Keppel REIT

Acquisition of 100% Interest in Freehold Grade A Office Building under Development in North Sydney, Australia

30 November 2021



Artist's Impression

Continuing Portfolio Optimisation: DPU-Accretive Investment with Regular Coupon throughout Development

Blue & William will offer panoramic views of the Sydney Harbour Bridge



- **Deepen Australian footprint** with 100% interest in a freehold Grade A office building currently under development in North Sydney
- **Strategic expansion** into major commercial district with excellent connectivity and positive leasing dynamics

- 4.5% initial NPI yield after practical completion, with regular coupon throughout development(1)
- 3-year rental guarantee on any unlet space after practical completion
- Strong sustainability credentials

(1) *During the development period, Lendlease, as the Developer, will provide a coupon of 4.5% per annum on cumulative progress payments made. Coupon receivable will be applied as a reduction of the progress payments payable by Keppel REIT.*

Transaction Overview

100% Interest in Blue & William (2-4 Blue Street and 1-5 William Street, North Sydney)	
Estimated Net Lettable Area	14,133 sm (152,128 sf)
Total Development Consideration[1]	A$327.7 million (S$322.2 million)[2][3]
"On Completion" Valuation	A$327.8 million[4] (S$322.3 million)[2]
Funding	- 100% by AUD-denominated loans - Progressive payment based on construction milestones
Initial NPI Yield	4.5%[5]
DPU Accretion	3.0%[6]
Developer	Lendlease - Globally integrated real estate and investment group headquartered in Australia - Bears all development risks
Acquisition Completion	End-2021
Estimated Practical Completion	Mid-2023


Artist's Impression

(1) Total development consideration will be subject to further true up adjustments depending on the final surveyed floor area, leasing status and actual rents achieved at the property.
(2) Based on an exchange rate of A$1.00 to S$0.9833 as at 25 November 2021.
(3) Including estimated transaction costs, the acquisition consideration would be approximately A$342.9 million (S$337.1 million).
(4) "On completion" independent valuation was conducted by CIVAS (NSW) Pty Limited ("Colliers") based on the capitalisation and discounted cash flow approach. The valuation without rental guarantee is approximately A$315.0 million (S$309.7 million).
(5) Based on the estimated net property income (NPI) for the first operational year after practical completion and taking into account rental guarantee.
(6) On a pro forma basis for FY 2020 assuming Blue & William had achieved practical completion on 1 January 2020.

Best-in-class Grade A Office with Advanced Green Features



- Designed by leading global architecture firm, Woods Bagot, the property prioritises tenant experience and includes on-site café, end-of-trip facilities, as well as outdoor terraces overlooking the Sydney Harbour Bridge

- Incorporates smart building technologies :
  - Destination control lifts
  - Motion detection lighting control systems
  - Building monitoring and analytics

- Designed to certification standards of 5 Star Green Star Design and As Built Rating by the Green Building Council of Australia (GBCA), as well as 5.5 Stars NABERS (National Australian Built Environment Rating System) Base Building Energy Rating

Designed with Tenant Experience as Priority

Double height entry and floor to ceiling glass to maximise natural lighting



Dedicated end-of-trip and wellness facilities





Panoramic views of the Sydney Harbour Bridge



Note: Images above are artist's impressions.

Investment Merits

Property offers panoramic views of the Sydney Harbour Bridge



Artist's Impression

Investment Merits

1. DPU-accretive investment with regular coupon throughout development
2. Continuing portfolio optimisation that further strengthens and diversifies portfolio
3. Strategic expansion into North Sydney with positive leasing dynamics
4. Well-located in major commercial district with excellent connectivity



Artist's Impression

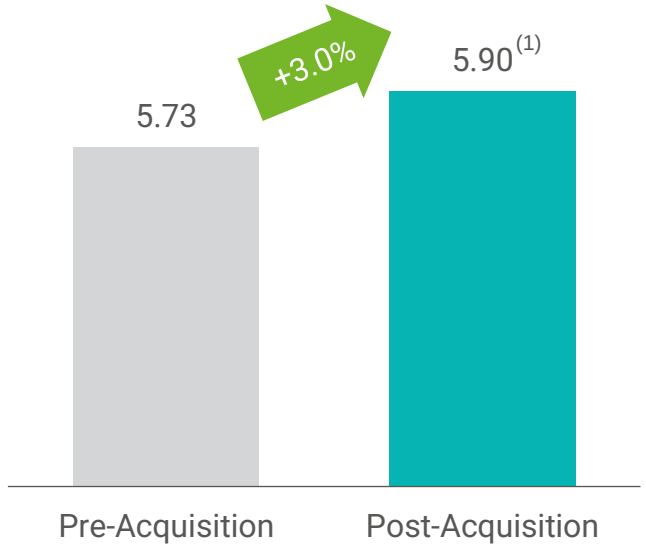
DPU-Accretive Investment with Regular Coupon Throughout Development

- DPU-accretive investment, bringing 3.0%[(1)] DPU accretion on a pro forma basis
- The Developer will provide regular coupon[(2)] of 4.5% per annum on cumulative progress payments made by Keppel REIT throughout the development phase
- Fully funded with AUD-denominated loans for natural hedge

FOR ILLUSTRATIVE PURPOSES ONLY: Pro forma financial effects of the acquisition

	Before *(FY 2020)*	**After** *(Assuming practical completion was achieved on 1 January 2020)*
DPU	5.73 cents	**5.90 cents**[(1)]
DPU Accretion		**3.0%**[(1)]
	Before *(as at 30 September 2021)*	**After** *(Assuming practical completion was achieved on 30 September 2021)*
Aggregate Leverage	37.6%	**39.9%**

Pro Forma FY 2020 DPU (cents)



(1) *On a pro forma basis for FY 2020, assuming Blue & William had achieved practical completion on 1 January 2020, was fully funded by debt and including the rental guarantee provided by the Developer.*

(2) *During the development period, Lendlease, as the Developer, will provide a coupon of 4.5% per annum on cumulative progress payments made. Coupon receivable will be applied as a reduction of the progress payments payable by Keppel REIT.*

Continuing Portfolio Optimisation Efforts

- Acquisition of Blue & William at an initial NPI yield of 4.5% is part of ongoing portfolio optimisation efforts to improve portfolio yield
- Building a robust portfolio of quality and well-located assets that will further enhance income stability and create long term Unitholder value

South Korea
- T Tower, Seoul

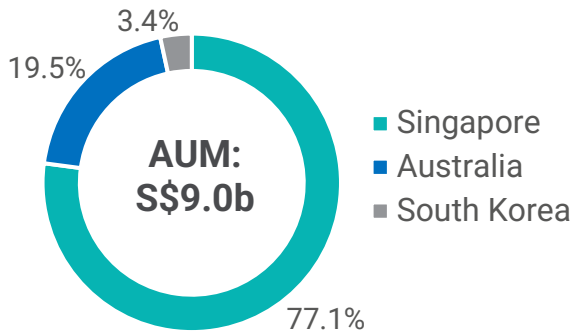
Singapore
- Ocean Financial Centre
- Marina Bay Financial Centre
- One Raffles Quay
- Keppel Bay Tower

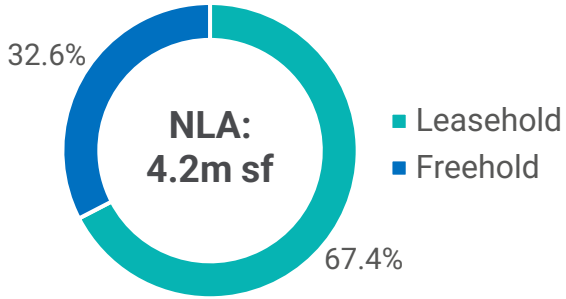
Australia
- Blue & William, Sydney
- 8 Chifley Square, Sydney
- Pinnacle Office Park, Sydney
- 8 Exhibition Street, Melbourne
- Victoria Police Centre, Melbourne
- David Malcolm Justice Centre, Perth



Expected practical completion in mid-2023

Portfolio Profile Post-Acquisition:





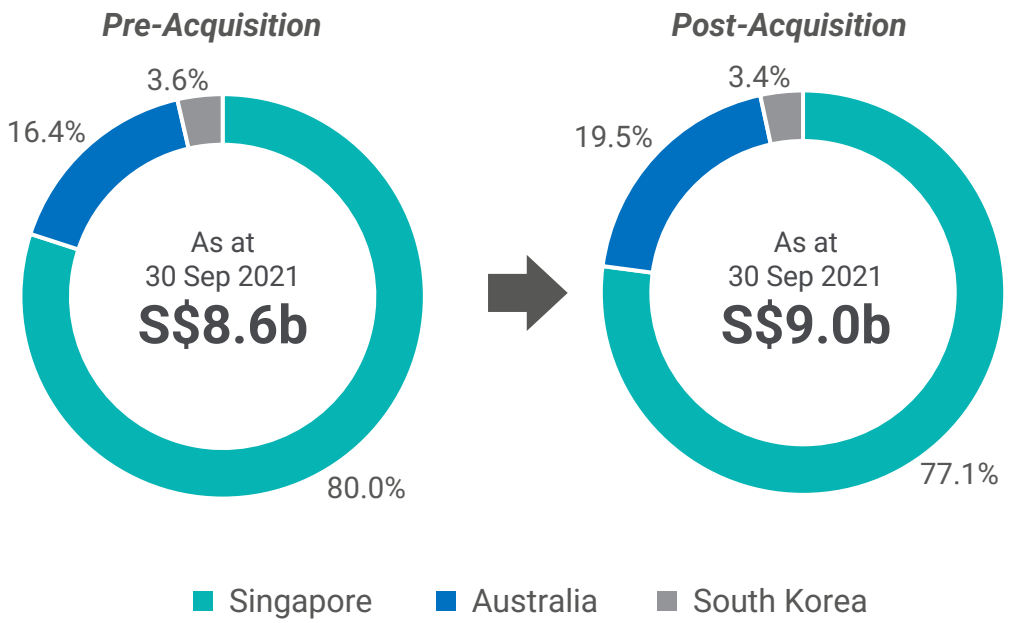
10* out of 11
green-certified properties

Note: Based on assets under management as at 30 September 2021, assuming Blue & William had achieved practical completion and green certification by 30 September 2021.
** The Manager is targeting to obtain green certification for T Tower by 2022.*

Continuing Portfolio Optimisation Efforts (Cont'd)

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

Assets Under Management



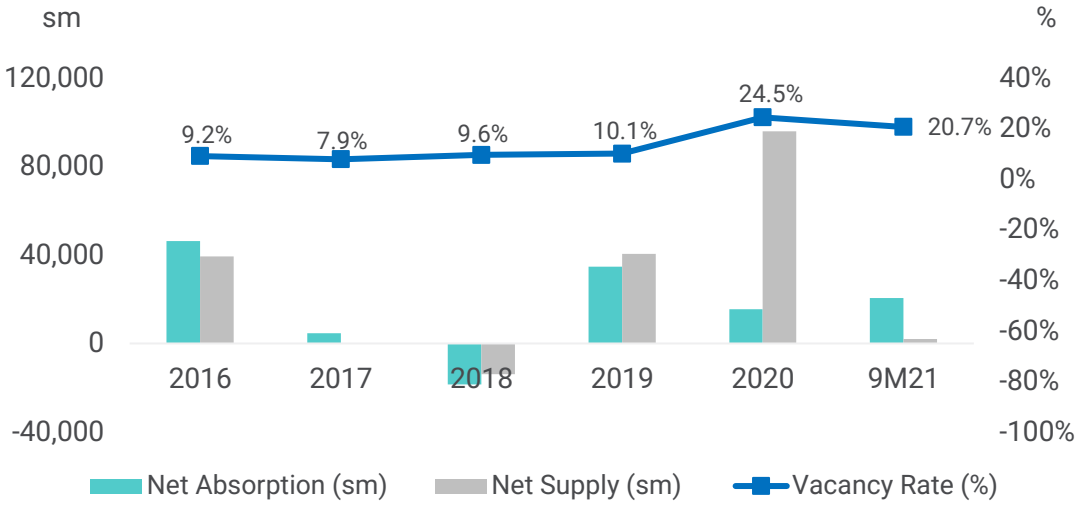
% Assets Under Management	Pre-Acquisition	Post-Acquisition
Ocean Financial Centre, Singapore	24.0%	23.1%
Marina Bay Financial Centre, Singapore	34.0%	32.7%
One Raffles Quay, Singapore	14.4%	13.8%
Keppel Bay Tower, Singapore	7.6%	7.5%
8 Chifley Square, Sydney	2.7%	2.6%
Pinnacle Office Park, Sydney	3.5%	3.4%
Blue & William, Sydney	**-**	**3.7%**
8 Exhibition Street, Melbourne	3.1%	3.0%
Victoria Police Centre, Melbourne	4.4%	4.2%
David Malcolm Justice Centre, Perth	2.7%	2.6%
T Tower, Seoul	3.6%	3.4%

Note: Based on assets under management as at 30 September 2021, assuming Blue & William had achieved practical completion by 30 September 2021.

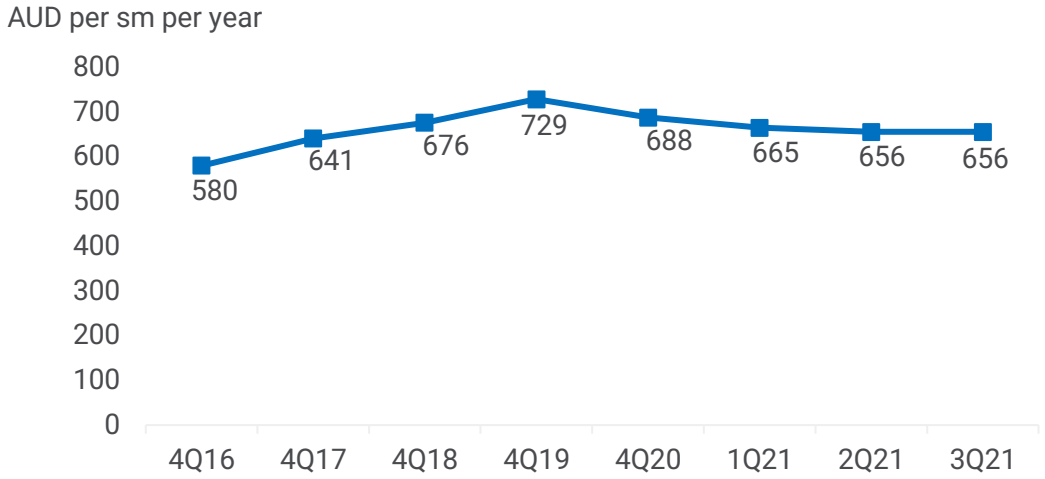
Strategic Expansion into Market with Positive Leasing Dynamics

- North Sydney recorded its third consecutive quarter of positive leasing demand in 3Q 2021, with new and refurbished buildings continuing to be drivers of leasing activity(1)
- With no new significant supply anticipated for North Sydney until 2024, the market is well placed to absorb the current availability of stock and drive vacancy down(2)
- Completion of new metro station in 2024 will enhance connectivity to North Sydney and support future demand in the market(3)

Prime Office Absorption, Supply and Vacancy(1)



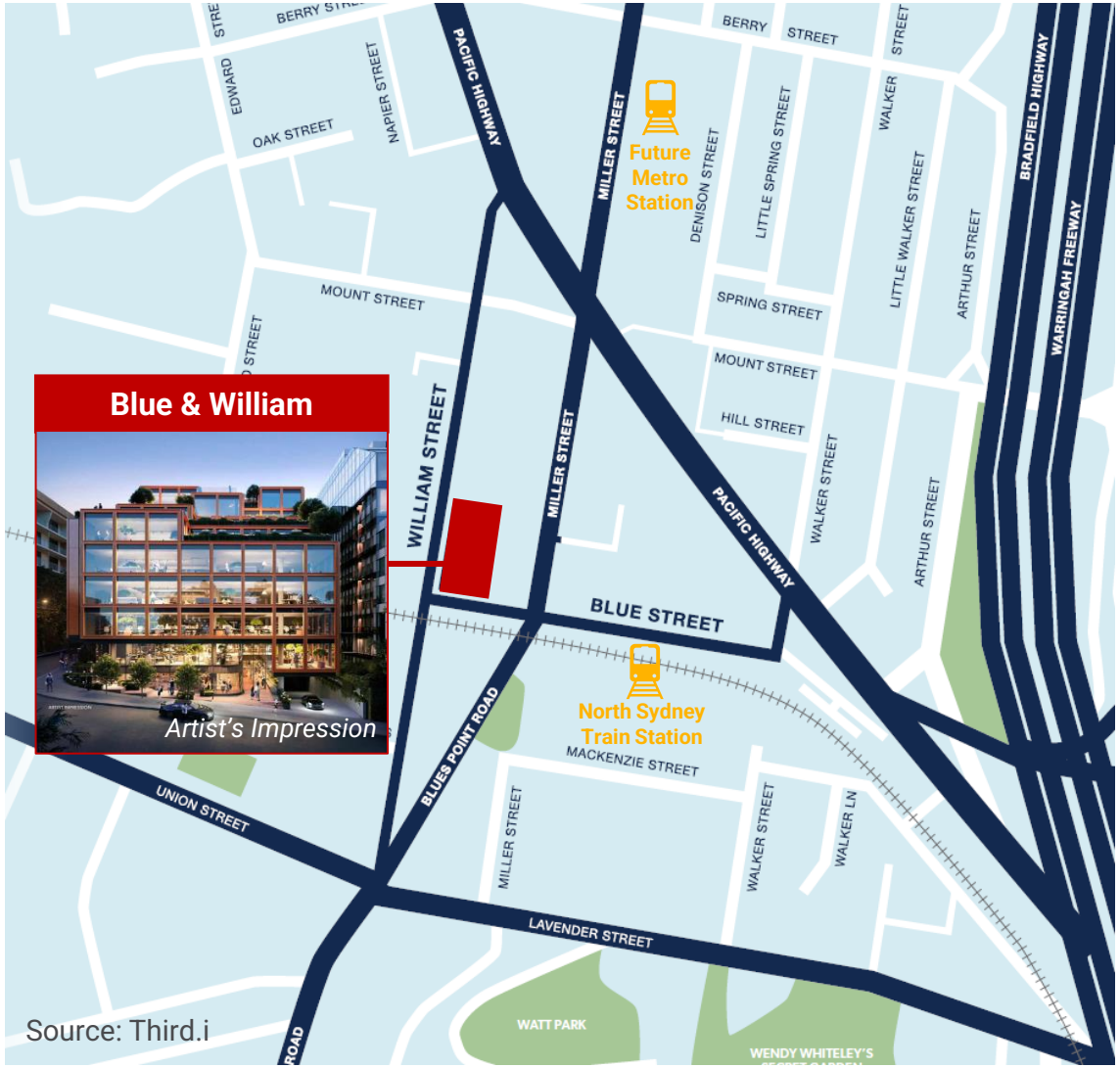
Prime Gross Effective Rent(1)



(1) JLL Research, 3Q 2021
(2) Knight Frank, North Shore Office Market Report September 2021
(3) JLL Research, February 2021

Well-Located in Major Commercial District with Excellent Connectivity

- **Major commercial district:**
  - North Sydney is New South Wales' second largest(1) office market after the Sydney CBD
  - Location of choice for diverse industry sectors including technology, media and telecommunication, as well as professional services and insurance sectors(2)
- **Well connected by major arterial roads and public transportation nodes:**
  - The site is approximately 160m from the North Sydney Train Station which connects directly to Wynyard Station and Central Station in Sydney CBD
  - With the upcoming Victoria Cross Metro Station (about 350m from the site) in 2024, commuting time to Barangaroo and Martin Place in the Sydney CBD will be 3 minutes and 5 minutes respectively(3)



Source: Third.i

(1) *Property Council of Australia, Office Market Report July 2021*
(2) *Knight Frank, North Shore Office Market Report September 2021*
(3) *Sydney Metro, 2021*

Recap: Investment Merits

1. DPU-accretive investment with regular coupon throughout development
2. Continuing portfolio optimisation that further strengthens and diversifies portfolio
3. Strategic expansion into North Sydney with positive leasing dynamics
4. Well-located in major commercial district with excellent connectivity



Artist's Impression

Thank You

For more information, please visit:
www.keppelreit.com

Connect with us on:



Artist's Impression

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