



Portfolio Optimisation with the Proposed Acquisition of Keppel Bay Tower

23 December 2020



DPU-Accretive Acquisition that Complements Core CBD Offering



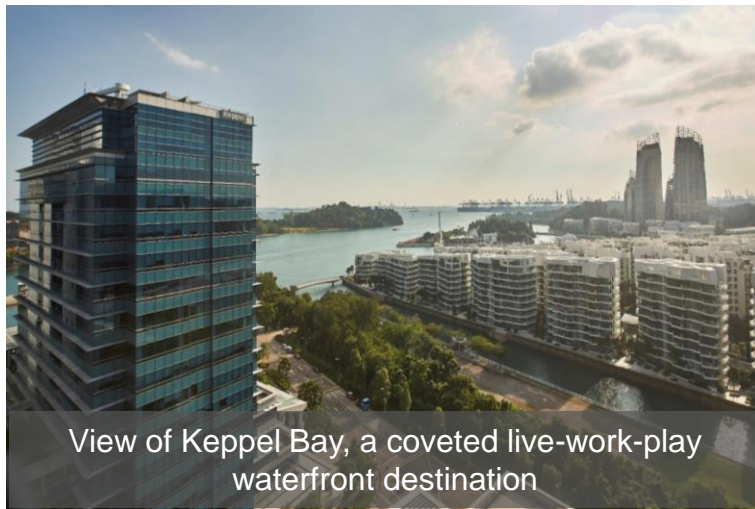
- **Grade A office building** strategically located in the **HarbourFront/Alexandra** submarket
- **Established tenant base of multinational corporations** and anchored by the **Keppel Group**
- Acquisition is **consistent with the REIT's strategy** of strengthening and diversifying its portfolio, while **staying focused on its core markets**
- Post-acquisition⁽¹⁾, portfolio WALE by NLA remains **long at 6.5 years**, committed occupancy remains **high at 98.2%**, while aggregate leverage remains **healthy at 38.6%**⁽²⁾

Transaction Overview	
Agreed Property Value⁽³⁾	\$657.2 million ⁽⁴⁾ (\$1,700 psf)
Valuation⁽³⁾	<ul style="list-style-type: none"> ▪ JLL (commissioned by Trustee): \$665.0 million (\$1,720 psf) ▪ C&W (commissioned by Manager): \$667.3 million (\$1,726 psf)
Intended Funding Structure	<ul style="list-style-type: none"> ▪ Debt financing and proceeds from an equity fund raising which is intended to comprise a private placement ▪ Proportion of the debt and equity will be determined at the appropriate time, taking into account the then prevailing market conditions
Initial NPI Yield	4.0% ⁽⁵⁾
DPU Accretion	+2.7% ⁽⁶⁾ (FY 2019); +2.9% ⁽⁷⁾ (1H 2020)
EGM to be Scheduled⁽⁸⁾	1Q 2021
Expected Completion	2Q 2021

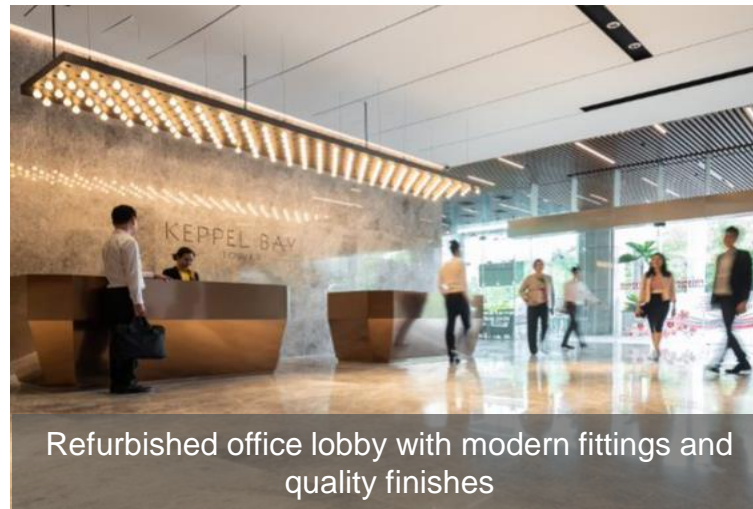
(1) Pro forma as at 30 Sep 2020, assuming Pinnacle Office Park in Sydney (announced on 13 Sep 2020 and pending completion in 4Q 2020) and Keppel Bay Tower were acquired by 30 Sep 2020; (2) Assuming the acquisition of Keppel Bay Tower was funded approximately 60% by debt and 40% by equity; (3) Takes into account rental support of up to \$3.2 million for vacant units and leases that are expiring in the 18 months post-completion. Without rental support, valuation is \$664.0 million (\$1,718 psf) and \$665.0 million (\$1,720 psf) by JLL and C&W respectively; (4) 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; (5) Based on the estimated net property income (NPI) for a year from completion of the acquisition, including rental support by the vendor for the same period; (6) On a pro forma basis as if the acquisition was completed on 1 Jan 2019, including rental support; (7) On a pro forma basis as if the acquisition was completed on 1 Jan 2020, including rental support; (8) An extraordinary general meeting (EGM) will be scheduled for Unitholders' approval of this acquisition from Keppel REIT's Sponsor, Keppel Land, as an interested person transaction.

Grade A Waterfront Business Hub

Building Completion	2002 (Recently refurbished in 2019)
Land Tenure	99 years expiring on 30 September 2096
Attributable NLA	386,600 sf ⁽¹⁾ (18-storey office tower with a six-storey podium block)
Committed Occupancy	99.2% ⁽²⁾
WALE	3.3 years ⁽²⁾
No. of Tenants	29 ⁽²⁾
Green Credentials	<ul style="list-style-type: none"> ▪ First commercial development in Singapore to be fully-powered by renewable energy ▪ First commercial development in Singapore to be certified BCA⁽³⁾ Green Mark Platinum (Zero Energy) ▪ ASEAN Energy Award for Energy Efficient Buildings (Retrofitted Building Category) in 2018



View of Keppel Bay, a coveted live-work-play waterfront destination



Refurbished office lobby with modern fittings and quality finishes



Kloud, serviced flexible workspaces by Keppel Land

Investment Merits





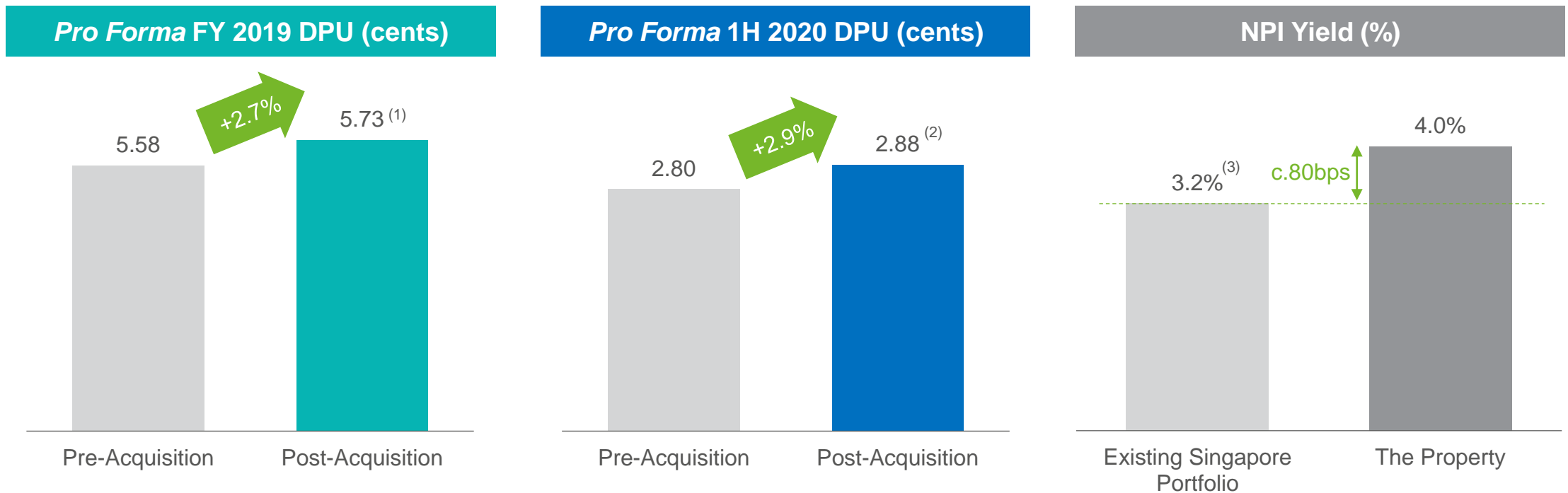
Photo Credit: ST Press

Investment Merits

- 1 DPU and NPI yield accretive acquisition that enhances Keppel REIT's distributions and improves total unitholder returns
- 2 Diversifies portfolio and strengthens tenant base for income resilience
- 3 Strategic expansion that complements the current core CBD offering
- 4 Grade A waterfront office with excellent connectivity to CBD and amenities
- 5 Augments green footprint via renewable energy and technology innovation
- 6 Increases free float and liquidity

1 DPU and NPI Yield Accretive

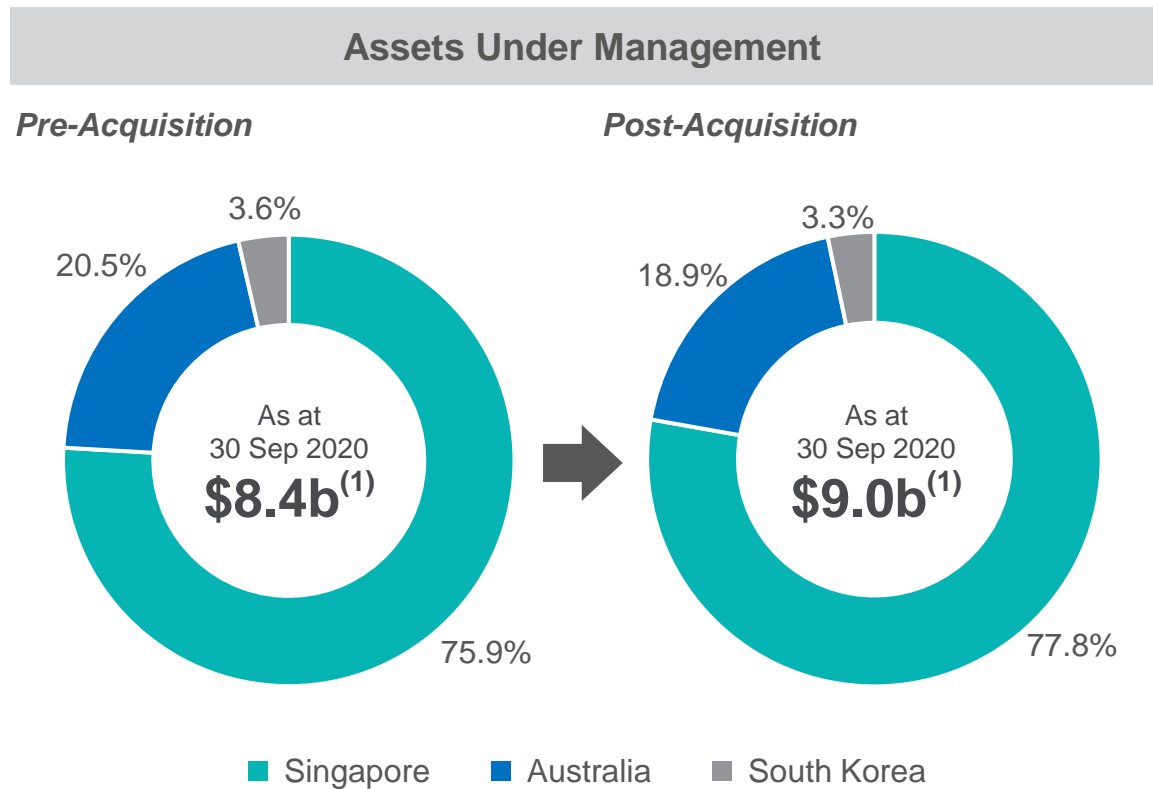
- DPU and NPI yield accretive acquisition is part of **ongoing portfolio optimisation efforts to enhance distributions and improve total unitholder returns**
- **Consistent with Keppel REIT's strategy** of strengthening and diversifying its portfolio, while **remaining focused on its core markets**



(1) As if the acquisition was completed on 1 Jan 2019 and funded approximately 60% by debt and 40% by equity, and inclusive of rental support; (2) As if the acquisition was completed on 1 Jan 2020 and funded approximately 60% by debt and 40% by equity, and inclusive of rental support; (3) NPI yield is based on the annualised 9M 2020 NPI and the valuation as at 30 Nov 2020 for Keppel REIT's Singapore properties.

2 Diversifies Portfolio and Strengthens Tenant Base for Income Resilience

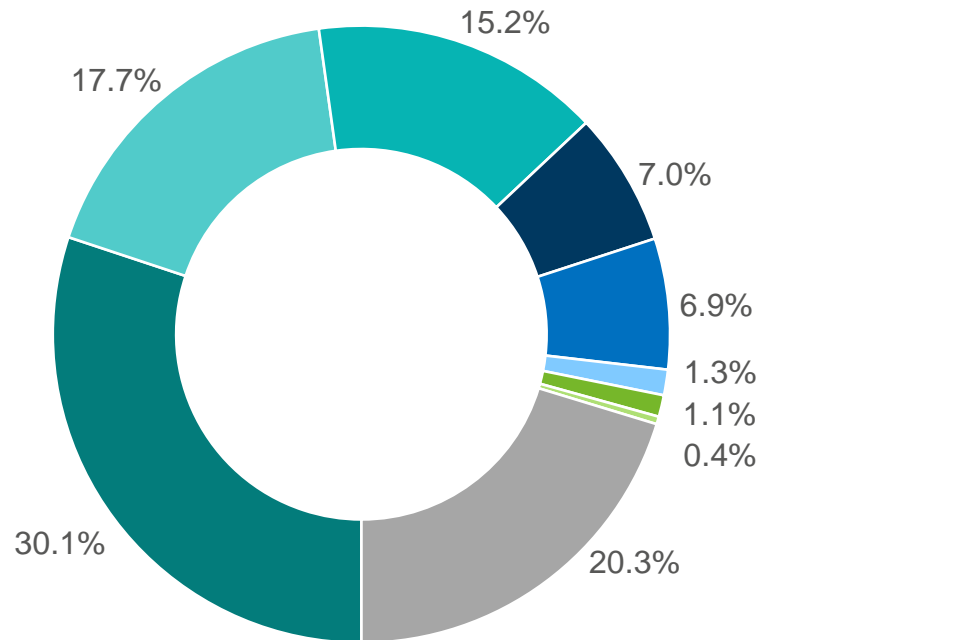
- Reduces the REIT's exposure to any single asset and further diversifies its income streams
- Post-acquisition, portfolio will grow to \$9.0 billion with Grade A commercial assets in key business districts of Singapore, Australia and South Korea



% Assets Under Management ⁽¹⁾	Pre-Acquisition	Post-Acquisition
Ocean Financial Centre, Singapore	25.1%	23.3%
Marina Bay Financial Centre, Singapore	35.8%	33.2%
One Raffles Quay, Singapore	15.0%	13.9%
Keppel Bay Tower, Singapore	-	7.4%
8 Chifley Square, Sydney	2.9%	2.7%
Pinnacle Office Park, Sydney	3.9%	3.6%
8 Exhibition Street, Melbourne	3.3%	3.0%
311 Spencer Street, Melbourne	4.6%	4.2%
275 George Street, Brisbane	3.0%	2.8%
David Malcolm Justice Centre, Perth	2.8%	2.6%
T Tower, Seoul	3.6%	3.3%

2 Diversifies Portfolio and Strengthens Tenant Base for Income Resilience (Cont'd)

Keppel Bay Tower's Tenant Mix (% of NLA)



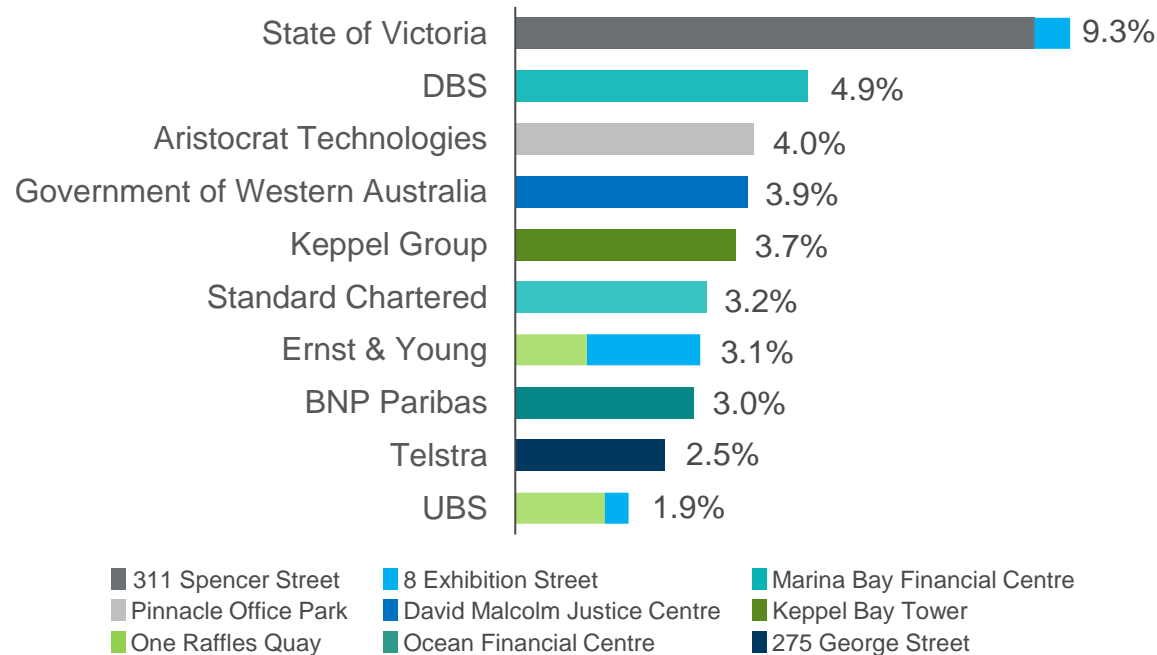
- Manufacturing and distribution
- Real estate and property services
- Technology, media and telecommunications
- Hospitality and leisure
- Others
- Energy, natural resources, shipping and marine
- Banking, insurance and financial services
- Services
- Retail and food & beverage

- **Committed occupancy of 99.2% and WALE of 3.3 years by NLA**
- **Diverse mix of 29 tenants**
- **Healthy rental collection** for 3Q 2020 at approximately 99%
- **Strong tenant profile** with major companies and multinational corporations including:
 - Keppel Group
 - BMW Asia
 - Mondelez International
 - Pacific Refreshments
 - Syngenta

2 Diversifies Portfolio and Strengthens Tenant Base for Income Resilience (Cont'd)

- **Headquarters to Keppel Group** and its entities
 - 39.7% of NLA on long leases to the Keppel Group entities
 - Keppel Group becomes one of Keppel REIT's top 10 tenants by NLA
- **Increases income diversification** and reduces exposure to any one tenant sector

Portfolio Top 10 Tenants (Post-Acquisition)



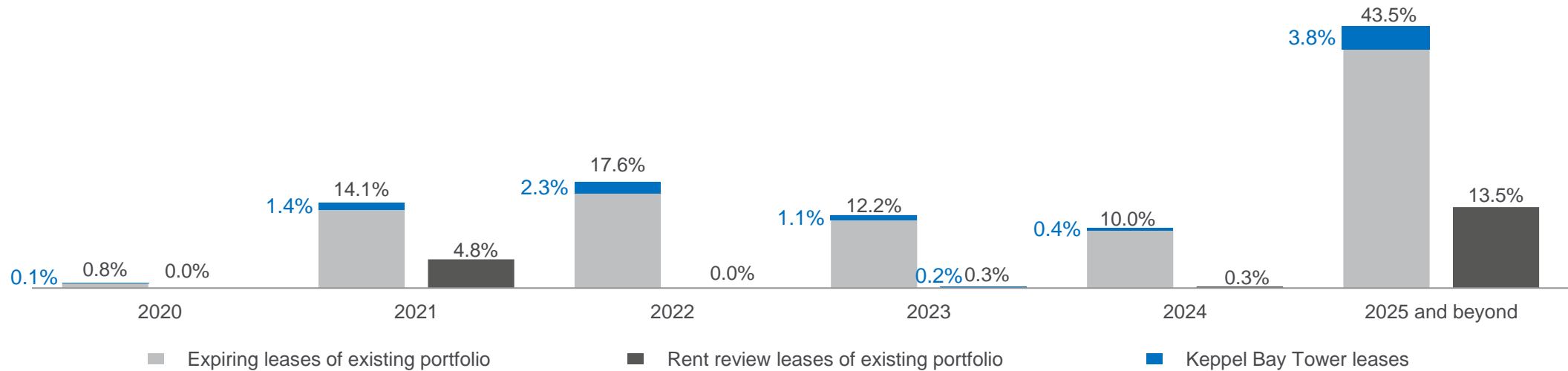
Portfolio Tenant Mix (Post-Acquisition)



2 Strong Occupancy and Well-Spread Lease Expiries

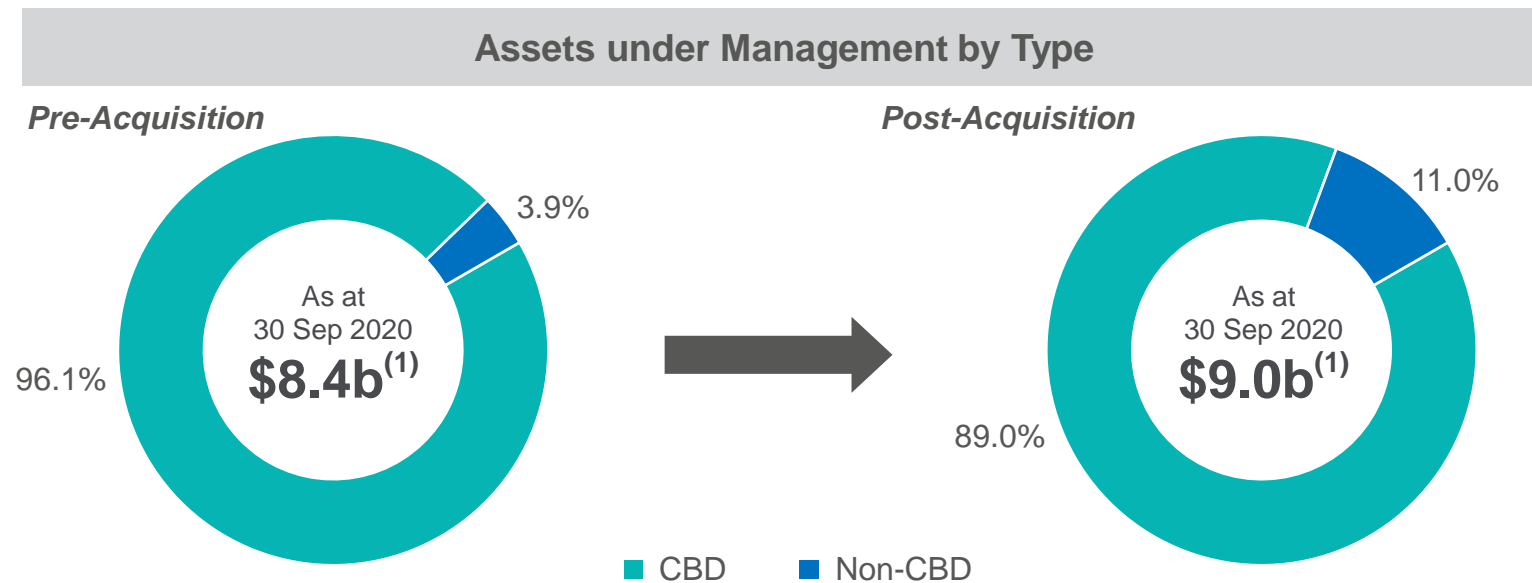
- Portfolio committed occupancy level remains **high at 98.2%**
- Portfolio WALE by NLA remains long at **approximately 6.5 years** while lease expiry **remains well-spread**

Portfolio Lease Expiry Profile (Post-Acquisition)
(by committed attributable NLA)



3 Strategic Expansion that Complements Core CBD Offering

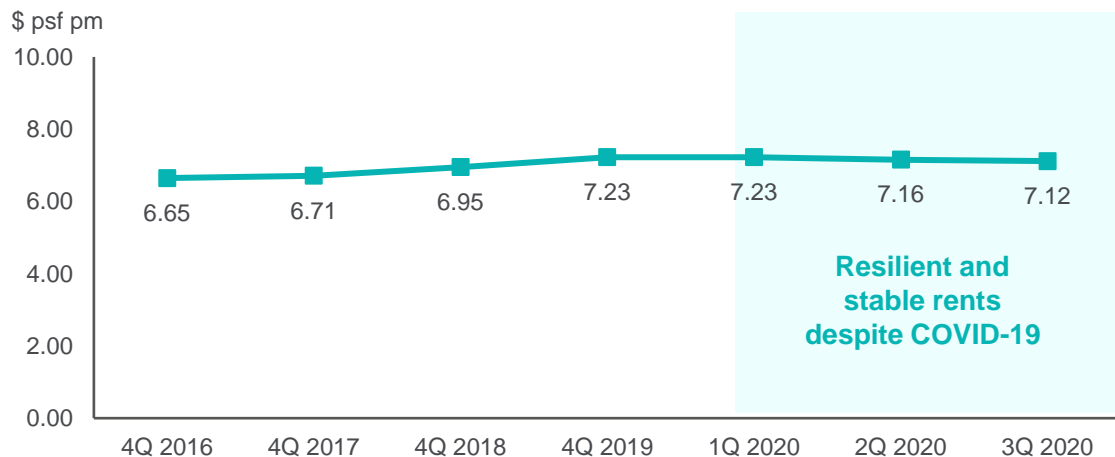
- Expands Keppel REIT's offering to include quality CBD-fringe office space and meet potential shifts in occupier demand
- Offers more options and alternatives to tenants seeking dual locations/offices for business continuity purposes
- Post-acquisition, portfolio remains anchored by prime CBD assets while 11.0% of the AUM will comprise non-CBD office buildings



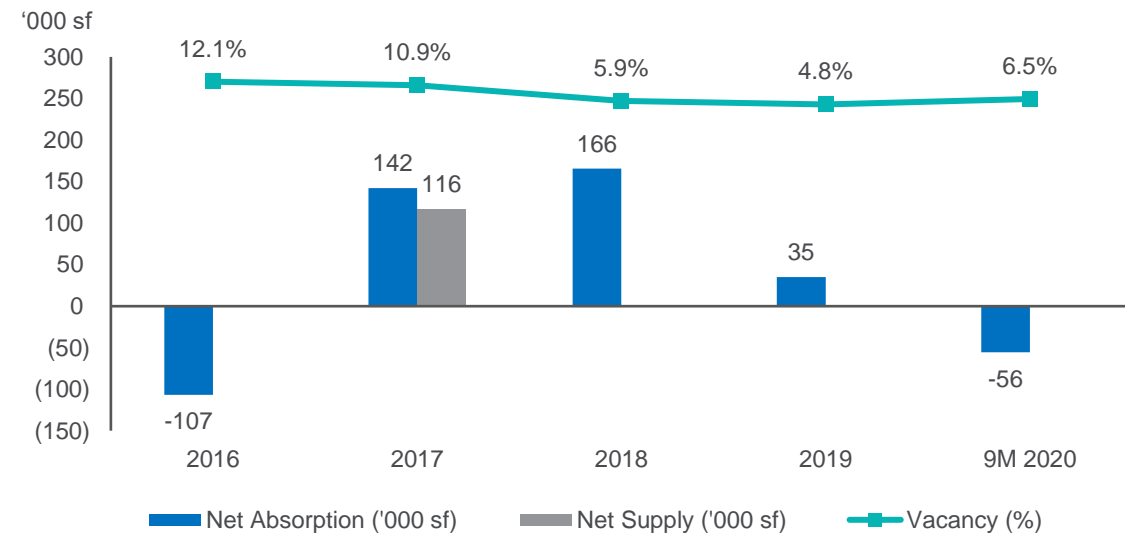
3 HarbourFront/Alexandra: A Resilient City-Fringe Submarket

- The city-fringe has **shown resilience during the current COVID-19 pandemic** with rents recording marginal decline of approximately **1.5% over 9M 2020**
- **Demand continues to be supported** by tenants who are attracted to the value proposition in this submarket
- **Limited current Grade A office stock and tight supply** are expected to **sustain the growth** of the HarbourFront/Alexandra submarket

City-Fringe Gross Effective Rent⁽¹⁾



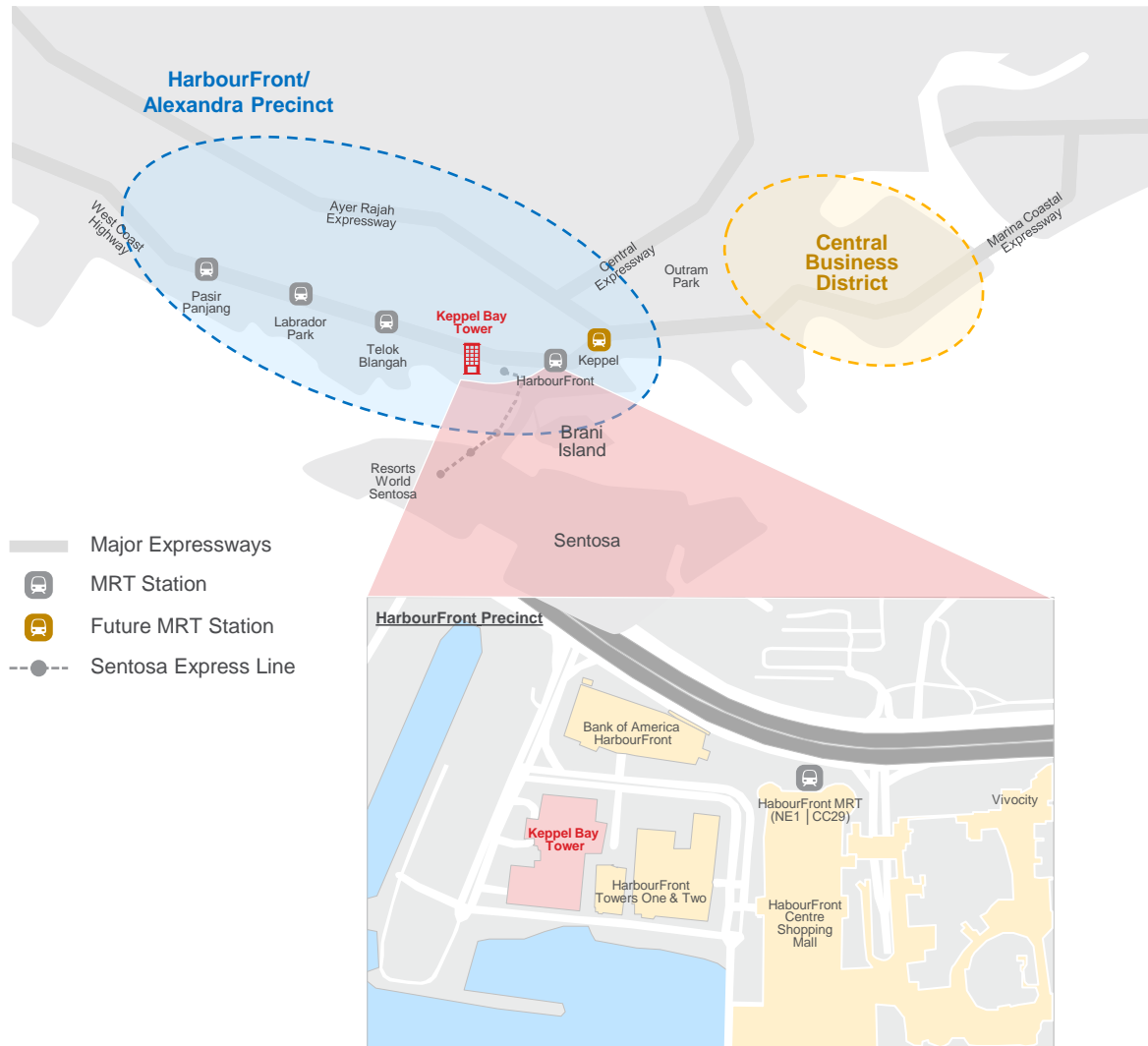
HarbourFront/Alexandra Absorption, Supply & Vacancy⁽²⁾



Source: Cushman & Wakefield.

(1) City fringe includes HarbourFront/Alexandra, one-north and Novena; (2) Properties for this submarket include HarbourFront Centre, Alexandra Point, HarbourFront Tower One and Tower Two, Keppel Bay Tower, PSA Building and Bank of America Merrill Lynch HarbourFront.

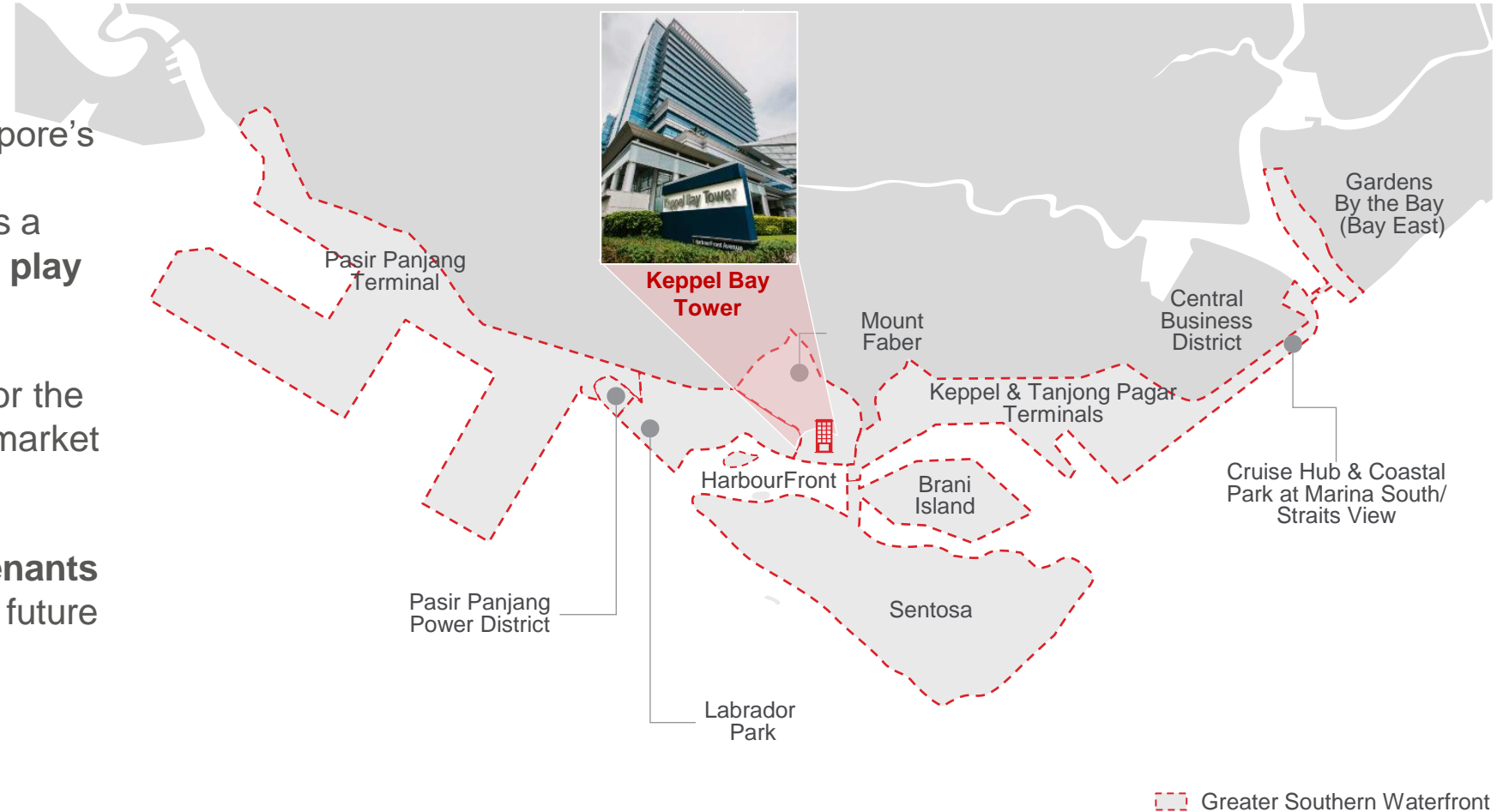
4 Grade A Waterfront Office with Excellent Connectivity to CBD and Amenities



- Well-connected by major expressways and public transportation nodes:
 - 10 min drive to CBD
 - 5 min walk to HarbourFront MRT and bus interchange, accessible via a sheltered walkway
- Further connectivity with CBD in 2025 with the expected completion of Keppel MRT, Prince Edward MRT and Cantonment MRT stations completing the Circle Line
- Surrounded by wide variety of food, retail and entertainment amenities ranging from F&B outlets on the ground floor, to nearby VivoCity, HarbourFront Centre, Keppel Island and Sentosa Island
- Coveted waterfront locale with unobstructed views of Keppel Bay and Sentosa Island

4 Participating in the Growth of the Greater Southern Waterfront

- Strategically located in Singapore's Greater Southern Waterfront (GSW), which is positioned as a destination for **work, live and play**
- GSW is expected to **drive potential redevelopments** for the HarbourFront/Alexandra submarket
- **Potentially attractive to technology or knowledge tenants** who are expected to be a key future driver of office space demand



5 Augments Green Footprint via Renewable Energy and Technology Innovation

- Singapore's first commercial development to be fully powered by renewable energy
- High-tech green building:



Facial recognition for contactless entry



Energy-efficient air distribution



Demand control fresh air intake



Intelligent building control



Water-efficient cooling tower water management



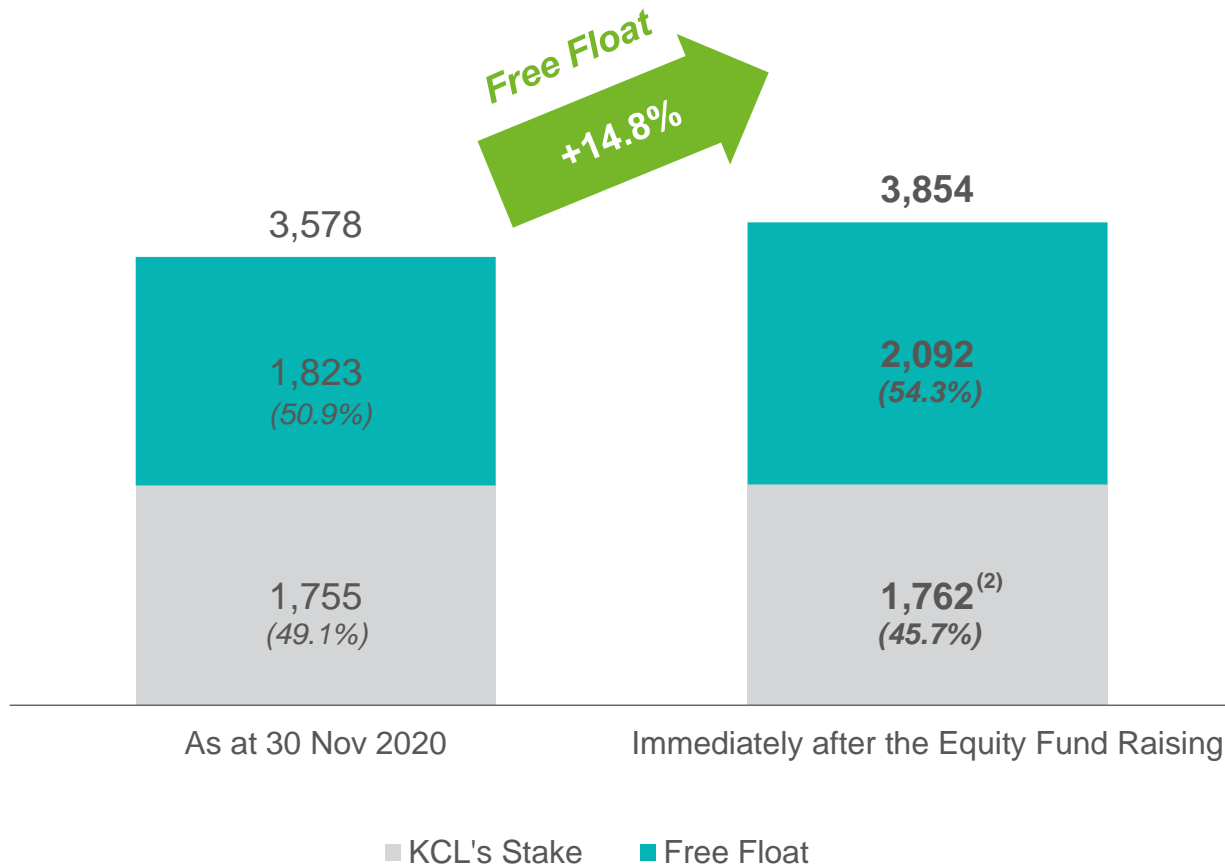
Smart lighting

- **First commercial development in Singapore to be certified BCA Green Mark Platinum (Zero Energy)**
 - In line with the REIT's environmental target of **reducing energy usage and carbon emission intensity levels**
 - Post-acquisition, **all of Keppel REIT's Singapore assets** would have been certified with **BCA Green Mark Platinum status**



6 Increases Free Float and Liquidity

Free Float and Market Capitalisation⁽¹⁾ (\$m)



- The Manager intends to fund the acquisition with **debt** and proceeds from an **equity fund raising** which is intended to comprise a private placement of approximately 256 million New Units
- Increases Keppel REIT's **market capitalisation** by 7.7%, and improves **free float** and **trading liquidity**
- Enhances REIT's weightage in indices and is also **a step towards further index inclusions, potentially increasing investor demand**



Photo Credit: ST Press

Recap: Investment Merits

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Thank You

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