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Media Release

Keppel REIT advances portfolio optimisation strategy with acquisition of freehold Grade A office building under development in North Sydney

- *DPU-accretive acquisition that deepens Keppel REIT's Australian footprint and includes regular coupon throughout the development phase*
- *Strategic expansion into North Sydney, a major commercial district with excellent connectivity and positive leasing dynamics*

Singapore, 30 November 2021 – Keppel REIT Management Limited, as Manager of Keppel REIT, is pleased to announce that Keppel REIT¹ has entered into an agreement to acquire a 100% interest in Blue & William, a freehold Grade A office building currently under development in North Sydney. The total development consideration² is A\$327.7 million (approximately S\$322.2 million)³.

Ms Shirley Ng, Deputy CEO and Head of Investment of the Manager, said, "In line with our active portfolio optimisation strategy, this DPU-accretive investment brings an initial net property income yield of 4.5%⁴, which will enhance Keppel REIT's overall portfolio returns. At the same time, regular coupon⁵ will be received throughout the development phase, providing robust risk-adjusted returns.

"The investment will also see Keppel REIT expand strategically into North Sydney, a major commercial district with positive leasing dynamics. Designed with tenant experience and wellness as a priority, Blue & William, which will include advanced green features and offer panoramic views of the Sydney Harbour Bridge, is set to be the preferred business address for corporates."

North Sydney is New South Wales' second largest office market⁶ after the Sydney CBD, and a location of choice for diverse industry sectors including technology, media and telecommunication, as well as the professional services and insurance sectors⁷.

Notwithstanding the pandemic, 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 activity⁸. With no new significant supply anticipated for North Sydney until 2024,

¹ Through its wholly owned subsidiary, Keppel REIT (Australia) Sub-Trust 7.

² Total development consideration is subject to further true up adjustments depending on the final surveyed floor area, leasing status and actual rents achieved at the property.

³ Based on an exchange rate of A\$1.00 to S\$0.9833 as at 25 November 2021. Including estimated transaction costs, the acquisition consideration would be approximately A\$342.9 million (S\$337.1 million).

⁴ Based on the estimated net property income for the first operational year after practical completion and taking into account rental guarantee.

⁵ 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.

⁶ Property Council of Australia, Office Market Report July 2021.

⁷ Knight Frank, North Shore Office Market Report September 2021.

⁸ JLL Research, 3Q 2021.

the market is well placed to absorb the current availability of stock and drive vacancy down⁹. The completion of the new Victoria Cross Metro Station in 2024 will also enhance connectivity to North Sydney and support future demand in the market¹⁰.

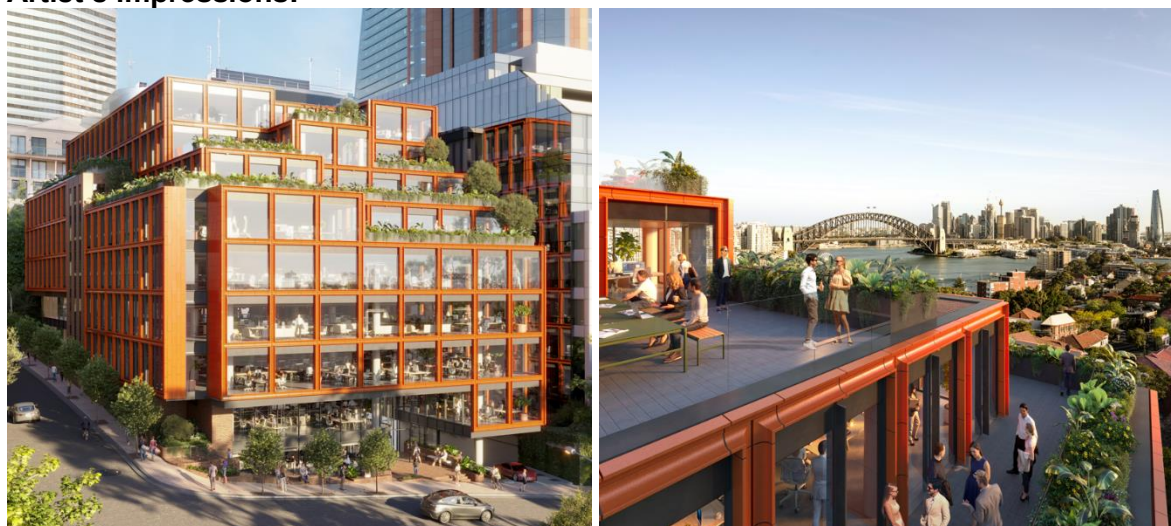
Offering a total net lettable area (NLA) of about 14,000 sm, the property sits at the prime intersection of 2-4 Blue Street and 1-5 William Street, and is 160m from the North Sydney Train Station. With the upcoming Victoria Cross Metro Station, which will be located about 350m from the property when completed, commuting time to Barangaroo and Martin Place in the Sydney CBD will be reduced to approximately three minutes and five minutes respectively.

Designed by leading global architecture firm Woods Bagot, Blue & William will feature outdoor terraces overlooking the Sydney Harbour Bridge, as well as an on-site café and end-of-trip facilities. In line with Keppel REIT's commitment towards sustainability, the property is designed to achieve the 5 Star Green Star Design and As Built Rating by the Green Building Council of Australia, as well as the 5.5 Stars National Australian Built Environment Rating System (NABERS) Base Building Energy Rating. In addition, it will incorporate smart building technologies such as destination control lifts and motion detection lighting control systems. The developer of the property, Lendlease, is a globally integrated real estate and investment group headquartered in Australia.

The acquisition is targeted to be completed in end-2021, with practical completion of the development estimated in mid-2023. A three-year rental guarantee will be provided by the developer on any unlet space after practical completion. The investment will be fully funded with Australian dollar denominated loans for natural hedge, with progressive payments to be made based on construction milestones. Post-acquisition, Keppel REIT's aggregate leverage would be approximately 39.9%¹¹.

Upon practical completion of Blue & William, Keppel REIT's assets under management (AUM) will grow to S\$9.0 billion¹¹ across 11 properties in Singapore (77.1% of AUM), Australia (19.5% of AUM) and South Korea (3.4% of AUM), and the proportion of freehold assets in its portfolio will increase from 30.1% to 32.6%¹¹ (by NLA).

Artist's impressions:



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⁹ Knight Frank, North Shore Office Market Report, September 2021.

¹⁰ JLL Research, February 2021.

¹¹ Pro forma as at 30 September 2021, assuming that practical completion was achieved on 30 September 2021.

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About Keppel REIT (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 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 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.