and-spoke business model for office locations. The acquisition of Pinnacle Office Park allows Keppel REIT to gain exposure to this key metropolitan office market."

With a total net lettable area (NLA) of 35,132 sm (378,165 sf) across three office buildings, Pinnacle Office Park is strategically located within Macquarie Park. Macquarie Park is the

¹ Through its wholly owned subsidiary, Keppel REIT (Australia) Sub-Trust 6.

² Through Goodman Australia Industrial Trust No. 3.

³ Based on an exchange rate of A\$1.00 to S\$0.9912 as at 9 September 2020. Including estimated transaction costs, the acquisition consideration would be A\$329.0 million (S\$326.1 million).

⁴ Includes A\$2.1 million of rental guarantee until the later of 31 December 2021 and 12 (or 6) months after the date of completion, depending on the relevant vacant premises.

second largest office market in New South Wales⁵ and has benefitted from improvements in transport infrastructure.

Sited close to the Macquarie Park Metro Station and a major bus interchange, Pinnacle Office Park is well served by public transportation and major arterial roads that provide direct links to the CBD. The expected completion of the City and Southwest metro rail in 2024 will also improve the commuting time between Macquarie Park and the CBD to just 20 minutes. Tenants enjoy on-site amenities including a childcare centre, a gymnasium, end-of-trip facilities and a café. The property is also close to a range of retail, food and entertainment options at Macquarie Centre, Sydney's largest suburban shopping centre.

One of the three free-standing buildings, 6 Giffnock Avenue, has the potential to be re-developed into a new office building with higher NLA in future⁶, subject to approval by local authorities.

With an established tenant base, Pinnacle Office Park has a committed occupancy of 96.3%⁷. Key tenants include ASX-listed Aristocrat Technologies, Konica Minolta and Coles Supermarkets. The property has a weighted average lease expiry of 4.8 years⁷ by NLA, and its existing leases have fixed annual rental escalations of between 3% and 4%.

The acquisition is targeted to be completed in 4Q 2020 and will be fully funded with Australian dollar denominated debt for natural hedging. Post-acquisition, aggregate leverage would be approximately 38.7%⁸. Assets under management will grow to \$8.2 billion⁸ across 10 properties in Singapore (77.0%), Australia (19.4%) and South Korea (3.6%). Portfolio WALE will be approximately 6.9 years⁸, while the freehold portion of the portfolio will increase from 30.3% to 37.1%⁸ by NLA.

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For more information, please contact:

Media Relations

Ms Frances Teh
Senior Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6437
Email: frances.teh@kepcorp.com

Investor Relations

Ms Liang Huihui
Deputy Manager
Investor Relations
Keppel Capital
Tel: (65) 6803 1649
Email: huihui.liang@kepcapital.com

⁵ Property Council of Australia, Office Market Report July 2020.

⁶ Under Ryde Local Environmental Plan 2014.

⁷ As at 30 June 2020.

⁸ Pro forma as at 30 June 2020, assuming 311 Spencer Street development in Melbourne had achieved practical completion and Pinnacle Office Park in Sydney was acquired by 30 June 2020.

About Keppel REIT (www.keppelreit.com)

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a portfolio of premium Grade A commercial assets in prime business and financial districts pan-Asia.

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

The REIT has assets under management of approximately \$8 billion in Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea.

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.