

Keppel REIT

Acquisition of 50% Interest in 255 George Street Sydney, Australia

1 April 2024



Outline

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ASEAN 5 Index



FTSE EPRA Nareit Global Developed Index



GPR 250
Index Series



MSCI Singapore Small Cap Index

Transaction Overview

Core Sydney CBD Location

- Located in the highly sought after **Core Precinct of Sydney CBD** which enjoys healthy office outlook that benefits from flight-to-quality
- **High prominence and visibility** from George Street, one of the busiest roads in Sydney CBD
- **Highly accessible** by multiple modes of public transportation and easy access to good amenities

Iconic Grade A Property with Prime Specifications and Excellent ESG Credential

- Large column free c.1,400 sqm floor plates that can be easily and efficiently subdivided to cater to different demands
- Major refurbishment completed in 2022
- Leading **5.5 Star NABERS Energy rating**

Stable Cash Flows Underpinned by High Occupancy and Quality Tenants

- High committed occupancy of **93.0%** and long WALE of **6.8 years**¹
- Diversified tenant mix with high quality tenants from government agency and financial institutions sectors
- Rent guarantee on existing vacancies and potential expiries

Attractive Pricing and Accretive Acquisition

- Purchase consideration of A\$363.8m, representing a first-year yield that exceeds 6.0%
- Pro forma DPU accretion of 1.4%², or 1.5%² if excluding Anniversary Distribution

1. As at 31 Dec 2023, by gross rental income. WALE by NLA was 6.0 years as at 31 Dec 2023.

2. Based on the audited financial statements for FY2023 assuming the acquisition was completed on 1 Jan 2023.



255 George Street, a freehold Grade A office building located in the heart of Sydney CBD



A Future-Proof Asset with Extensive Enhancements Completed in 2022

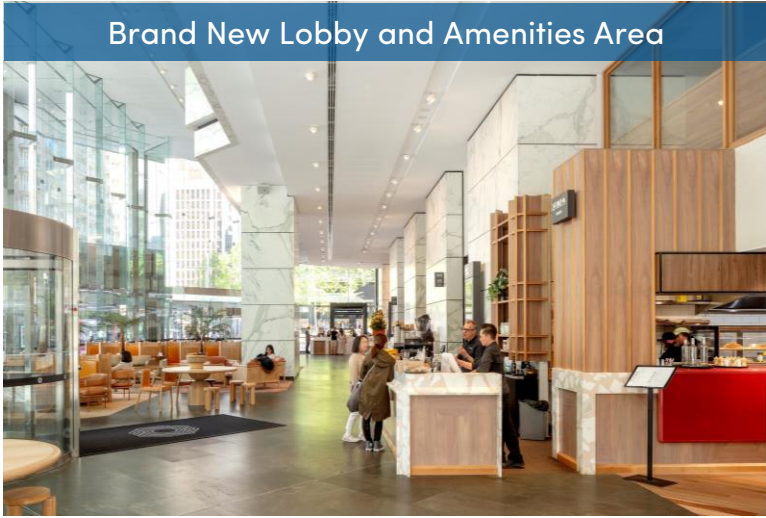
Refurbished Office Floor



Upgraded Lifts & Lift Lobby



Brand New Lobby and Amenities Area



End of Trip Facilities



Wellness Studio



Annexe for Collaboration



255 George Street, Sydney

Address	255 George Street, Sydney, New South Wales
Land Tenure	Freehold
Net Lettable Area (NLA)	38,996.8 sqm (Office: 38,805.0 sqm / Retail: 191.8 sqm)
No. of Floors	29-level Grade A office tower
Committed Occupancy ¹	93.0%
WALE ²	6.8 years
Completion Date	1985 / Major refurbishment completed in 2022
Effective Interest ³	50%
Purchase Consideration ^{4,5}	A\$363.8 million (A\$18,658 psm) / S\$321.0 million
Property Valuation ⁶	A\$363.8 million (A\$18,658 psm) / S\$321.0 million
First-Year Yield	Exceeds 6.0%
Environmental Credentials	5.5 Star NABERS Energy Rating

1. As at 31 Dec 2023.

2. As at 31 Dec 2023, by gross rental income. WALE by NLA was 6.0 years as at 31 Dec 2023.

3. The remaining 50% effective interest will be held by Mirvac Funds Management Australia Limited as trustee of Mirvac Wholesale Office Fund I.

4. Based on Keppel REIT's effective interest of 50% in the Property and an exchange rate of A\$1 to S\$0.8823 as at 20 Mar 2024.

5. As part of the acquisition, the seller shall provide:

(i) rent guarantee for the 12-month period after completion on existing vacancies and potential expiries and for the 19-month period from 1 Dec 2024 for one specific tenancy;

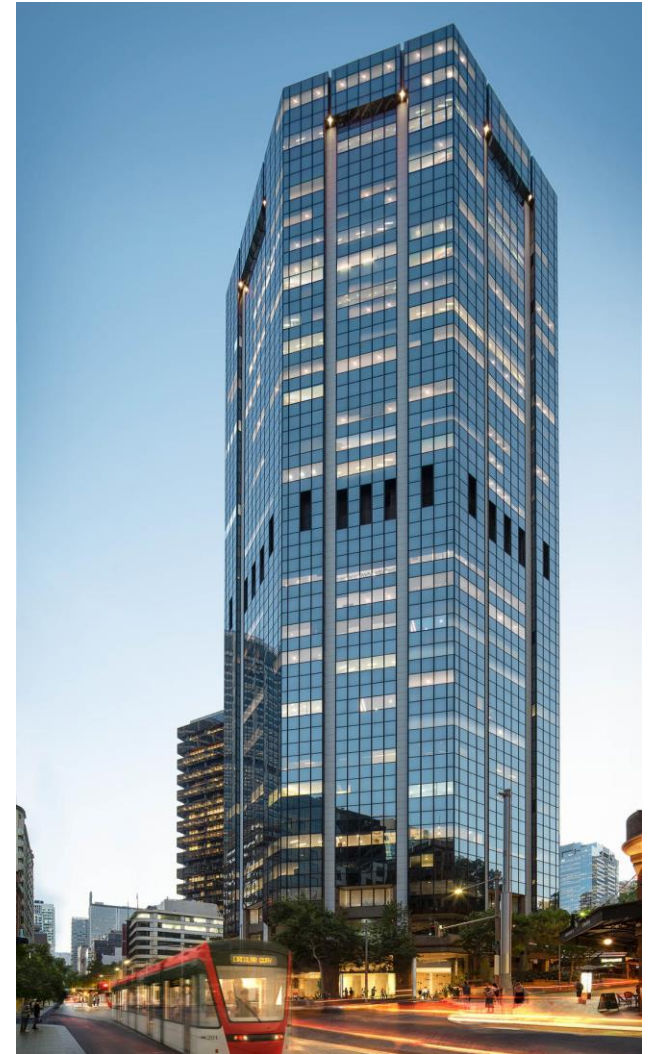
(ii) an amount committed as rent abatement or rent-free incentives;

(iii) an amount to fund potential incentives and/or leasing commission for existing vacancies and potential expiring tenancy; and

(iv) committed capital expenditure.

Please refer to the SGX announcement for more details.

6. The independent valuation conducted by CIVAS (NSW) Pty Limited concluded a market value for the Property (on 50% interest) as at 1 Mar 2024, assuming legal completion on 1 June 2024, of A\$363.8 million (with rent guarantee) and A\$358.9 million (without rent guarantee). These valuations are based on the capitalisation approach, discounted cashflow approach and direct comparison approach.





Investment Merits

Investment Merits



Strategically Located In Highly Sought After Core Precinct of Sydney CBD



Prime Property that Enjoys Long WALE and High-Quality Tenants



Stable Cash Flows Supported by Long WALE and Well-Spread Lease Expiries



Enhance Portfolio Tenant Diversification



Strengthen Portfolio Quality with an Addition of a Freehold Grade A Asset



Attractive Pricing and DPU Accretive

Strategically Located In Highly Sought After Core Precinct of Sydney CBD



- An iconic building located prominently along George Street, one of the busiest roads of Sydney CBD
- Easily accessible by public transportation

 1-min walk from Bridge Street Light Rail Station

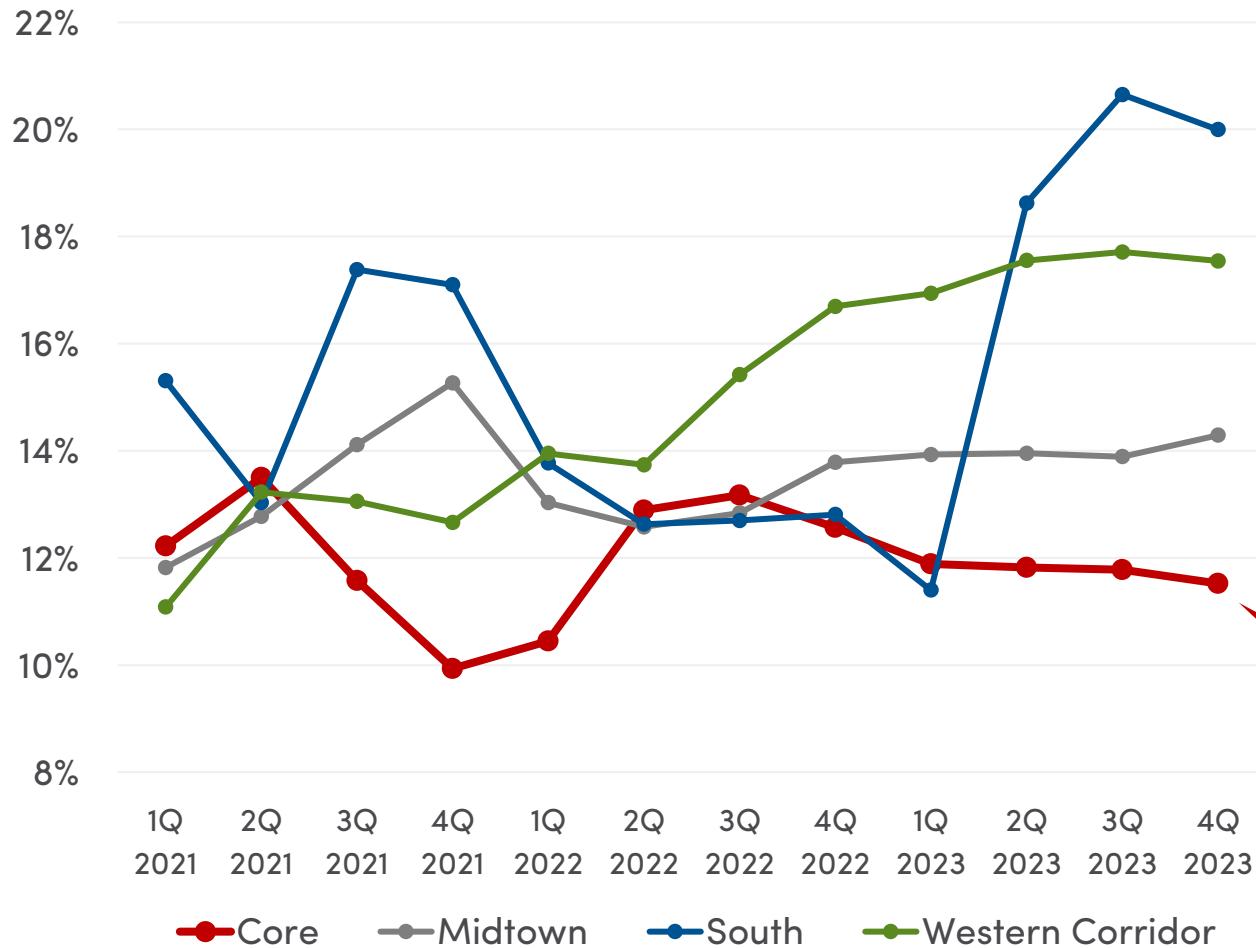
 3-min walk from Wynyard Railway Station

 8-min walk from Circular Quay Railway Station

 9-min walk from the upcoming Martin Place Metro Station

Core Precinct is Best Performing Area Within Sydney CBD

Sydney CBD Office Vacancy Rate By Precinct¹

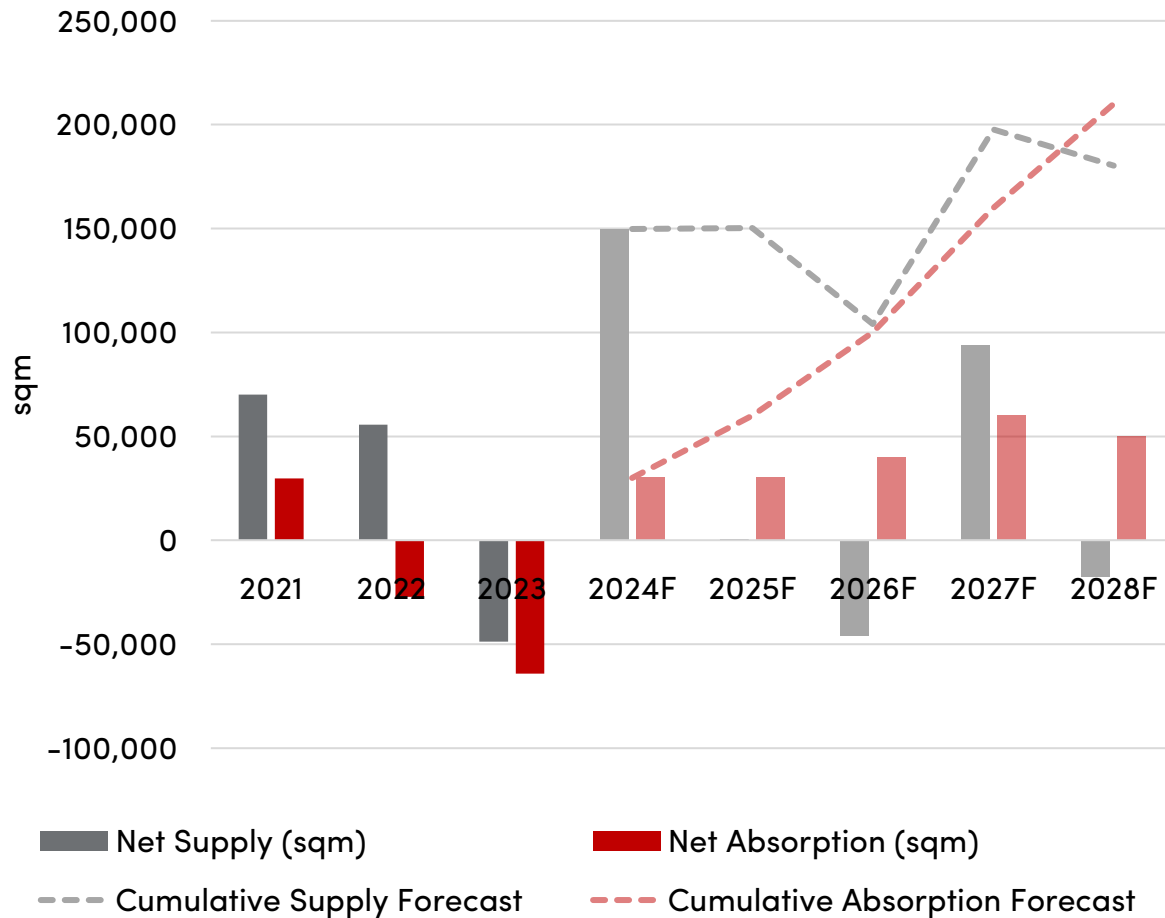


- ✓ Flight-to-quality and flight-to-prime locations are driving office demand
- ✓ Strong return to office trend observed in Sydney where physical attendance is at 75%² of pre-Covid levels as more companies require their employees to return to office
- ✓ Core Precinct's all-grade office vacancy at 11.5% as of 4Q 2023, the lowest amongst the four key submarkets within Sydney CBD
- ✓ Core Precinct is leading the recovery, with five consecutive quarters of declining office vacancies

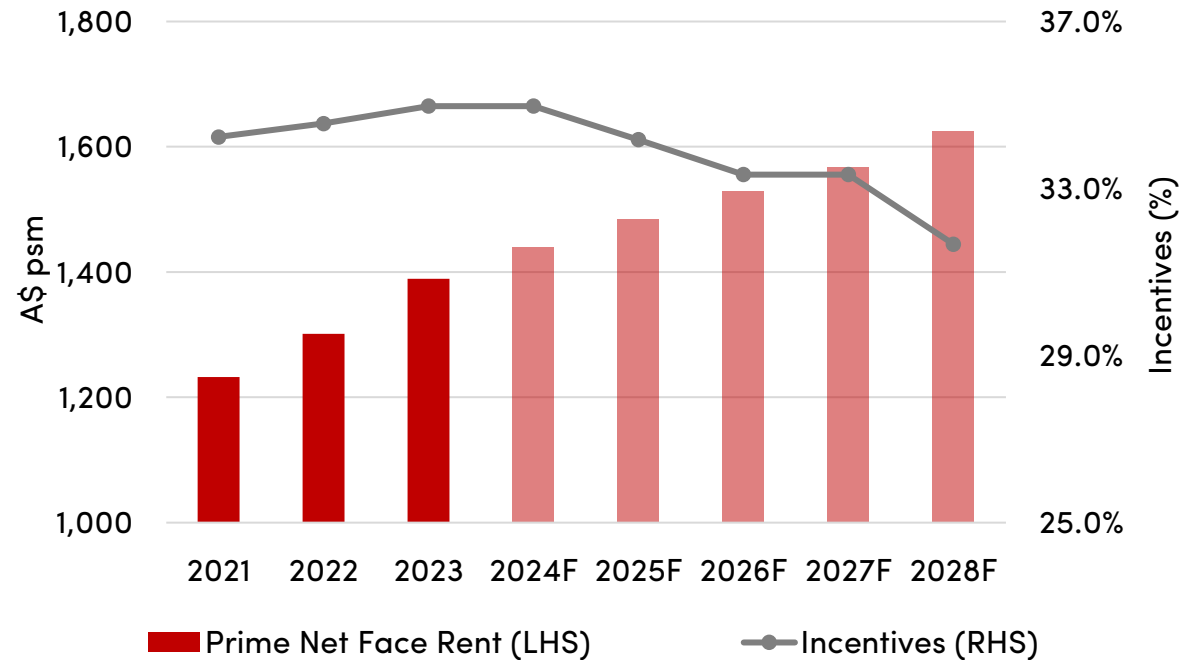
Core Precinct enjoys the lowest vacancy rate in Sydney CBD

Healthy Outlook on Sydney CBD Office Market

Sydney CBD Office
Net Supply vs Net Absorption¹



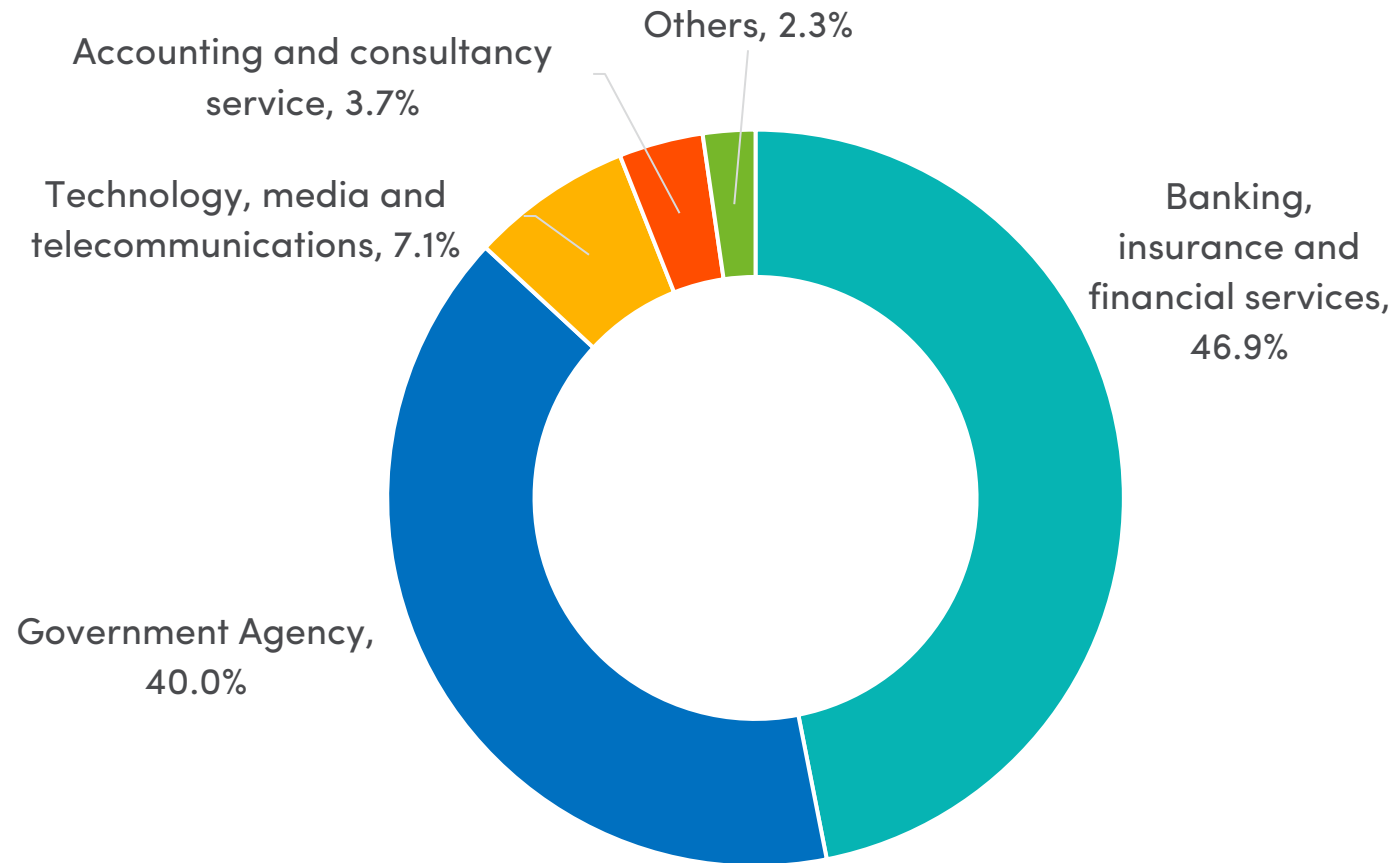
Sydney CBD Prime Office
Gross Incentives and Net Face Rent¹



- Sydney CBD office supply is forecast to be absorbed within 1-2 years from completion
- Expectations for prime office incentives to decline while face rents to rise, leading to potential positive effective rental growth

Prime Property with A Diversified Tenant Base and High-Quality Tenants

Diversified Tenant Base¹



Quality Tenants

Key tenants include:

- Australian Taxation Office
- Bank of Queensland

Excellent Green Credential

NABERS Energy Rating of 5.5 Star

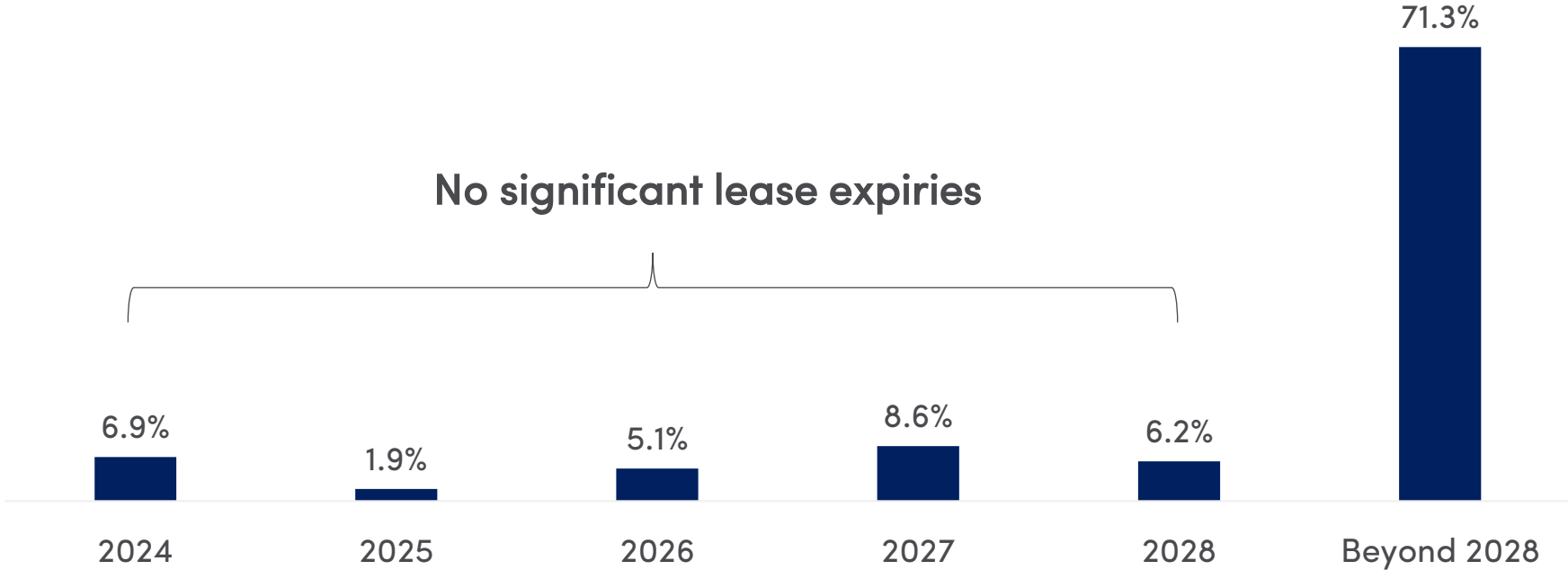
Stable Cash Flows Supported by Long WALE and Well-Spread Lease Expiries

Long WALE

- The asset enjoys long WALE of 6.8 years¹

Well-Spread Lease Expiries

Lease Expiry Profile²



- Rent guarantee on existing vacancies and potential expiries

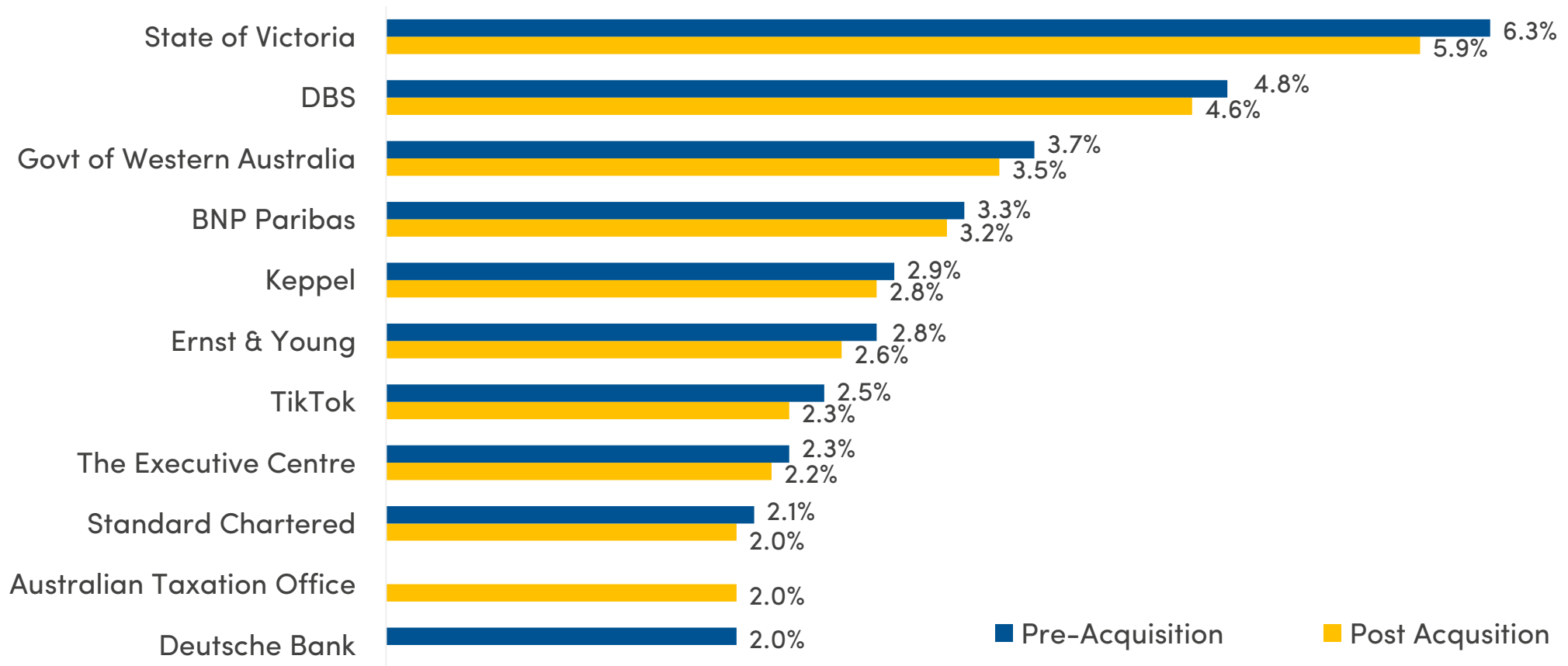
1. As at 31 Dec 2023, by gross rental income. WALE by NLA was 6.0 years as at 31 Dec 2023.
 2. As at 31 Dec 2023, by gross rental income.

Enhance Portfolio Tenant Diversification

Enhance tenant diversification, top 10 tenants:

- Gross rental income contribution decreases from 32.7%¹ to 31.1%²
- NLA occupied decreases from 38.0%¹ to 36.1%²

Top 10 Tenants (By gross rental income)

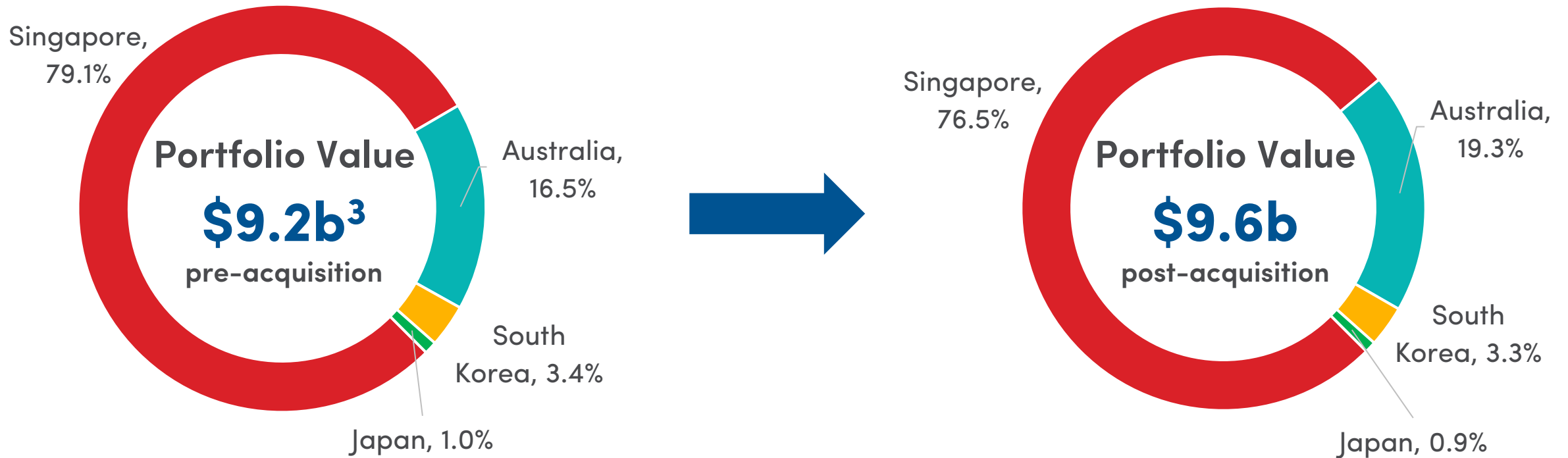


1. As at 31 Dec 2023.

2. Assuming acquisition was completed as at 31 Dec 2023 and on attributable gross rental income/NLA basis as appropriate.

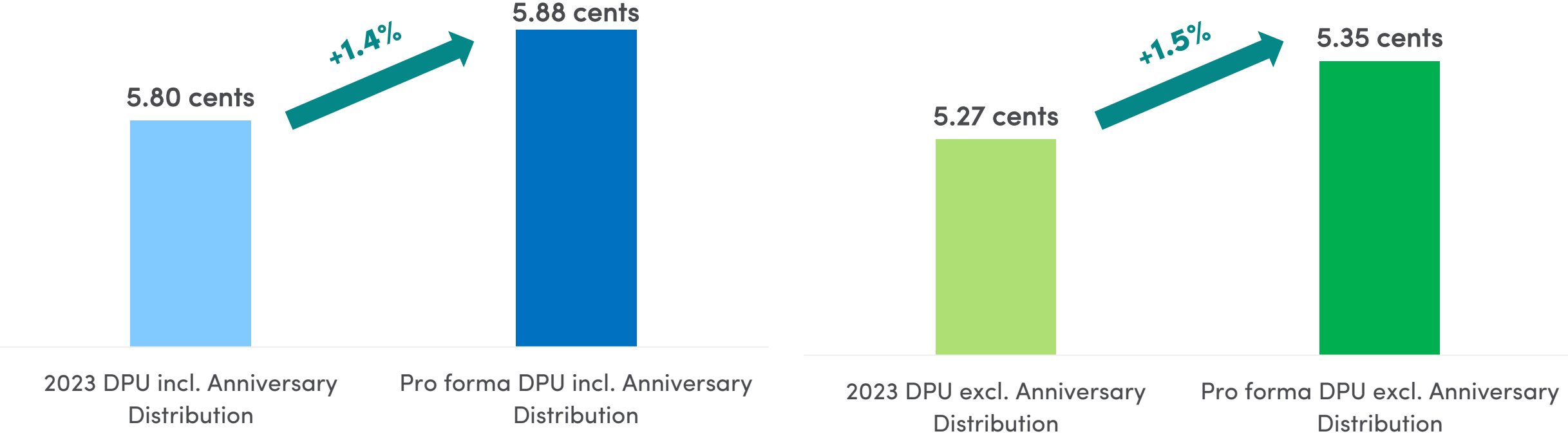
Strengthen Portfolio Quality with an Addition of a Freehold Grade A Asset

- Freehold assets increase to 36.4%¹ of the portfolio from 33.2%²
- Portfolio continues to be Singapore centric with assets predominantly located in Asia Pacific's key business districts



Attractive Pricing and DPU Accretive

- Purchase consideration of A\$363.8m, Accretive acquisition with first-year yield that exceeds 6.0%
- Completion expected to take place within the next two quarters
- Aggregate leverage post acquisition expected to increase to c.41%, if fully funded by debt
- Continue to seek opportunities within the portfolio for optimisation and capital recycling, while remaining disciplined in capital management, to capture opportunities with attractive total returns over the long term



Thank You

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

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