

**Acquisition of a 100% stake
in Pinnacle Office Park,
Sydney, Australia**

13 September 2020



Outline

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Portfolio Optimisation with DPU-Accretive Acquisition

- Acquiring a 100% interest in Pinnacle Office Park, a freehold Grade A commercial property comprising three office buildings near the Macquarie Park Metro Station
- Post-acquisition, portfolio WALE will be approximately 6.9 years⁽¹⁾, while the freehold portion of the portfolio will increase to 37.1%⁽¹⁾ by NLA

Transaction Overview	
Agreed Property Value ⁽²⁾	A\$306.0 million (S\$303.3 million) ⁽³⁾
Funding Structure	100% funded by AUD-denominated loan for natural hedge
Initial NPI Yield	5.25% ⁽⁴⁾
DPU Accretion	+4.5% ⁽⁵⁾
Expected Completion	4Q 2020



(1) Pro forma as at 30 June 2020, assuming 311 Spencer Street development in Melbourne had achieved practical completion and Pinnacle Office Park in Sydney was acquired by 30 June 2020.

(2) Includes A\$2.1 million of rental guarantee until the later of 31 December 2021 and 12 (or 6) months after the date of completion, depending on the relevant vacant premises.

(3) Based on an exchange rate of A\$1.00 to S\$0.9912 as at 9 September 2020. Including estimated transaction costs, the acquisition consideration would be A\$329.0 million (S\$326.1 million).

(4) Based on the estimated net property income (NPI) for a year from completion of the acquisition, including rental guarantee by the vendor for the same period.

(5) On a pro forma basis for FY 2019 as if the acquisition was completed on 1 January 2019. DPU accretion would be +3.2% had the acquisition been funded by AUD-denominated loan and S\$150 million of perpetual securities issued on 11 September 2020.

Well-Located Freehold Grade A Office

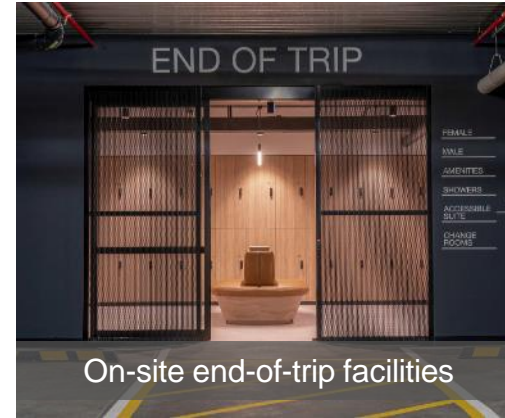
[Click to view property video](#)



Near Macquarie Park Metro Station



Short walk to bus interchange



On-site end-of-trip facilities



On-site café

Building Completion	2008 (2 and 4 Drake Avenue), 2011 ⁽¹⁾ (6 Giffnock Avenue)
Attributable NLA	35,132 sm (378,165 sf)
Occupancy	96.3% committed ⁽²⁾ , with rental guarantee ⁽³⁾ for relevant vacant premises
WALE	4.8 years ⁽²⁾
No. of Tenants	14 ⁽²⁾
Green Awards	4-Star NABERS Energy Rating
Accessibility	<ul style="list-style-type: none"> Close to the Macquarie Park Metro Station and major bus interchange Well served by public transportation and major arterial roads providing direct links to the CBD
Amenities	<ul style="list-style-type: none"> On-site amenities include a childcare centre, a gymnasium, end-of-trip facilities and a café Close to retail, food and entertainment options at Macquarie Centre, Sydney's largest suburban shopping centre

(1) Last refurbishment.

(2) As at 30 June 2020.

(3) A\$2.1 million of rental guarantee until the later of 31 December 2021 and 12 (or 6) months after the date of completion, depending on the relevant vacant premises.

Investment Merits

Pinnacle Office Park:
Freehold Grade A Property



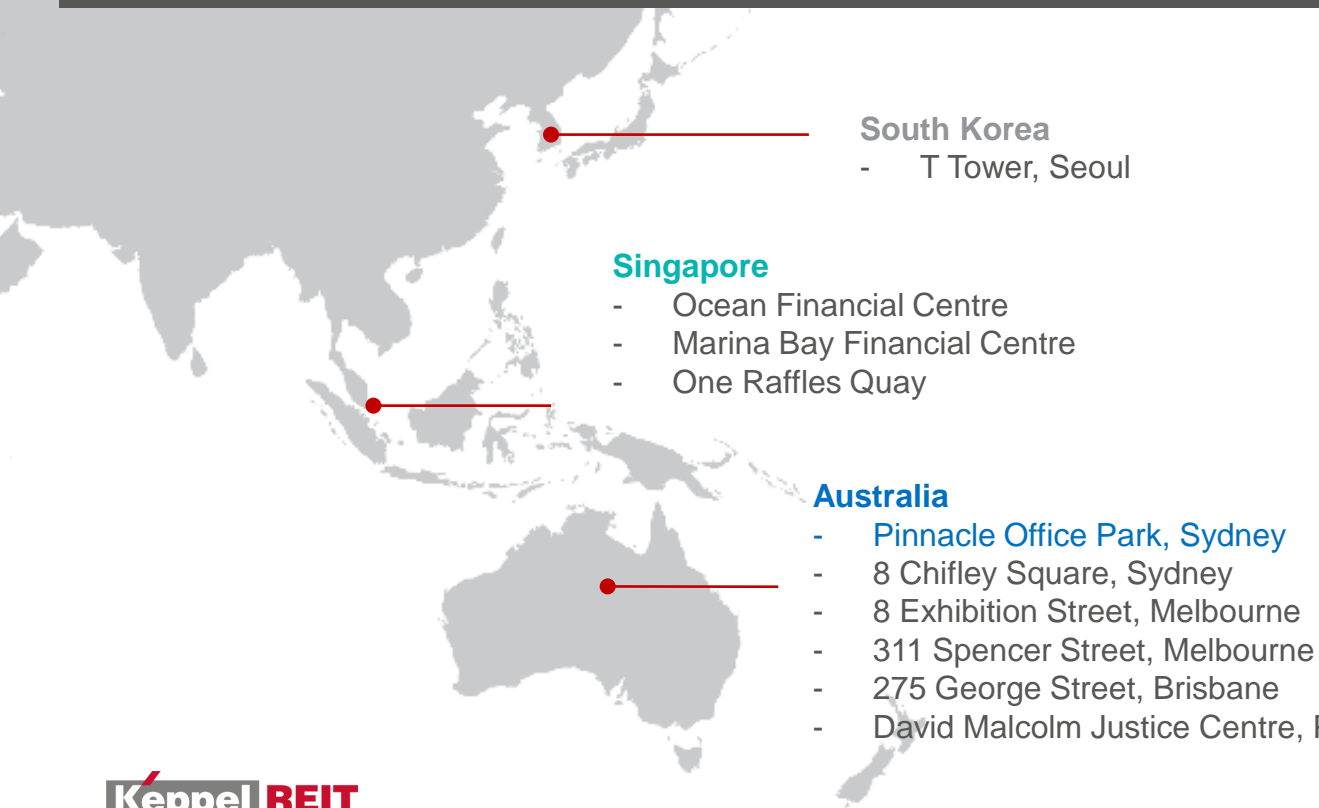
Investment Merits

1. Portfolio optimisation to improve income resilience and portfolio yield
2. DPU-accretive acquisition that will enhance the REIT's distributions
3. Opportunity to gain exposure to a key Australian metropolitan office market
4. Expansion into Grade A metropolitan office space for tenants seeking cost-effective or hub-and-spoke business models
5. Potential partial re-development opportunity in the medium term



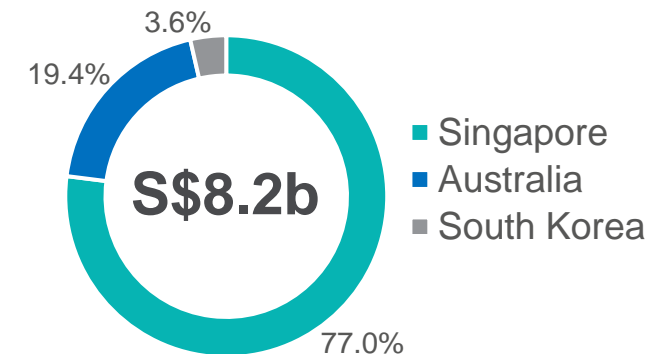
Portfolio Optimisation to Improve Income Resilience and Portfolio Yield

- Acquisition of Pinnacle Office Park at an initial NPI yield of 5.25% is part of ongoing portfolio optimisation to improve portfolio yield
- Diversified portfolio across key business districts of Singapore, Australia and South Korea enhances income diversification and long-term stability

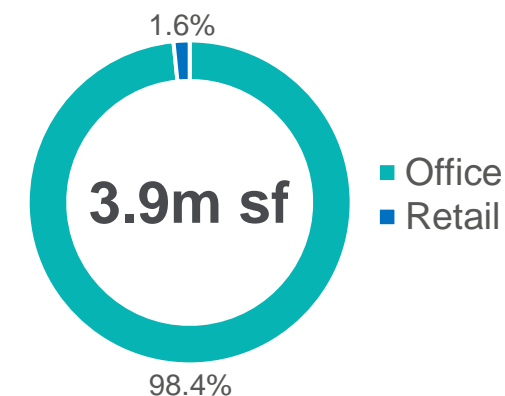


Expected completion in 4Q 2020

AUM by Geography (Post-Acquisition)



Committed NLA by Asset Type (Post-Acquisition)



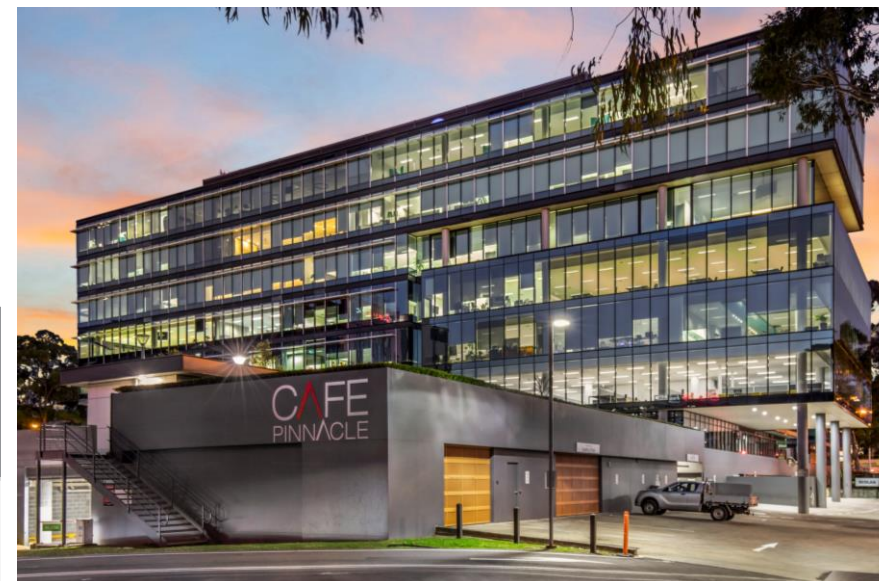
DPU-Accretive Acquisition

- Investment will be fully funded with AUD-denominated loan to improve natural hedging and brings +4.5%⁽¹⁾ DPU accretion on a pro forma basis for FY 2019
 - DPU accretion would be +3.2% had the acquisition been funded by AUD-denominated loan and S\$150 million of perpetual securities issued on 11 September 2020
- Agreed property value of A\$306.0 million was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuation conducted by CBRE⁽²⁾
- Pro forma aggregate leverage would be 38.7% post-acquisition⁽³⁾

FOR ILLUSTRATIVE PURPOSES ONLY: Pro forma financial effects of the acquisition

	Before (FY 2019)	After (Assuming acquisition was completed on 1 January 2019)
DPU	5.58 cents	5.83 cents
DPU Accretion		+4.5%

	Before (as at 31 December 2019)	After (Assuming acquisition was completed on 31 December 2019, after adjusting for 4Q 2019 distribution)
Adjusted NAV per Unit	S\$1.35	S\$1.35



(1) As if the acquisition was completed on 1 January 2019.

(2) The property was valued at A\$306.0 million as at 31 August 2020 primarily based on the market capitalisation analysis and discounted cash flow method.

(3) Based on the aggregate leverage as at 30 June 2020, assuming 311 Spencer Street development in Melbourne had achieved practical completion and Pinnacle Office Park in Sydney was acquired by 30 June 2020.

Opportunity to Gain Exposure to a Key Australian Metropolitan Office Market



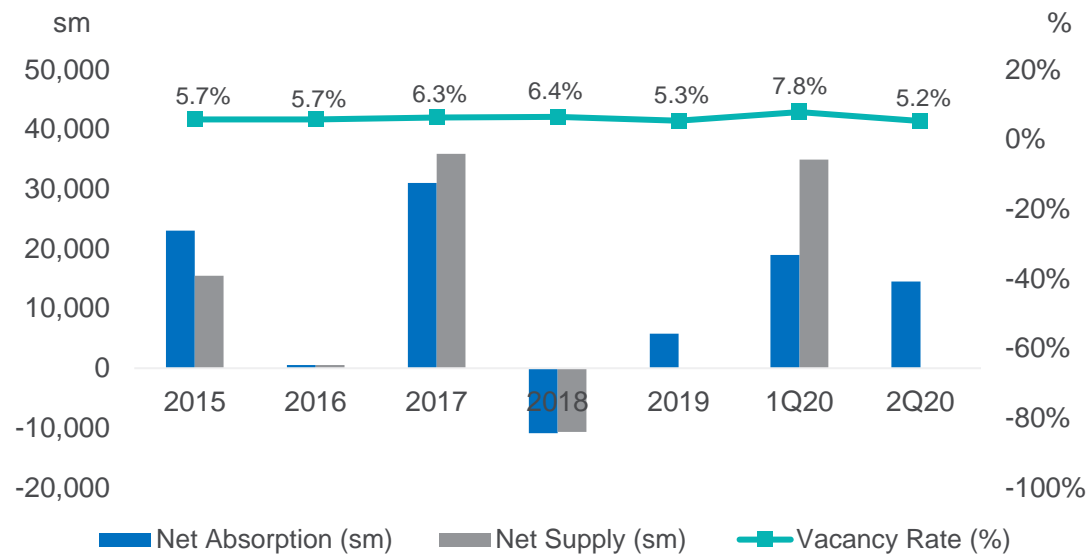
A vibrant metropolitan office market benefitting from infrastructure investments:

- Macquarie Park is the second largest office market in New South Wales⁽¹⁾ and has benefitted from improvements in transport infrastructure
 - The new Northwest metro line which began operations in 2019 has enhanced connectivity of Macquarie Park to Sydney's northwest growth corridor
 - The expected completion of the City and Southwest metro rail in 2024 will also improve the commuting time between Macquarie Park and the CBD to just 20 minutes

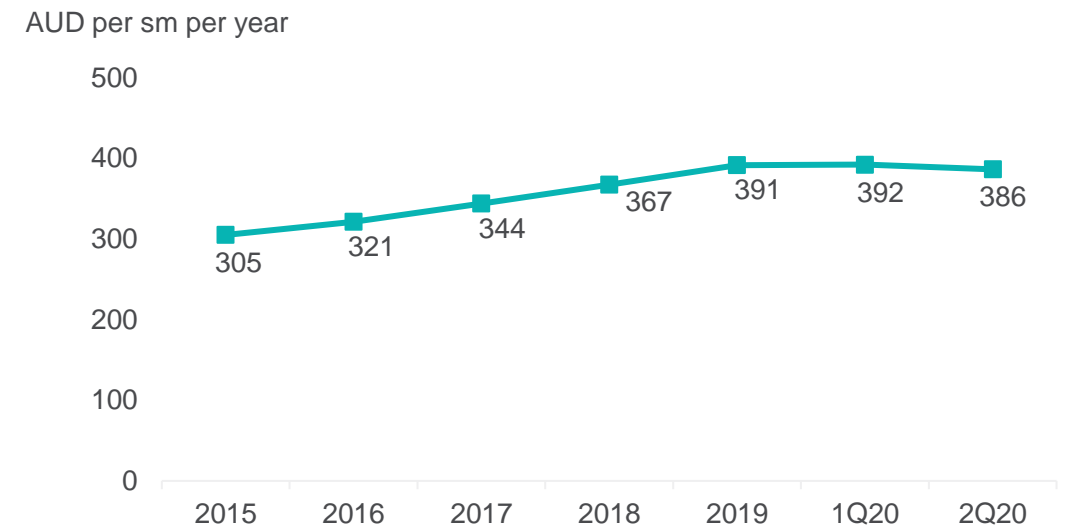
Opportunity to Gain Exposure to a Key Australian Metropolitan Office Market (Cont'd)

- Macquarie Park was the only office market tracked by JLL to record positive net absorption >1,000 sm in 2Q 2020, due to the high proportion of companies in the market operating in pharmaceutical and technology industries⁽¹⁾
- Macquarie Park is expected to become a relatively attractive option post COVID-19 due to affordability, proximity to the CBD and its growing transport links⁽²⁾

Prime Office Absorption, Supply and Vacancy⁽¹⁾



Prime Gross Effective Rent⁽¹⁾



Expansion into Grade A Metropolitan Office Space for Tenants Seeking Cost-Effective or Hub-and-Spoke Business Models

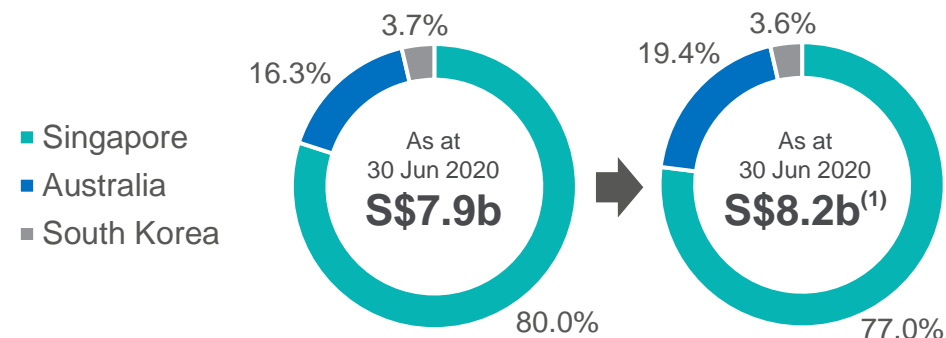


- Acquisition of Pinnacle Office Park will enable Keppel REIT to provide quality metropolitan office space, complementing its prime CBD offering
- More tenants are likely to seek cost-effective solutions or adopt hub-and-spoke business models with secondary offices in locations like Macquarie Park becoming more common
- Macquarie Park is expected to benefit from its location, local amenity, connectivity as well as its rental levels in comparison to other suburban markets⁽¹⁾

Diversification for Improved Income Stability and Long-Term Growth Opportunities

- Geographical footprint in Australia increases from 16.3% to 19.4%
- Singapore weightage moves down from 80.0% to 77.0%

Assets Under Management



% Assets Under Management	Pre-Acquisition	Post-Acquisition
Ocean Financial Centre, Singapore	26.5%	25.5%
Marina Bay Financial Centre, Singapore	37.7%	36.3%
One Raffles Quay, Singapore	15.8%	15.2%
Pinnacle Office Park, Sydney	-	3.8%
8 Chifley Square, Sydney	2.8%	2.7%
8 Exhibition Street, Melbourne	3.2%	3.0%
311 Spencer Street, Melbourne	4.5%	4.4%
275 George Street, Brisbane	3.0%	2.9%
David Malcolm Justice Centre, Perth	2.8%	2.6%
T Tower, Seoul	3.7%	3.6%

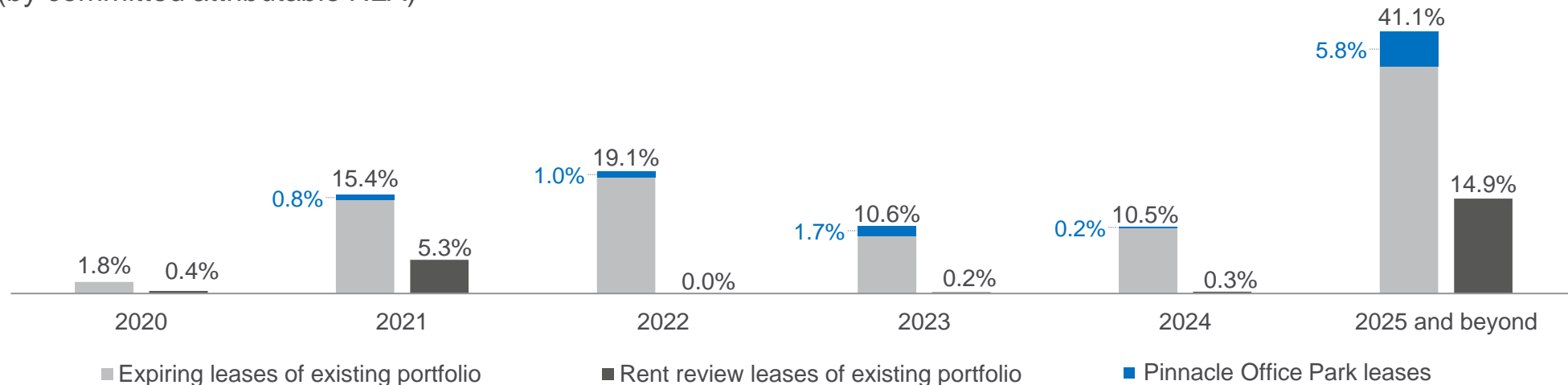
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Complements Existing Portfolio

- Freehold portion of portfolio increases from 30.3% to 37.1%
- All leases in Pinnacle Office Park have fixed annual rental escalations of between 3% and 4%
- Portfolio committed occupancy level remains high at 98.5%
- Portfolio WALE remains long at approximately 6.9 years while lease expiry remains well spread

Portfolio Lease Expiry Profile (Post-Acquisition)

(by committed attributable NLA)

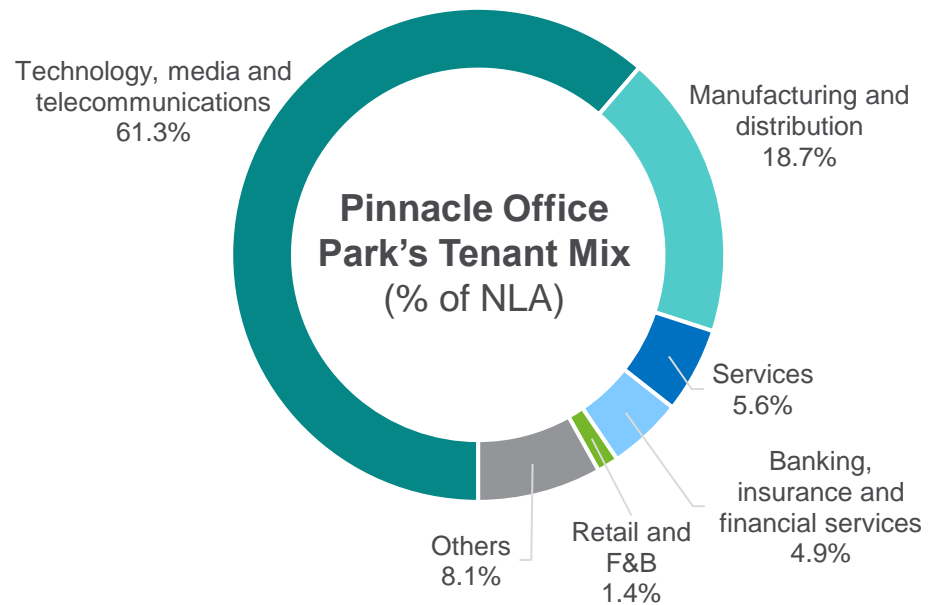


Expands Established Tenant Base

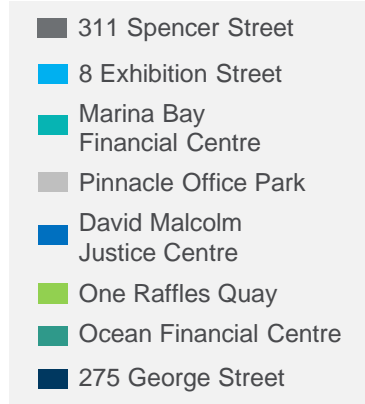
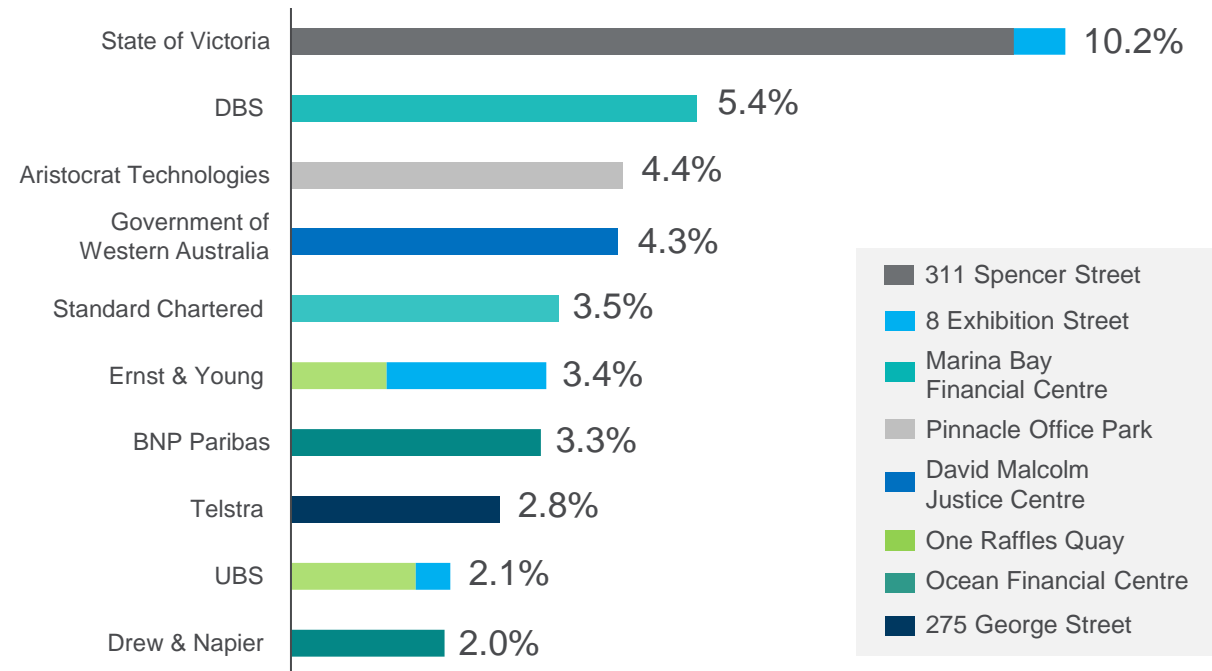
- Pinnacle Office Park strengthens Keppel REIT's tenant base with new established tenants
- Pinnacle Office Park is leased to Australian and international tenants, with the majority of NLA leased by tenants in the technology, media and telecommunications (TMT) sector

Key tenants at Pinnacle Office Park include Aristocrat Technologies, Konica Minolta and Coles Supermarkets

Aristocrat Technologies, ASX-listed gaming solutions provider, will enter Keppel REIT's portfolio top 10 tenants by NLA



Portfolio Top 10 Tenants (Post-Acquisition)



Potential Partial Re-Development Opportunity

- One of the three free-standing buildings, 6 Giffnock Avenue, has the potential to be re-developed into a new office building with higher NLA in future*, subject to approval by local authorities

NLA	Before	After
2 Drake Avenue		15,524 sm
4 Drake Avenue		15,668 sm
6 Giffnock Avenue	3,940 sm	Up to 17,000 sm
Total NLA	35,132 sm	Up to 48,192 sm
NLA Increase		Approx. +37%



Investment Merits

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Thank You

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

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Pinnacle Office Park:
Modern Work Environment

