

## **Media Release**

### **Keppel REIT enters Tokyo office market with acquisition of a freehold boutique office building in Ginza**

- Strategic expansion into Japan – Asia's largest developed economy with deep office market
- Acquisition with attractive NPI yield spread relative to borrowing cost; expected to be DPU accretive when the property is fully leased

**Singapore, 28 October 2022** – Keppel REIT Management Limited, as manager of Keppel REIT (the Manager), is pleased to announce that Keppel REIT will be acquiring an effective interest of 98.47% in Ginza 2-chome, a freehold boutique office building in Tokyo, Japan<sup>1</sup>. The remaining 1.53% effective interest in the property will be held by Keppel Capital Japan Limited (Keppel Capital Japan). The total purchase consideration for 100.0% of the trust beneficial interest in the property is JPY 8.97 billion (approximately SGD 85.7 million), of which Keppel REIT will be liable to pay JPY 8.83 billion (SGD 84.4 million) for its 98.47% effective interest<sup>2</sup>.

Mr Koh Wee Lih, Chief Executive Officer of the Manager, said, "This strategic acquisition of Ginza 2-chome in Tokyo marks Keppel REIT's entry into Japan, the world's third largest economy and Asia's largest developed market. In line with our active portfolio management strategy, we believe this quality addition will strengthen our geographical and income diversification, provide greater stability and enhance Keppel REIT's overall portfolio returns. In addition, the well-located freehold asset in Tokyo's prime Ginza district will enhance the visibility of Keppel REIT in the Japanese market and pave the way for the REIT's future expansion in the well-established and scalable investment grade office market in Japan."

Completed in 2008, Ginza 2-chome comprises eight storeys of office space and a retail unit on the ground floor, offering a total net lettable area (NLA) of 3,427.1 sqm. The quality, well-maintained office building is located in the Ginza district within the Chuo ward, one of Tokyo's core three wards and home to major Japanese corporations, the Bank of Japan and the Tokyo Stock Exchange.

Ginza 2-chome is easily accessible via the Tokyo Metro. It is within walking distance to four metro stations, with the nearest being a two-minute walk to Shintomicho Station on the Tokyo Metro Yurakucho Line. The property has a Comprehensive Assessment System for Built Environment Efficiency (CASBEE) A rating. The CASBEE

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<sup>1</sup> Through the entry by KR Ginza TMK into an agreement to acquire the trust beneficial interest in the property.

<sup>2</sup> Based on an exchange rate of JPY 100 to SGD 0.9553 as at 24 October 2022.

Sustainability Rating system is one of the more widely adopted green certifications in Japan.

The property is currently anchored by Netyear Group Corporation, a subsidiary of NTT Data Corporation, with a weighted average lease expiry (WALE) of 3.4 years as at 28 October 2022. The property is not fully leased currently<sup>3</sup>, and this presents an opportunity for Keppel REIT to lease up the remaining space upon completion of the acquisition, which is expected to take place by end November 2022.

When fully leased, the property is expected to bring a net property income yield of approximately 3.1%<sup>4</sup> and pro forma DPU accretion of 0.5%<sup>5</sup>.

Keppel Capital Japan will be appointed as the local asset manager for the property. Operating in Japan since 2005, the Keppel Capital Japan team has 17 years of track record in investing and managing various assets worth more than JPY 180 billion since inception. Keppel REIT will be able to leverage and benefit from the Japan team's experience and expertise in the local market and to seek further growth opportunities in Japan.

The acquisition will be funded entirely with Japanese Yen denominated borrowings. Post-acquisition, Keppel REIT's aggregate leverage would be approximately 39.0%<sup>6</sup>. Assets under management (AUM) will be approximately S\$9.0 billion<sup>7</sup> across 12 properties in Singapore (77.8% of AUM), Australia (18.0% of AUM), South Korea (3.2% of AUM) and Japan (1.0% of AUM), and the proportion of freehold assets in its portfolio will increase from 30.1% to 30.7%<sup>7</sup> (by NLA).

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<sup>3</sup> Occupancy rate of 36.3% as at 28 October 2022.

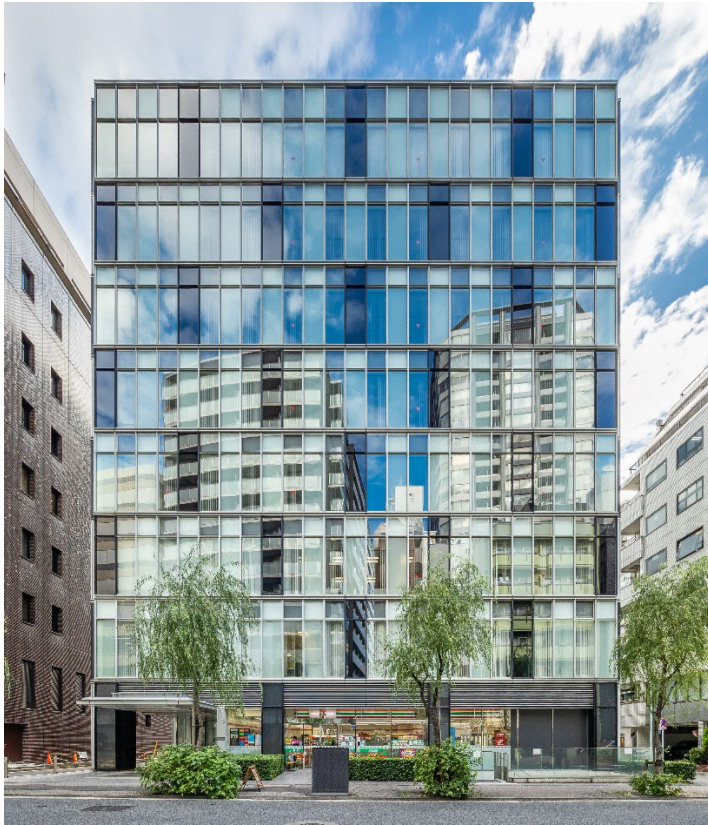
<sup>4</sup> The fully leased NPI yield of 3.1% is before taking into account any potential leasing commission and rent-free incentives arising from the leasing up of vacant space and is in line with the market convention of how yields are quoted in Japan.

<sup>5</sup> The pro forma DPU is based on the audited financial statements of Keppel REIT for the financial year ended 31 December 2021 and assuming that the acquisition was completed on 1 January 2021.

<sup>6</sup> Based on the unaudited financial statements of Keppel REIT as at 30 September 2022 and assuming that the acquisition was completed on 30 September 2022.

<sup>7</sup> Assuming the acquisition was completed on 30 September 2022.

**Photo of Ginza 2-chome:**



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### **About Keppel REIT ([www.keppelreit.com](http://www.keppelreit.com))**

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading REITs with a portfolio of Grade A commercial assets in key business districts pan-Asia.

Keppel REIT's objective is to generate stable income and long-term sustainable 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 S\$9 billion in Singapore, key Australian cities of Sydney, Melbourne and Perth, as well as Seoul, South Korea.

Keppel REIT is sponsored by Keppel Land Limited, a wholly-owned subsidiary of Keppel Corporation Limited. 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 with a diversified portfolio in real estate, infrastructure, data centre and alternative assets in key global markets.

### **IMPORTANT NOTICE**

This media release shall be read in conjunction with the announcement of Keppel REIT titled "Acquisition of an Office Asset Located in Tokyo, Japan" announced on 28 October 2022.

This media release is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Keppel REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of units in Keppel REIT ("**Units**") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, the trustee of Keppel REIT or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager. This news release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support Keppel REIT's future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.