

Keppel REIT

Acquisition of Ginza 2-Chome, Tokyo

28 October 2022



Outline

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FTSE ST Large &
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FTSE4Good

FTSE4GOOD
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FTSE4GOOD
ASEAN 5 Index



FTSE EPRA Nareit Global
Developed Index



GPR 250
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MSCI Singapore
Small Cap Index

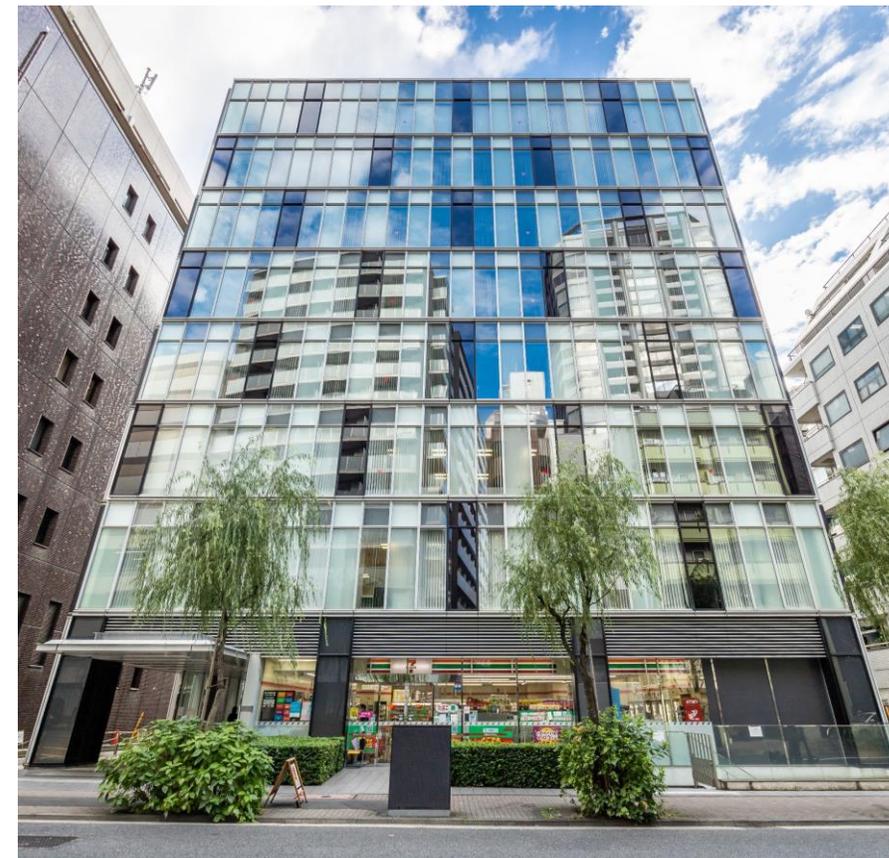
Transaction Overview



- ✓ **Ginza 2-chome, a freehold boutique office building located in Chuo ward, one of Tokyo's core 3 wards**
- ✓ **Strategic entry into Japan, largest developed market in Asia with strong office fundamentals**
- ✓ **A quality addition that complements and enhances KREIT's Pan-Asian portfolio and creates long-term value for Unitholders**
- ✓ **Acquisition consideration of JPY8.83 billion / S\$84.4 million¹**
- ✓ **DPU accretion of 0.5%² when fully leased**
- ✓ **Expected to complete the acquisition by end November 2022**

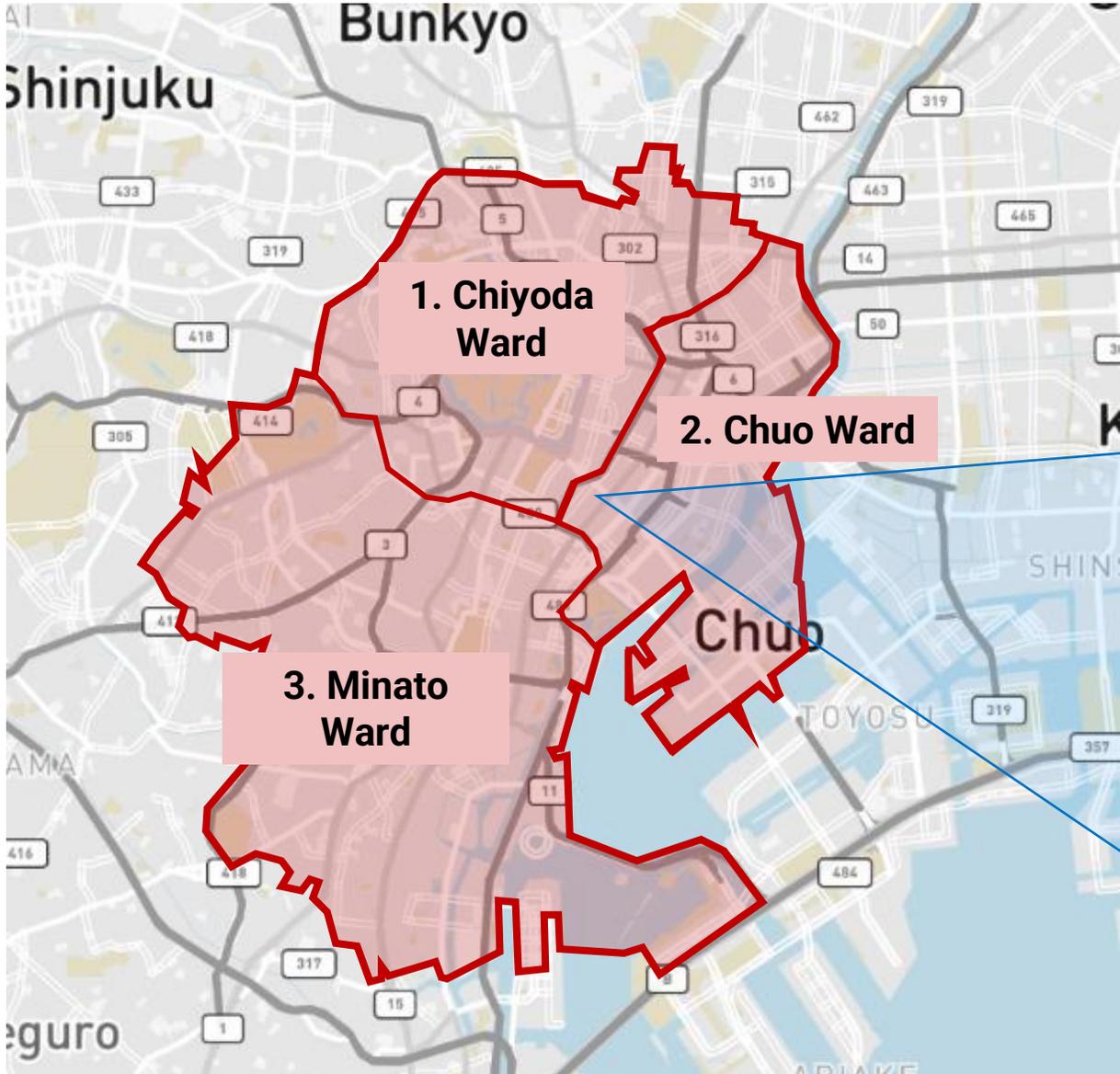
Ginza 2-Chome, Tokyo

Address	2-15-2, Ginza, Chuo-ku, Tokyo
Land Tenure	Freehold
Gross Floor Area (GFA)	1,542.3 tsubo / 5,098.6 sqm ¹
Net Lettable Area (NLA)	1,036.7 tsubo / 3,427.1 sqm
No. of Floors	1 basement and 8 floors
WALE (as at 28 October 2022)	3.4 years
Completion Date	August 2008
Effective Interest	98.47%
Effective Consideration	JPY8.83 billion / S\$84.4 million ²
Property Valuation	JPY9.1 billion ³
Fully Leased NPI Yield	3.1% ⁴
DPU Accretion	0.5% ⁵
Environmental Credentials	CASBEE A Rating ⁶



1. 1 tsubo is equivalent to 3.30579 sqm.
2. Based on Keppel REIT's effective interest of 98.47% in the Property, the remaining 1.53% effective interest will be held by Keppel Capital Japan. The total purchase consideration for 100% interest in the Property is JPY8.97 billion (approximately S\$85.7 million). Based on an exchange rate of JPY100 to S\$0.9553 as at 24 October 2022.
3. Independent valuation (on 100% basis) as at 1 October 2022, by JLL Morii Valuation & Advisory K.K. The independent valuation was prepared primarily using the Discounted Cash Flow Approach with reference to the Direct Capitalisation Approach and Cost Approach.
4. 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.
5. Pro forma effect on the DPU of Keppel REIT for the financial year ended 31 December 2021, assuming the acquisition was completed on 1 January 2021.
6. Developed in 2001, CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings and one of the more widely adopted green certifications in Japan.

Well-Located in Ginza, Chuo Ward, One of Tokyo's Core 3 Wards



- **Chuo Ward**, where large corporates such as Bank of Japan and Tokyo Stock Exchange are located
- **Ginza**, Tokyo's famous upmarket commercial district, home to the Japanese wholesale businesses and professional services supporting the larger corporations in the vicinity





Investment Merits

Investment Merits

- 1 Strategic Expansion into Japan
- 2 Enhances Geographical and Income Diversification
- 3 Quality Freehold Asset that Enjoys Excellent Accessibility
- 4 DPU Accretive when Fully Leased
- 5 Leveraging Keppel Capital's Extensive Experience and Presence in Japan

1 Strategic Expansion into Japan

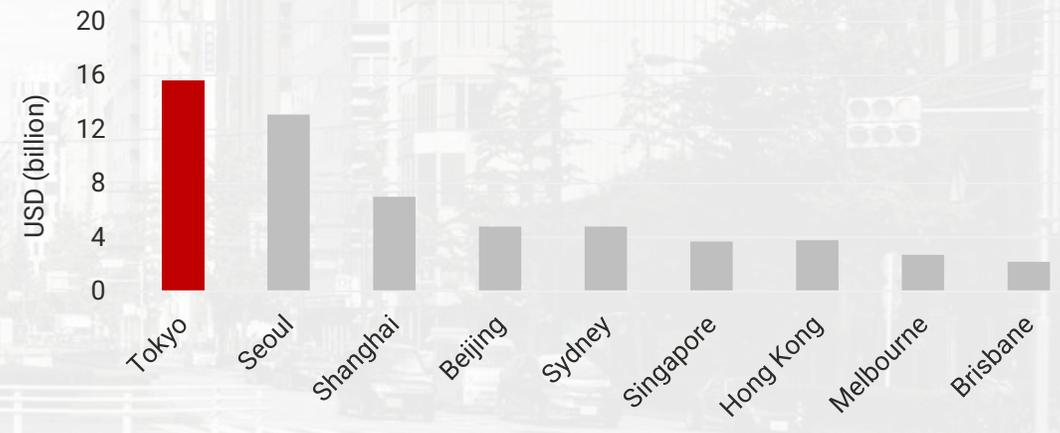
Japan – Asia’s Largest Developed Market

- ✓ 3rd largest economy in the world
 - ✓ FY2022 GDP growth forecast of 2.0% per annum¹
 - ✓ Low unemployment rate of 2.5%²
 - ✓ Low interest rate environment, providing attractive NPI yield spread
- **Tokyo has the largest CBD office market in Asia Pacific, 2.6x larger than Singapore office market**
 - **Tokyo is also leading in terms of office investment, with transaction value of US\$15.6 billion in 2021, 4x higher than Singapore**
 - **Supported by the economic recovery, demand for office space is expected to continue as companies increase their recruitment in 2022³**

CBD Office Market Size of Key Gateway Cities in Asia Pacific as of 2Q 2022⁴



Office Investment Volume of Key Gateway Cities in Asia Pacific in 2021⁵



1. Source: Cabinet Office, "Mid-Year Economic Projection for FY 2022", 25 July 2022, <https://www5.cao.go.jp/keizai1/mitoshi/2022/r040725shisan-e.pdf>.

2. Source: Statistics Bureau of Japan, 30 September 2022, <https://www.stat.go.jp/english/data/roudou/results/month/index.html#TAB>

3. JLL Morii Valuation and Advisory K.K. Market Report, 24 October 2022.

4. JLL Research, 2Q 2022.

5. JLL Singapore, data as at 26 October 2022.

2 Enhances Geographical and Income Diversification

Building a resilient portfolio of quality assets to enhance income stability and create long-term Unitholder value

Post Acquisition
AUM: \$9.0b¹

T Tower, Seoul
99.4% Interest



South Korea
3.2%

Japan
1.0%



Ginza 2-Chome,
Tokyo
98.5% Interest



Ocean Financial Centre
79.9% Interest



Marina Bay
Financial Centre
33.3% Interest



One Raffles Quay
33.3% Interest

Singapore
77.8%



Keppel Bay Tower
100% Interest



David Malcolm
Justice Centre, Perth
50% Interest



Victoria Police Centre,
Melbourne
50% Interest



8 Exhibition Street,
Melbourne
50% Interest



Blue & William,
Sydney
100% Interest
(Under Development)



Pinnacle Office Park,
Sydney
100% Interest



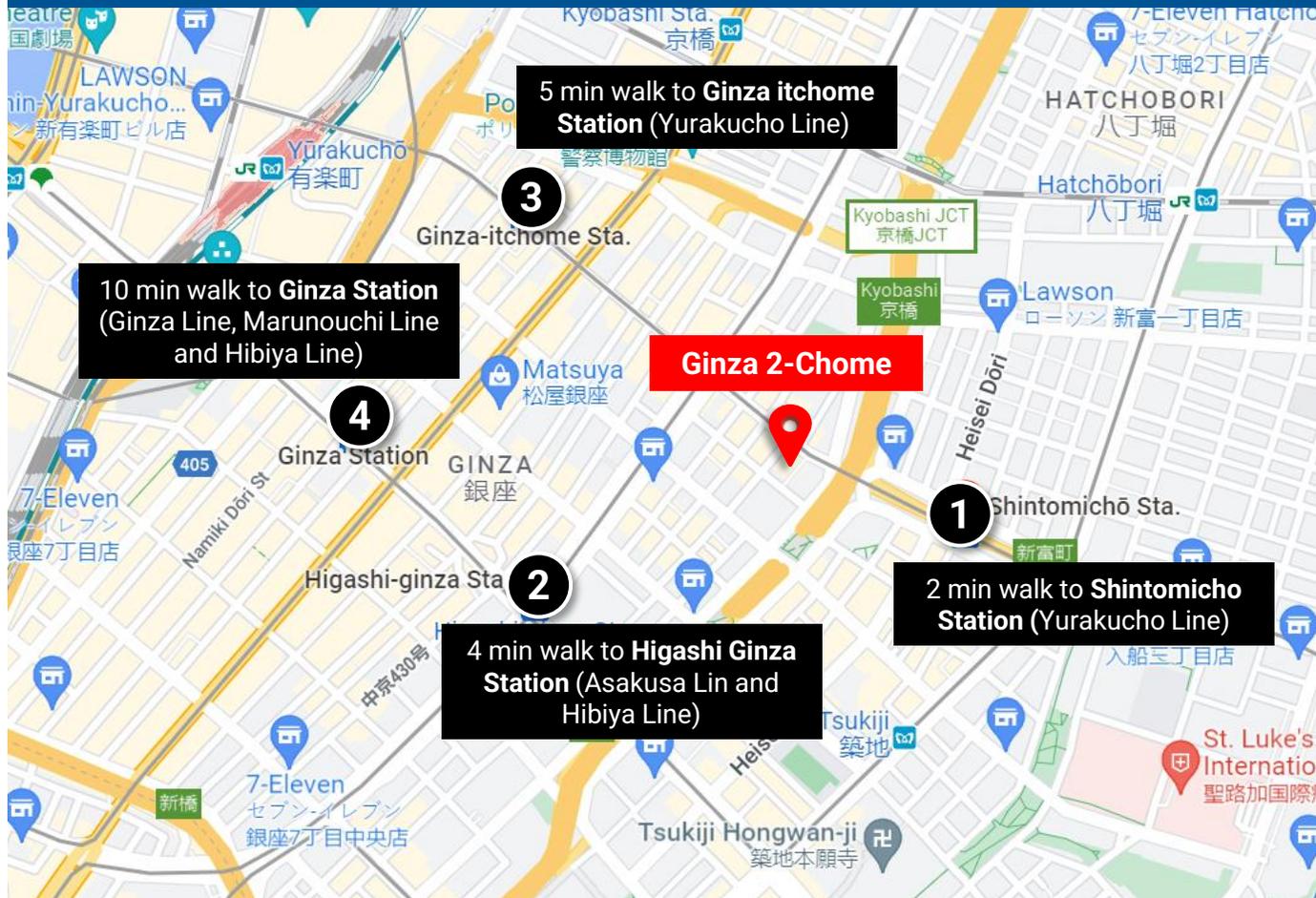
8 Chifley Square,
Sydney
50% Interest

Note: Information as of 30 September 2022.

1. Assuming the acquisition was completed in 3Q 2022. Based on Keppel REIT's effective interest in Ginza 2-Chome and an exchange rate of JPY100 to S\$0.9553 as at 24 October 2022.

3 Quality Freehold Asset that Enjoys Excellent Accessibility

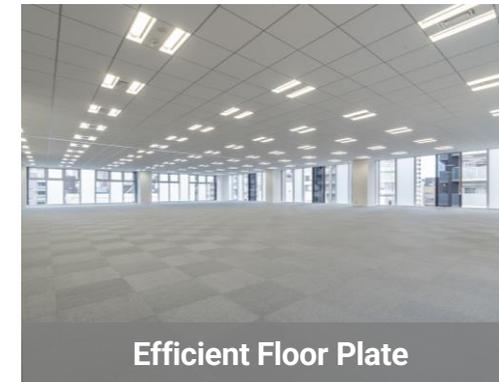
Excellent Accessibility, Within Walking Distance to 4 Metro Stations and 5 Metro Lines



- Completed in Aug 2008, Ginza 2-Chome is built to high specifications and well-maintained
- Efficient floor plate (436 sqm) that is column-free, with side core configuration
- High environmental performance rating of **CASBEE A¹**



Rank A
(★★★★)



Efficient Floor Plate



4 DPU Accretive when Fully Leased

- Anchored by Netyear Group Corporation¹ (subsidiary of the NTT Data Corporation which is part of the NTT Group)
- Netyear Group Corporation has been a tenant since 2014 and has recently renewed its lease
- Opportunity to lease up remaining space²
- Keppel Capital Japan, which has been operating in Japan since 2005, will be appointed as the asset manager
- NPI yield of **3.1%**³ and DPU accretion of **0.5%** on a pro forma basis⁴, upon fully leased
- The acquisition will be fully funded by Japanese Yen denominated borrowings, post-acquisition aggregate leverage will be ~39.0%⁵

1. Netyear Group Corporation provides strategic marketing consulting services which comprise branding, web site design and sales promotion.

2. The current occupancy of Ginza 2-chome is 36.3%.

3. 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.

4. 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 and Keppel REIT held and operated the Property to 31 December 2021.

5. Assuming that the acquisition was completed on 30 September 2022.

5

Leveraging Keppel Capital's Extensive Experience and Presence in Japan

- Operating in Japan since 2005, Keppel Capital Japan has 17 years of track record in investing and managing various assets worth >JPY180 billion since inception
- Keppel REIT will be able to leverage and benefit from the team's experience and expertise in the local market and to seek further growth opportunities

17
Years

Established track record, has been operating in Japan since 2005

Strong
Execution
Capability

Leverage Keppel Capital Japan's extensive experience and expertise to grow Keppel REIT's portfolio

Keppel Capital Japan's Track Record



Meguro Villa Garden, Tokyo: Executed asset enhancement initiatives to lease up vacant property, optimising rents and capital value.

Kanda 282, Tokyo: Repositioned and improved performance of underperforming property through renovation works, active asset and lease management.





Recap: Investment Merits

1

Strategic Expansion into Japan

2

Enhances Geographical and Income Diversification

3

Quality Freehold Asset that Enjoys Excellent Accessibility

4

DPU Accretive when Fully Leased

5

Leveraging Keppel Capital's Extensive Experience and Presence in Japan



Thank You

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