

Media Release

Keppel REIT to strengthen portfolio with strategic addition of Keppel Bay Tower

- *DPU and NPI accretive acquisition of Keppel Bay Tower is part of the Manager's active portfolio optimisation efforts to enhance the REIT's distributions and strengthen total unitholder returns*
- *Grade A office building located in the Keppel Bay waterfront precinct at HarbourFront complements Keppel REIT's prime CBD offering, diversifies its tenant base and increases income resilience*

Singapore, 23 December 2020 – Keppel REIT Management Limited, as Manager of Keppel REIT, wishes to announce that Keppel REIT has entered into a conditional sale and purchase agreement to acquire a 100% stake in Keppel Bay Tower from Keppel Land Limited (Keppel Land)¹. Keppel Bay Tower is a Grade A office building located in the Keppel Bay waterfront precinct in the HarbourFront area in Singapore. The agreement was negotiated on a willing-buyer willing-seller basis, at an agreed property value² of \$657.2 million³ (approximately \$1,700 psf) after taking into account independent valuations.

Mr Paul Tham, CEO of the Manager, said, "The proposed accretive acquisition of Keppel Bay Tower is part of our ongoing portfolio optimisation efforts to enhance the REIT's distributions and improve total unitholder returns. This is also consistent with our strategy of strengthening and diversifying the REIT's portfolio, while staying focused on our core markets. The strategic addition of a quality CBD-fringe office property such as Keppel Bay Tower, with its established tenant base, complements our existing portfolio and increases income resilience."

Completed in 2002, Keppel Bay Tower has a total net lettable area (NLA) of about 386,600 sf and comprises an 18-storey tower block and a six-storey podium block. Asset enhancement works, including the refurbishment of the office lobby with modern fittings and quality finishes, were completed in 2019. Keppel Bay Tower is strategically located in the world-class Keppel Bay waterfront precinct and is part of Singapore's Greater Southern Waterfront, which will be transformed into a new major gateway and location for urban living along Singapore's southern coast⁴.

¹ Through its wholly owned subsidiary, Agathese Pte. Ltd.

² Takes into account rental support of up to \$3.2 million for vacant units and leases that are expiring in the 18 months post-completion.

³ Total acquisition cost would be \$667.0 million, comprising total consideration which takes into account the estimated net asset value, transaction costs and equity fund raising costs.

⁴ Source: <https://www.ura.gov.sg/Corporate/Planning/Master-Plan/Urban-Transformations/Greater-Southern-Waterfront>.

Keppel Bay Tower is well connected to the CBD and other parts of Singapore. Tenants enjoy seamless access to the nearby HarbourFront MRT station and bus interchange via sheltered walkways, as well as food, retail and entertainment amenities at VivoCity, HarbourFront Centre, Keppel Island and Sentosa Island.

Keppel Bay Tower is also the first commercial development in Singapore to be certified as a Green Mark Platinum (Zero Energy) building by the Building and Construction Authority of Singapore. Earlier in January 2020, it earned the distinction of being Singapore's first commercial development to utilise renewable energy to power all its operations, including the offices of tenants in the building.

Mr Tham added, "Featuring the latest in green building technology, Keppel Bay Tower will further augment Keppel REIT's green footprint. It is also in line with our environmental target of reducing energy usage and carbon emission intensity levels."

Some of the key energy-efficient technologies implemented at Keppel Bay Tower include a high-efficiency air distribution system, an innovative cooling tower water management system, integrated sensor technology to optimise fresh air intake, smart LED lighting solutions, as well as an intelligent building control system for energy and water usage optimisation. Keppel Bay Tower also incorporates smart features such as facial recognition and mobile applications for contactless access, to reduce the number of touch points and enhance tenants' experiences.

With an established tenant base, Keppel Bay Tower is home to a number of major companies and multinational corporations such as the Keppel Group, BMW Asia, Mondelez International, Pacific Refreshments and Syngenta. As at 30 September 2020, the property has a committed occupancy of 99.2% and a weighted average lease expiry (WALE) of 3.3 years by NLA.

The acquisition is targeted to be completed in 2Q 2021. The Manager intends to fund the acquisition with debt and proceeds from an equity fund raising which is intended to comprise a private placement. Post-acquisition⁵, aggregate leverage of Keppel REIT would be approximately 38.6%⁶. Keppel REIT's portfolio will remain anchored by prime CBD assets, while 11% of assets under management (AUM) will be made up of non-CBD office buildings, with AUM growing to \$9.0 billion across 11 properties in key business districts of Singapore (77.8%), Australia (18.9%) and South Korea (3.3%). Portfolio WALE by NLA will remain long at approximately 6.5 years, while committed occupancy level will remain high at 98.2%.

As the acquisition constitutes an interested party transaction under the Property Funds Appendix of the Code on Collective Investment Schemes, as well as an interested person transaction under the Listing Manual, it will be subject to the approval of the Unitholders at an extraordinary general meeting which is expected to be held in 1Q 2021.

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⁵ Pro forma data as at 30 September 2020, assuming Pinnacle Office Park acquisition was completed, and Keppel Bay Tower was acquired by 30 September 2020.

⁶ Assuming the acquisition of Keppel Bay Tower was funded approximately 60% by debt and 40% by equity.

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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.

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