

Keppel REIT

Extraordinary General Meeting for the Proposed Acquisition of Keppel Bay Tower

24 February 2021



FY 2020 Key Highlights



5.73 cents

FY 2020 DPU

Up 2.7% y-o-y; 2H 2020 DPU was 2.93 cents (Up 4.6% y-o-y)

\$194.6m

FY 2020 distributable income, including \$10.0m capital gains

Up 2.8% y-o-y

37.3%

Aggregate leverage as at 31 Dec 2020

Low all-in interest rate of 2.35%



Ongoing portfolio optimisation

Added Melbourne's Victoria Police Centre⁽¹⁾ and Sydney's Pinnacle Office Park. Proposed acquisition of Keppel Bay Tower in Singapore

97.9%

High portfolio committed occupancy as at 31 Dec 2020

6.7 years

Long portfolio weighted average lease expiry as at 31 Dec 2020



Keppel Bay Tower

Proposed acquisition of Grade A office building in the Keppel Bay waterfront precinct is a strategic expansion that complements the REIT's core CBD offering

Continuing Portfolio Optimisation

- Portfolio optimisation to improve yield and create long-term value for Unitholders
- Holding quality assets across different markets enhances income diversification and long-term stability



Dec 2018: Divested 20% of Ocean Financial Centre in Singapore



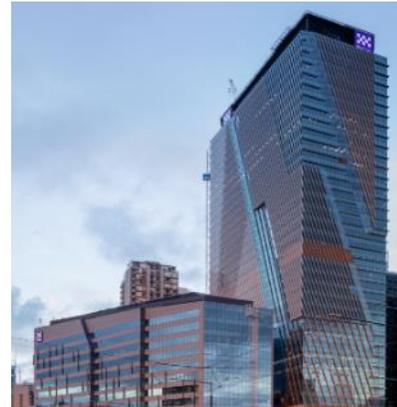
May 2019: Acquired T Tower in Seoul



Nov 2019: Divested Bugis Junction Towers in Singapore

FY 2020 developments:

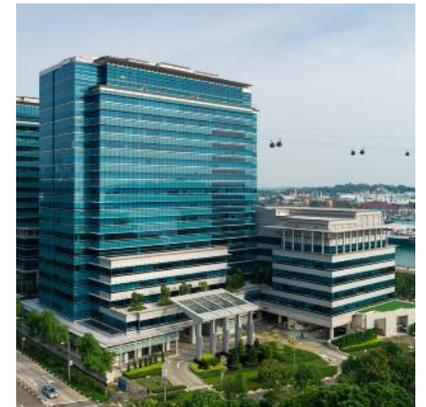
- Commencement of Victoria Police Centre's income contribution
- Acquired Pinnacle Office Park to expand into Sydney's Grade A metropolitan office space
- Announced proposed acquisition of Keppel Bay Tower



Jul 2020: Completed Victoria Police Centre in Melbourne



Dec 2020: Acquired Pinnacle Office Park in Sydney

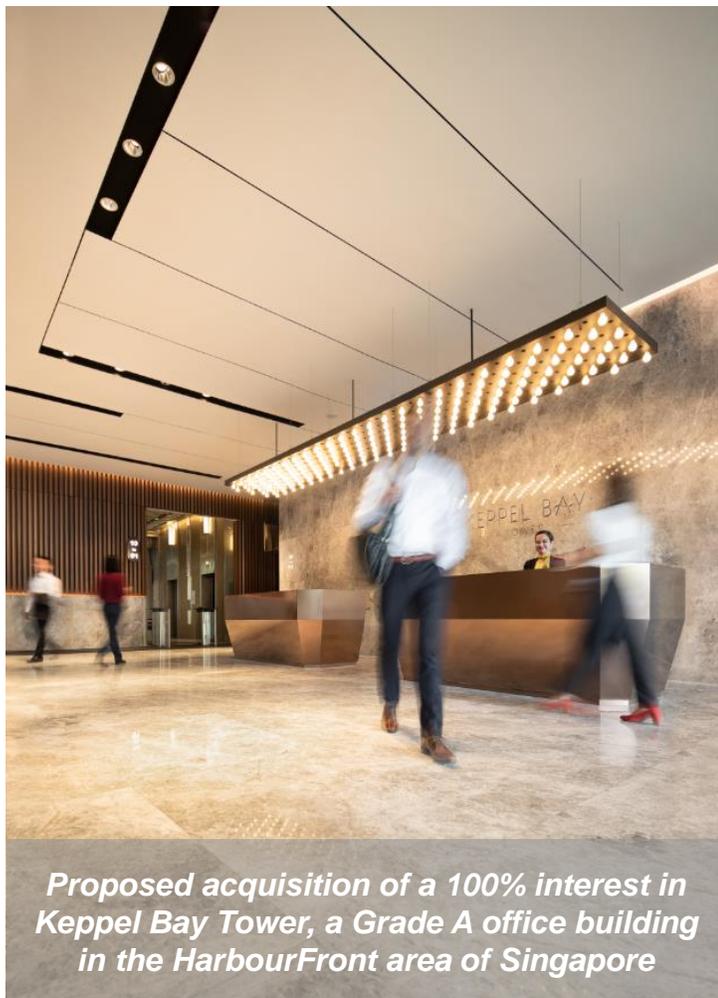


Dec 2020: Announced Proposed Acquisition of Keppel Bay Tower in Singapore

Proposed Acquisition



DPU-Accretive Acquisition that Complements Core CBD Offering



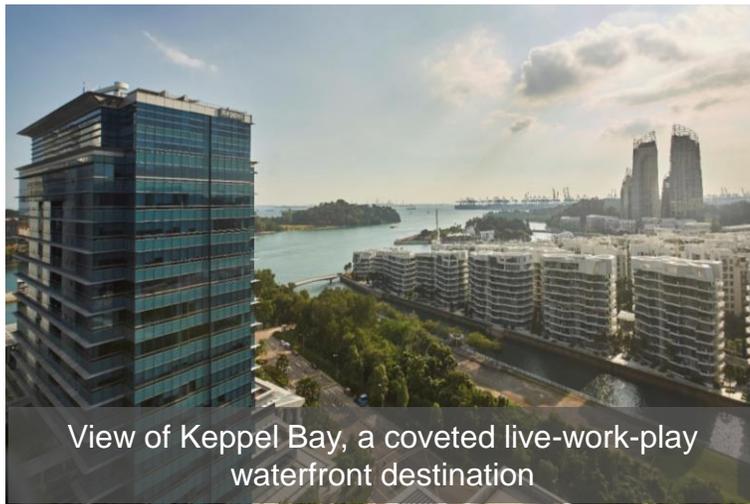
- **Grade A green commercial building** strategically located in the **HarbourFront / Alexandra** submarket
- **Strong and diverse tenant base of multinational corporations** and anchored by the **Keppel Group**
- Acquisition is **consistent with Keppel REIT's strategy** of strengthening and diversifying its portfolio, while **staying focused on its core markets**
- Post-Acquisition, portfolio WALE by NLA remains **long at 6.3 years⁽¹⁾**, committed occupancy remains **high at 98.0%⁽¹⁾**, while aggregate leverage will be **39.0%⁽²⁾**

Transaction Overview	
Agreed Property Value	\$657.2m ⁽³⁾ (\$1,700 psf)
Valuation⁽⁴⁾	<ul style="list-style-type: none"> ▪ JLL (commissioned by Trustee): \$665.0m (\$1,720 psf) ▪ Cushman & Wakefield (commissioned by Manager): \$667.3m (\$1,726 psf)
Method of Financing	<ul style="list-style-type: none"> ▪ Net proceeds from an equity fund raising and loan facilities ▪ Proportion of the debt and equity will be determined at the appropriate time, taking into account the then prevailing market conditions
NPI Yield	4.0% ⁽⁵⁾
DPU Accretion	+2.8% ⁽⁶⁾ (FY 2020)
Expected Completion	2Q 2021

(1) Based on portfolio committed NLA as at 31 Dec 2020, assuming the Property was acquired on 31 Dec 2020; (2) Assuming the Acquisition was funded approximately 60% by debt and 40% by equity; (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) 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 Cushman & Wakefield respectively; (5) Based on the estimated NPI for a year from Completion, including Rental Support for the same period; (6) On a pro forma basis as if the Acquisition was completed on 1 Jan 2020, including Rental Support.

Grade A Waterfront Business Hub

Building Completion	2002 (Recently refurbished in 2019)
Land Tenure	99 years expiring on 30 Sep 2096
Attributable NLA	386,600 sf ⁽¹⁾ (18-storey office tower with a six-storey podium block)
Committed Occupancy	98.5% ⁽²⁾
WALE by NLA	3.1 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



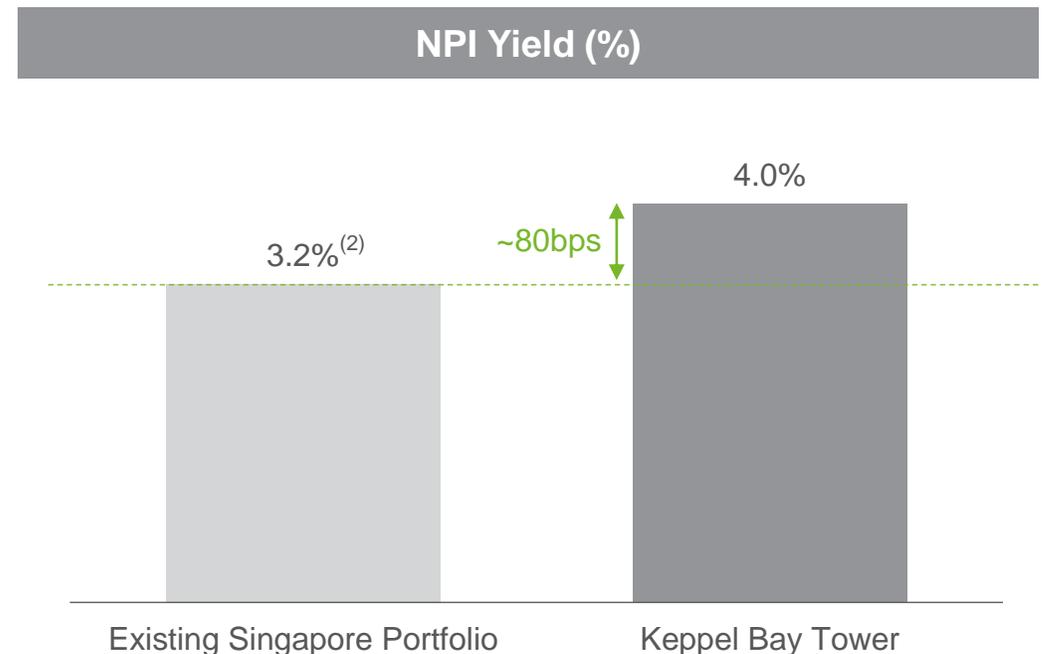
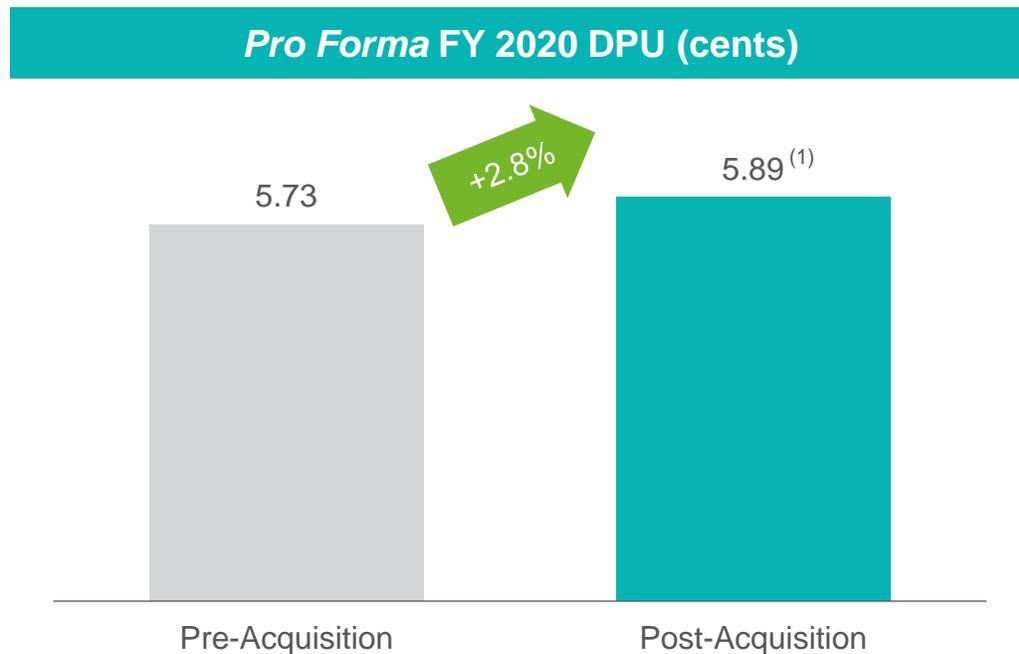
Photo Credit: ST Press

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

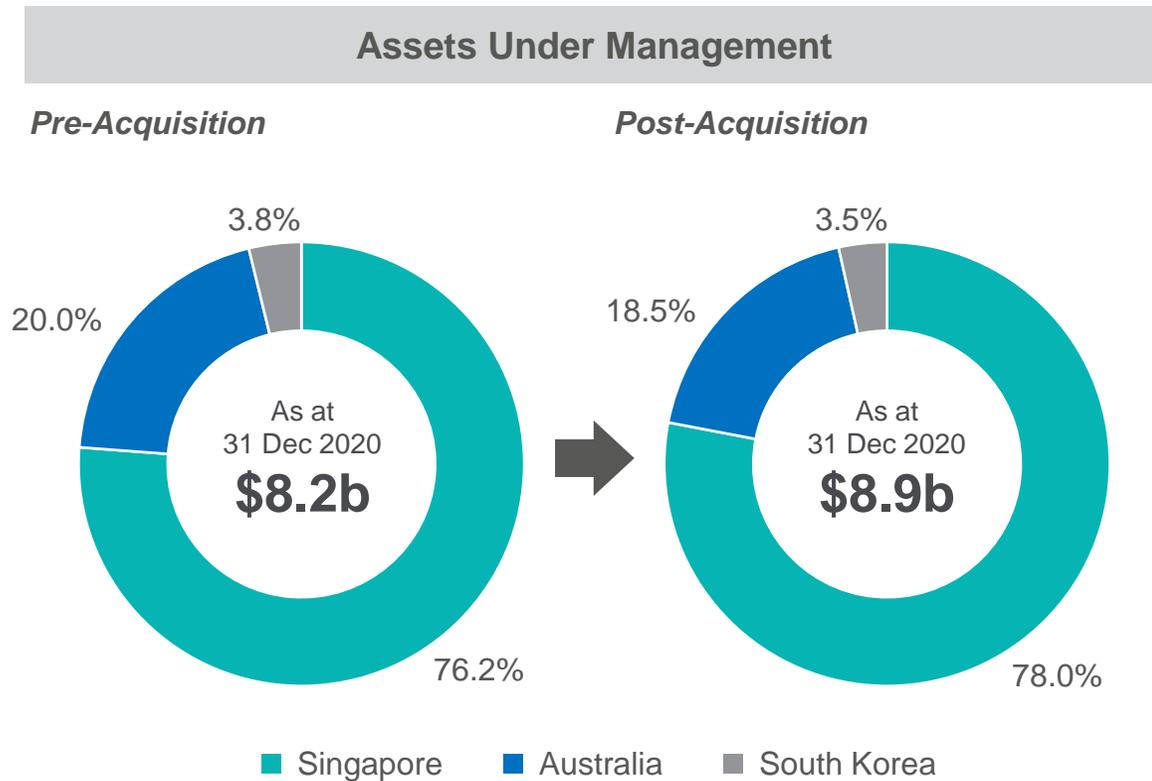
1 DPU and NPI Yield Accretive

- DPU and NPI yield accretive acquisition is part of **ongoing portfolio optimisation efforts to enhance Keppel REIT's 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**



2 Diversifies Portfolio and Strengthens Tenant Base for Income Resilience

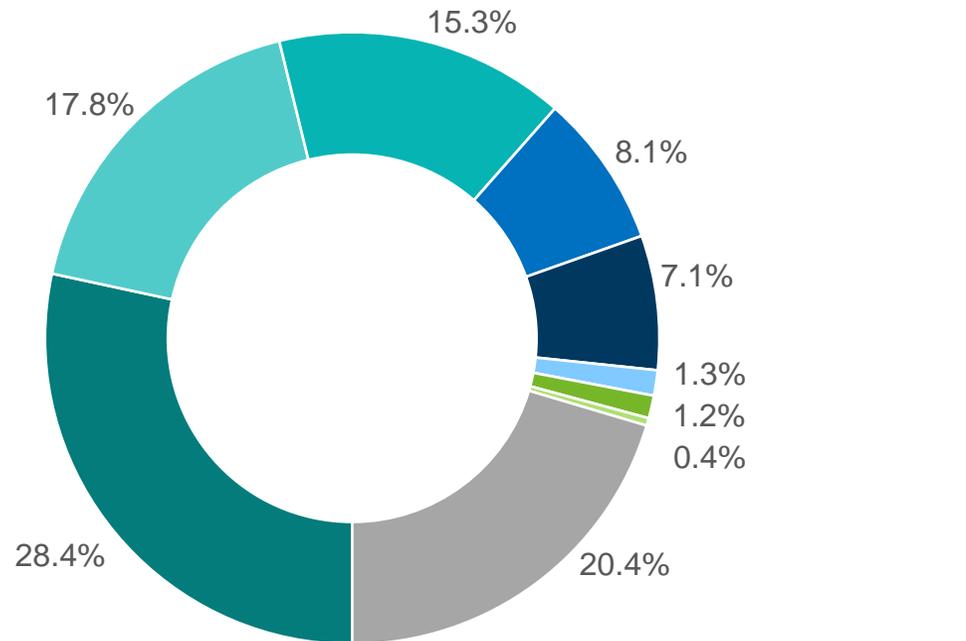
- Reduces Keppel REIT's exposure to any single asset and further diversifies its income streams
- Post-Acquisition, Keppel REIT's AUM will grow to \$8.9 billion with Grade A commercial assets in key business districts of Singapore, Australia and South Korea



% Assets Under Management	Pre-Acquisition	Post-Acquisition
Ocean Financial Centre, Singapore	25.2%	23.3%
Marina Bay Financial Centre, Singapore	35.9%	33.2%
One Raffles Quay, Singapore	15.1%	14.0%
Keppel Bay Tower, Singapore	-	7.5%
8 Chifley Square, Sydney	2.8%	2.6%
Pinnacle Office Park, Sydney	3.7%	3.4%
8 Exhibition Street, Melbourne	3.1%	2.9%
Victoria Police Centre, Melbourne	4.6%	4.3%
275 George Street, Brisbane	3.0%	2.7%
David Malcolm Justice Centre, Perth	2.8%	2.6%
T Tower, Seoul	3.8%	3.5%

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

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



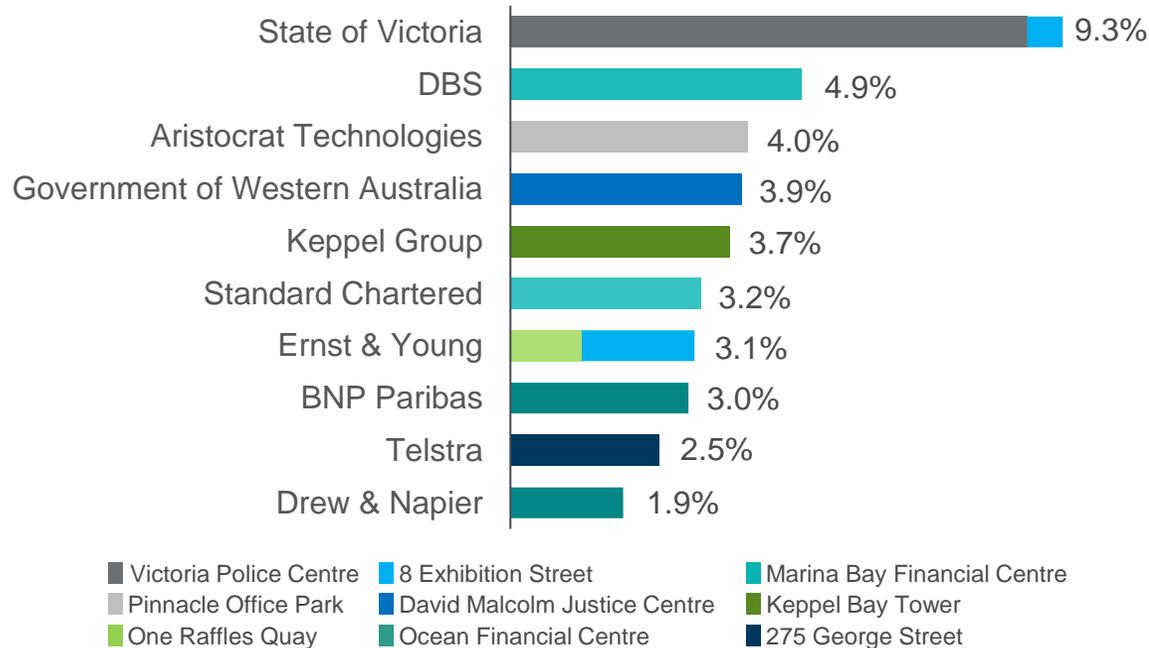
- Manufacturing and distribution
- Real estate and property services
- Banking, insurance and financial services
- Hospitality and leisure
- Others
- Energy, natural resources, shipping and marine
- Technology, media and telecommunications
- Services
- Retail and food & beverage

- Committed occupancy of 98.5% and WALE of 3.1 years by NLA
- Diverse mix of 29 tenants
- Healthy rental collection for 4Q 2020 at approximately 96%
- Strong tenant profile with major companies and multinational corporations including:
 - Keppel Group
 - Mondelez International
 - BMW Asia
 - Pacific Refreshments
 - Syngenta

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

- **Headquarters to the Keppel Group**
 - 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)



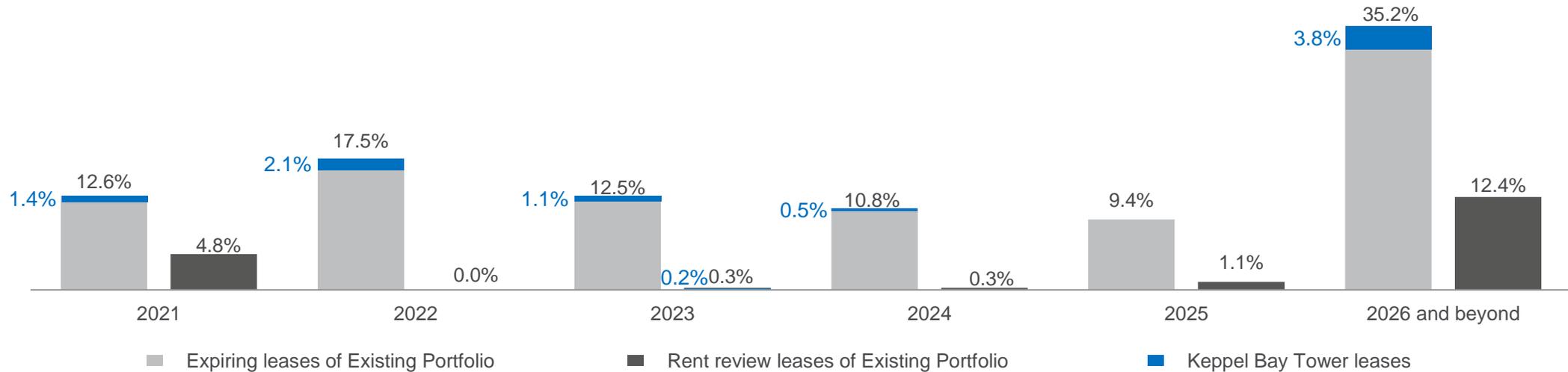
Portfolio Tenant Mix (Post-Acquisition)



2 Strong Occupancy and Well-Spread Lease Expiries

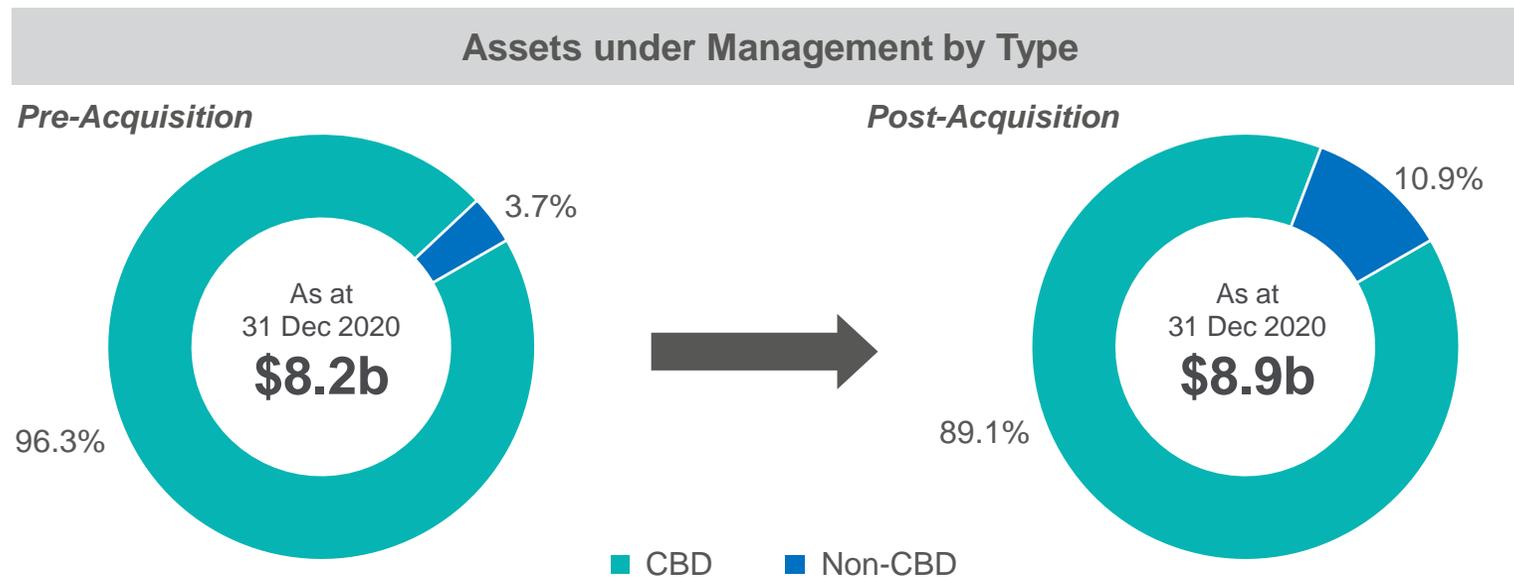
- Portfolio committed occupancy level remains **high at 98.0%**
- Portfolio WALE by NLA remains long at **approximately 6.3 years** while lease expiry **remains well-spread**

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



3 Strategic Expansion that Complements Core CBD Offering

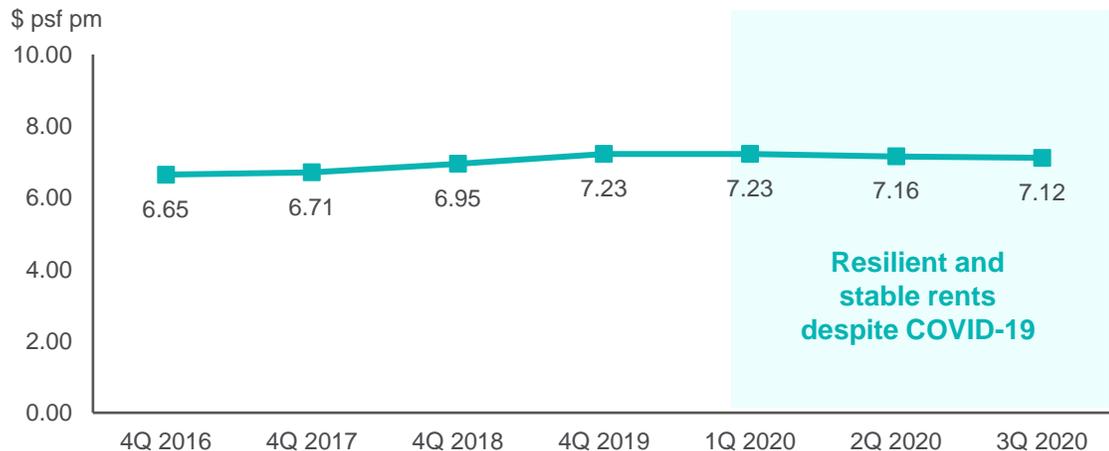
- Expands Keppel REIT's offering to include quality CBD-fringe office space and meet potential shifts in occupier demand
- Offers more options and alternatives to tenants seeking **dual locations or offices for business continuity purposes**
- Post-Acquisition, Keppel REIT's portfolio remains **anchored by prime CBD assets** while 10.9% of the AUM will comprise non-CBD office buildings



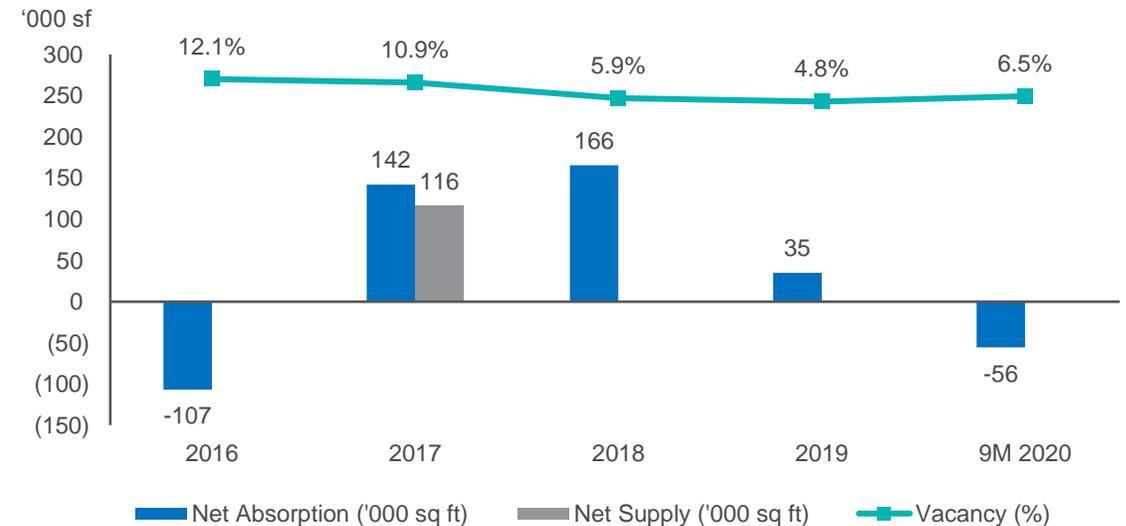
3 HarbourFront / Alexandra: A Resilient City-Fringe Submarket

- 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

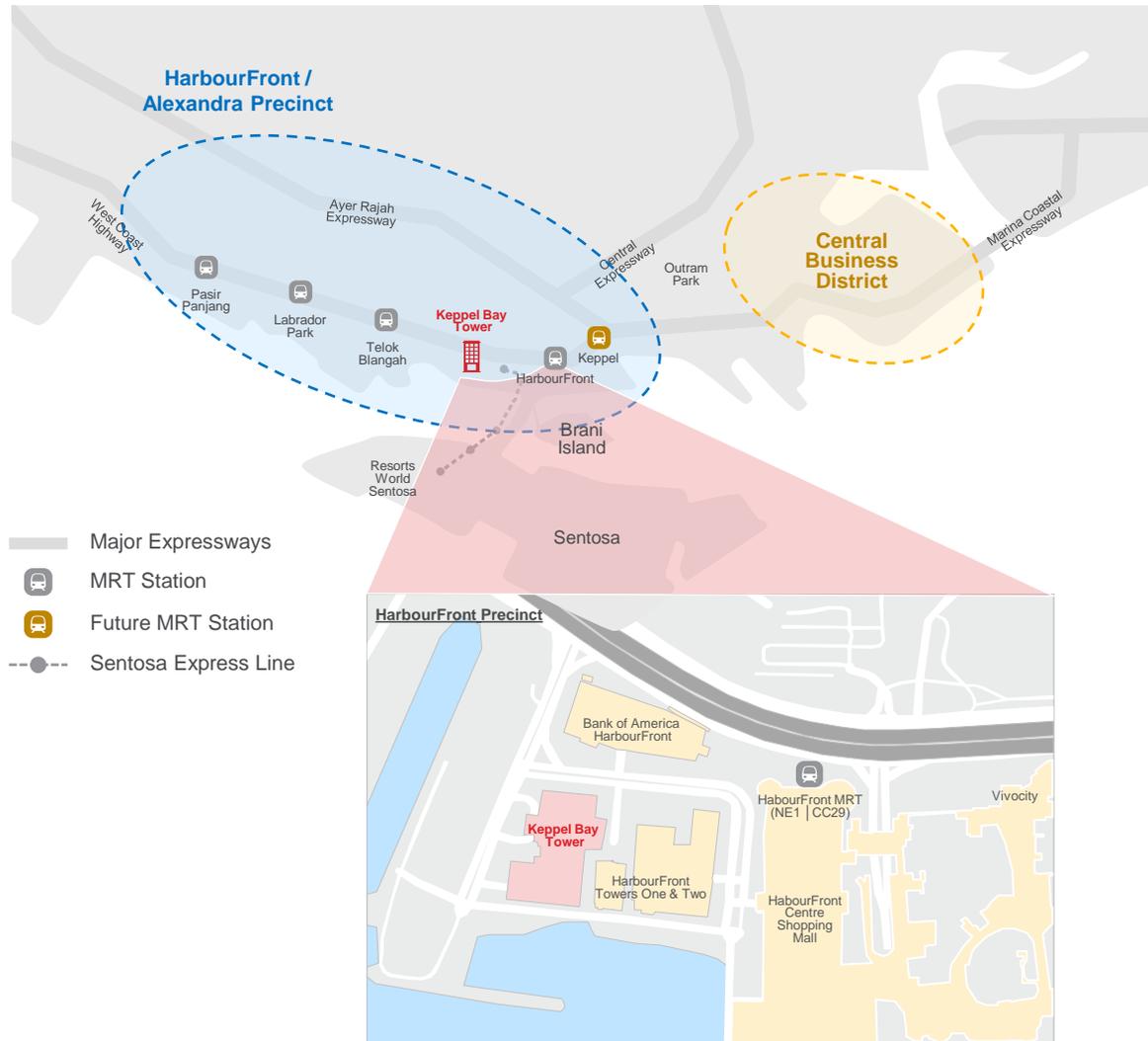
City-Fringe Gross Effective Rent⁽¹⁾



HarbourFront / Alexandra Absorption, Supply & Vacancy⁽²⁾



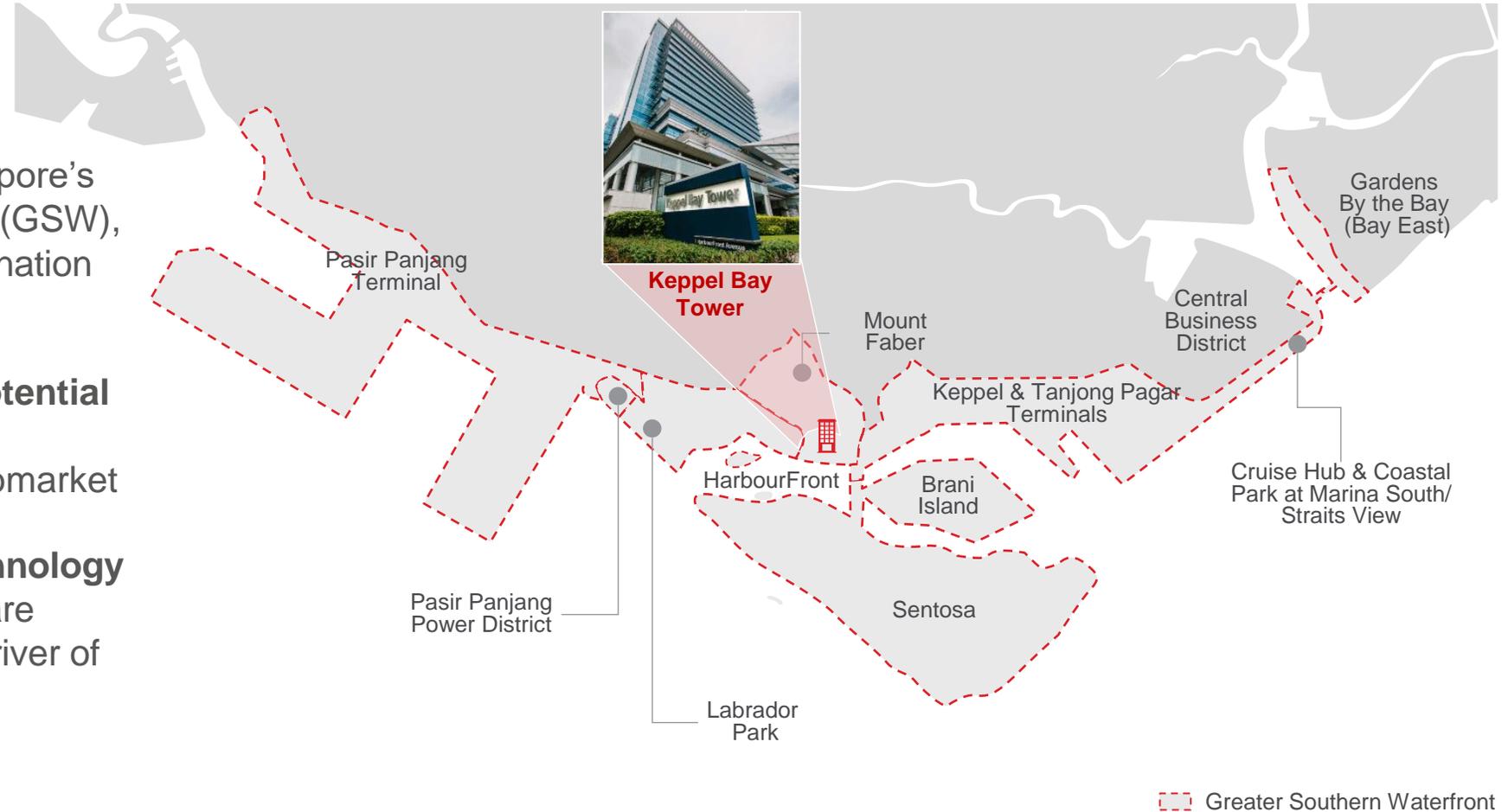
4 Grade A Waterfront Office with Excellent Connectivity to CBD and Amenities



- **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**
- **Surrounded by wide variety of food, retail and entertainment amenities** ranging from food and beverage outlets on the first floor, to nearby HarbourFront Centre, VivoCity, Keppel Island and Sentosa Island
- **Coveted waterfront locale with unobstructed views of Keppel Bay and Sentosa Island**

4 Participating in the Growth of Singapore's 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



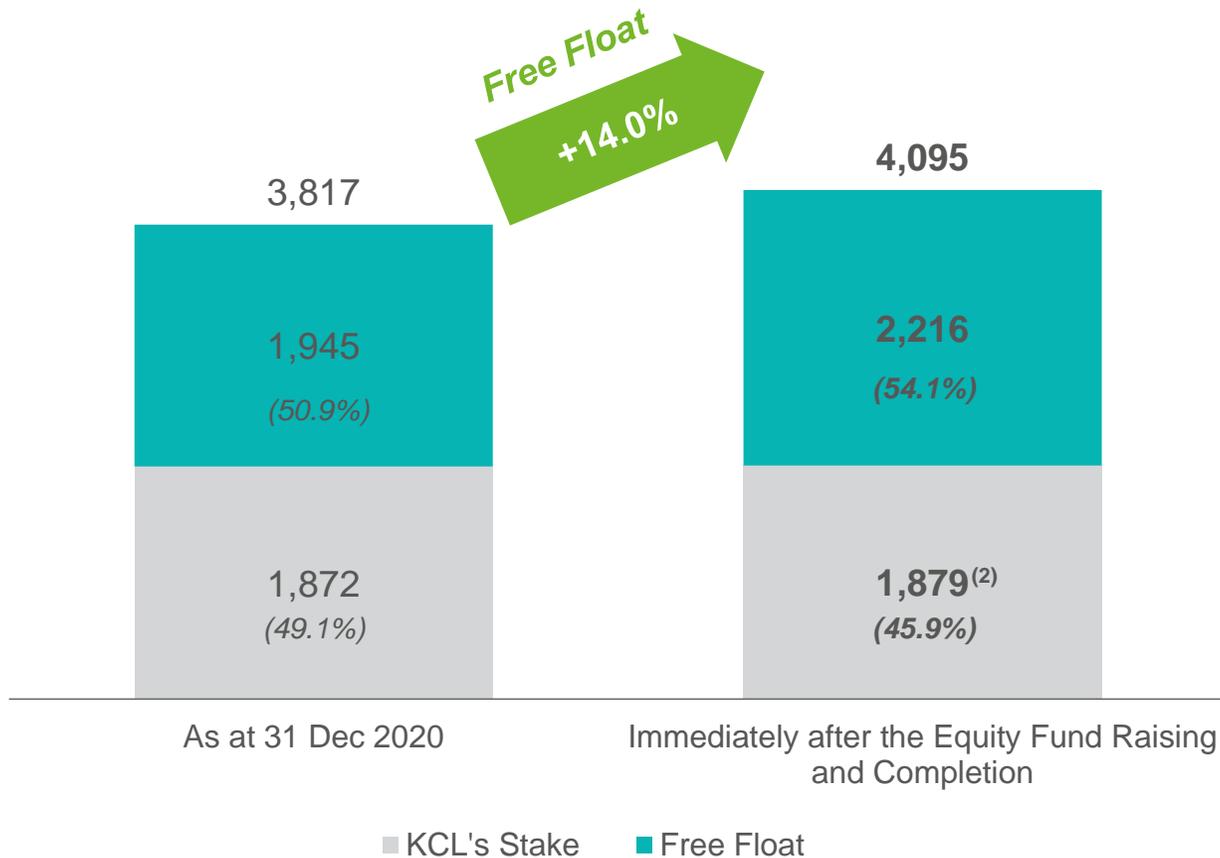
Smart lighting

- First commercial development in Singapore to be certified as a Green Mark Platinum (Zero Energy) building by the BCA
 - 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)



- Total Acquisition Cost to be funded with net proceeds from the Equity Fund Raising⁽³⁾ and a draw down of the Loan Facilities
- Increases Keppel REIT's **market capitalisation** by 7.3%, and improves **free float** and **trading liquidity**
- Enhances Keppel REIT's weightage in indices and is also a **step towards further index inclusions, potentially increasing investor demand**

Resilient Portfolio Anchored by Singapore CBD Assets

\$8.9 billion portfolio in key business districts of Singapore, Australia and South Korea enhances income diversification and long-term stability

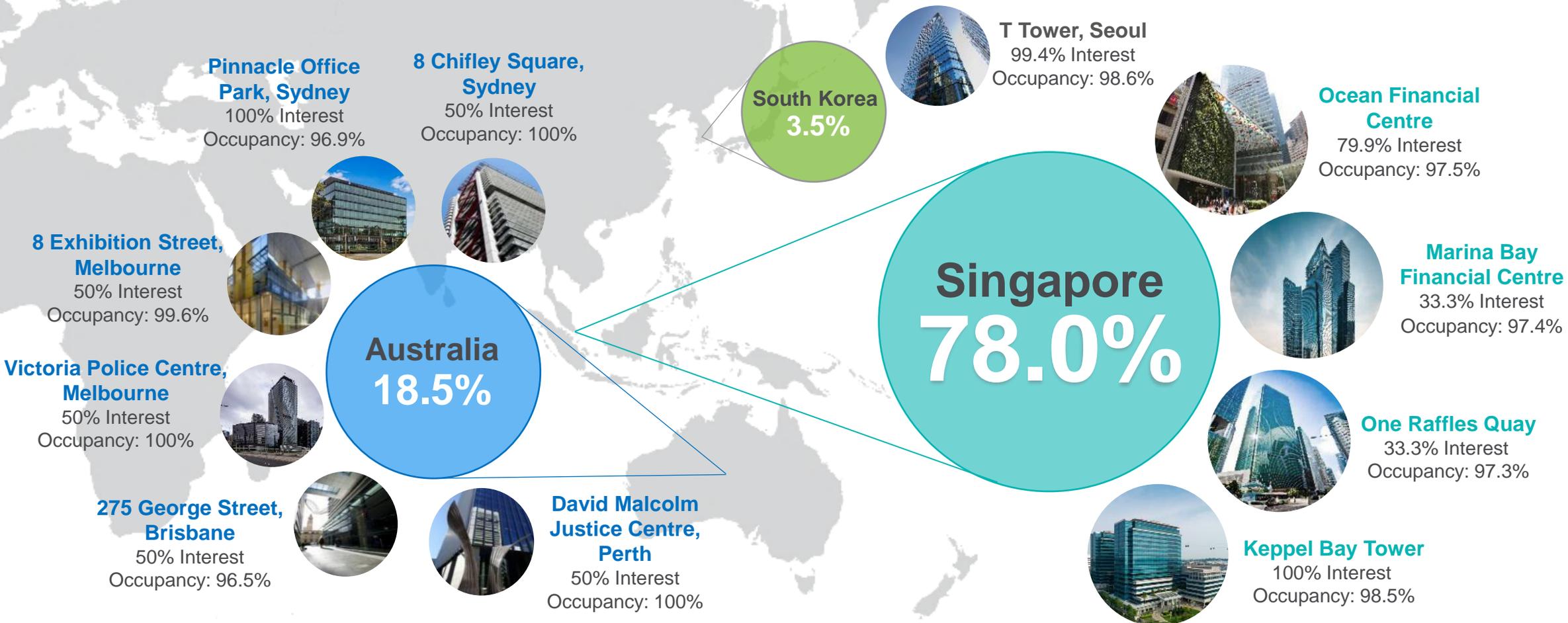




Photo Credit: ST Press

Summary: Investment Merits

- 1 DPU and NPI yield accretive acquisition that enhances Keppel REIT's distributions and improves total unitholder returns
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The Institutional Shareholder Services (ISS) has Recommended a Vote FOR the Resolution⁽¹⁾

(1) Source: Institutional Shareholder Service, report dated 8 February 2021.

Keppel Bay Tower

DPU-Accretive Acquisition that Complements Core CBD Offering



Resolution: The Proposed Acquisition of Keppel Bay Tower through the Acquisition of the Shares of Keppel Bay Tower Pte. Ltd., as an Interested Person Transaction

Advice of the Independent Financial Adviser (IFA), Deloitte & Touche Corporate Finance Pte. Ltd.:

- The IFA is of the opinion that the Acquisition (including the Rental Support) is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders
- The IFA is of the opinion that the Property Management Agreement, the Property Management Lease, the Keppel Leases and the Keppel Electric Agreement are on normal commercial terms and are not prejudicial to the interests of Keppel REIT and its minority Unitholders
- The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Acquisition (including the Property Management Agreement, the Property Management Lease, the Keppel Leases and the Keppel Electric Agreement) to be proposed at the EGM

Thank You

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

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