

Keppel Pacific Oak US REIT Presentation for CGS-CIMB Webinar

20 August 2021

Important Notice

The past performance of Keppel Pacific Oak US REIT is not necessarily indicative of its future performance. Certain statements made in this release may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Keppel Pacific Oak US REIT (Unitholders) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel Pacific Oak US REIT Management Pte. Ltd., as manager of Keppel Pacific Oak US REIT (the Manager) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this release. None of the Manager, the trustee of Keppel Pacific Oak US REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this release or its contents or otherwise arising in connection with this release. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel Pacific Oak US REIT (Units) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including possible loss of principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (SGX-ST). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

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Constituent of:



MSCI Singapore Small Cap Index



FTSE All World Small Cap Index
FTSE ST Singapore Shariah Index

Overview

*105 Edgeview
Denver, Colorado*



Keppel Pacific Oak US REIT (KORE)

First choice US office SREIT focused on the fast-growing tech sector across key growth markets in the US

Unique exposure to key US growth markets

Benefitting from solid US office real estate fundamentals

Tax advantaged structure

Sponsors	<ul style="list-style-type: none">Keppel Capital and KORE Pacific Advisors (“KPA”)
US Asset Manager	<ul style="list-style-type: none">Pacific Oak Capital Advisors LLC, also advisor for Pacific Oak Strategic Opportunity REIT
Manager	<ul style="list-style-type: none">Keppel Pacific Oak US REIT Management Pte. Ltd.
Investment mandate	<ul style="list-style-type: none">To invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets of the US with favourable economic and office fundamentals
Distribution Policy & Distribution Currency	<ul style="list-style-type: none">Semi-annual distributionsDistributions declared in US dollars; Unitholders have the option to receive distributions in Singapore or US dollars (by submitting a ‘Currency Election Form’) and opting out of CDP’s Currency Conversion Service

Successful Execution of Growth Strategy



9 Nov 2017: Listed on SGX IPO with 11 office buildings and business campuses across 7 key growth markets



Jan 2019
Strengthened foothold in the strong Maitland submarket with acquisition of **Maitland Promenade 1** in Orlando, Florida



Jul 2021
Announced the strategic acquisitions of **Bridge Crossing** in Nashville, Tennessee, and **105 Edgeview** in Denver, Colorado



Maiden acquisition of **The Westpark Portfolio** in Seattle – Redmond, Washington



Nov 2018



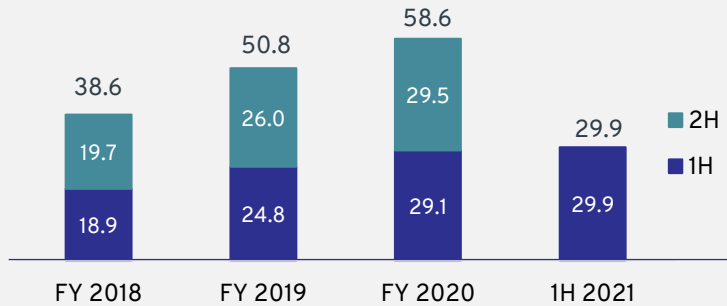
Extended footprint into new key growth market with the acquisition of **One Twenty Five** in Dallas, Texas



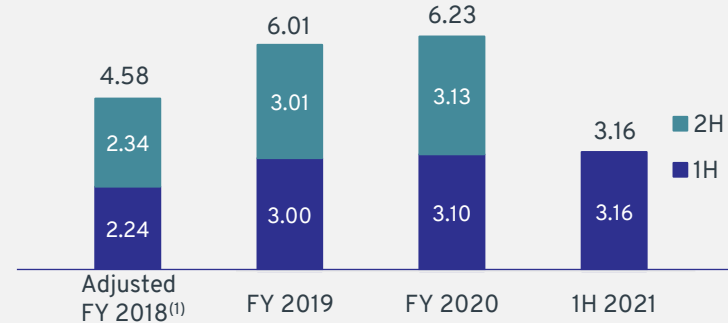
Nov 2019



Distributable Income (US\$ million)



DPU (US Cents)



(1) Adjusted Actual FY 2018 was calculated based on the weighted average number of Units for FY 2019 of 843,917,481 Units to remove the effects of the enlarged Unit base in FY 2019 for comparison purpose.

Deepening Tech Footprint in Nashville and Denver

Expanding KORE's portfolio in key growth markets in the US

Overview	Bridge Crossing	105 Edgeview
Key Growth Market	Nashville, Tennessee	Denver, Colorado
Submarket	Brentwood	Broomfield
Land Tenure	Freehold	Freehold
Occupancy	100%	100%
WALE ⁽¹⁾	5.7 years	6.6 years
NLA	199,194 sf	186,231 sf
No. of Tenants	2	8
Year Built	2017 (Refurbished) <i>Built in 1989</i>	2012
Pro forma NPI yield	7.8%	6.7%



Bridge Crossing, Nashville, Tennessee



105 Edgeview, Denver, Colorado

Deepening Tech Footprint in Nashville and Denver

Key Investment Highlights

- 1 Deepens presence in key growth markets driven by tech and innovation, which will enhance income resilience
- 2 Prime locations in key submarkets with limited upcoming supply
- 3 DPU-accretive acquisitions that strengthen KORE's distributions and total Unitholder returns
- 4 Augments KORE's green footprint
- 5 Enhances KORE's weightage in current indices and positions for further index inclusions



Bridge Crossing, Nashville, Tennessee



105 Edgeview, Denver, Colorado

Key Growth Markets⁽¹⁾ Driven By Tech And Innovation

 91.2%⁽²⁾
Portfolio
Committed Occupancy

KORE's strategic exposure to tech hubs and tech-tenancy provides income resilience as businesses accelerate their digital transformation strategies.

SEATTLE - BELLEVUE/REDMOND, Washington



The Plaza Buildings
Occupancy: 91.1%



Bellevue Technology Center
Occupancy: 96.1%



The Westpark Portfolio
Occupancy: 95.2%



ATLANTA, Georgia



Powers Ferry
Occupancy: 80.1%



Northridge Center I & II
Occupancy: 78.4%

DENVER, Colorado



Westmoor Center
Occupancy: 90.1%



105 Edgeview
Occupancy: 100%



SACRAMENTO, California



Iron Point
Occupancy: 92.6%

AUSTIN, Texas



Great Hills Plaza
Occupancy: 100%



Westech 360
Occupancy: 70.0%



HOUSTON, Texas



1800 West Loop South
Occupancy: 78.7%



Bellaire Park
Occupancy: 90.7%



NASHVILLE, Tennessee



Bridge Crossing
Occupancy: 100%



ORLANDO, Florida

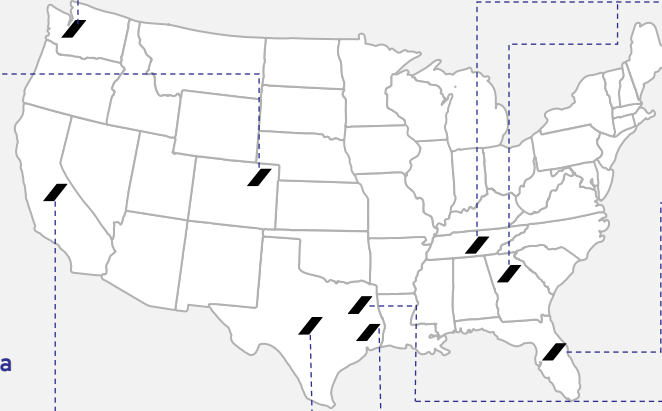


Maitland Promenade I & II
Occupancy: 94.8%

DALLAS, Texas

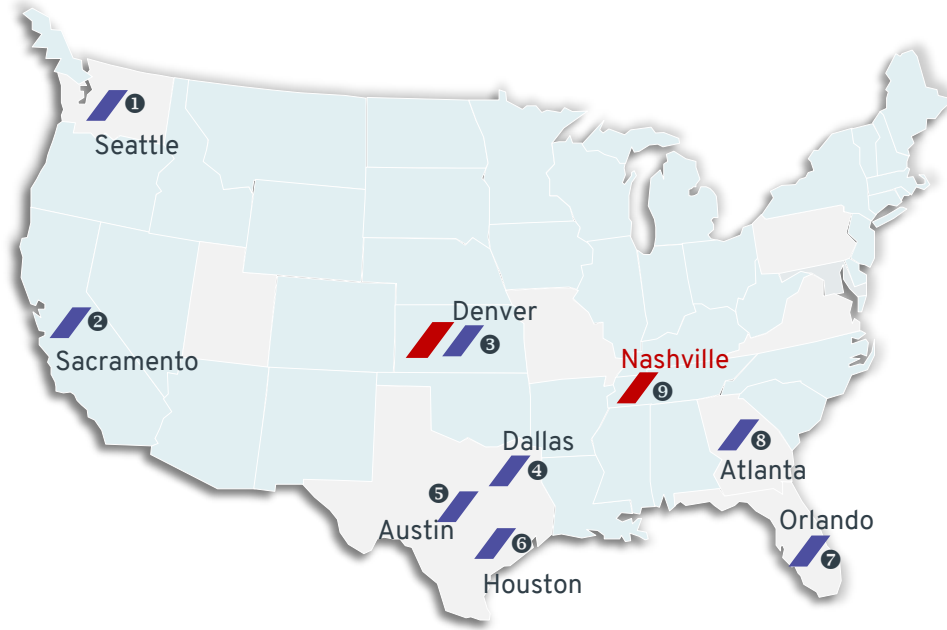


One Twenty Five
Occupancy: 96.6%



Strengthening Presence In Magnet Cities

Popular in-migration destinations due to attractive lifestyle, culture and employment opportunities



New Acquisitions

Magnet Cities⁽¹⁾⁽³⁾

Super Sun-Belt Cities⁽¹⁾

18-Hour Cities⁽¹⁾

KORE's Existing Properties

#X Top 20 US Markets to Watch, 2021⁽¹⁾⁽⁴⁾

#X Top 20 Best Tech Cities for IT Jobs 2020⁽²⁾⁽⁵⁾

1	Seattle, Washington					#6
	<ul style="list-style-type: none"> The Plaza Buildings Bellevue Technology Center The Westpark Portfolio 					
2	Sacramento, California					
	<ul style="list-style-type: none"> Iron Point 					
3	Denver, Colorado					#13
	<ul style="list-style-type: none"> Westmoor Center 105 Edgeview 					#10
4	Dallas, Texas					#4
	<ul style="list-style-type: none"> One Twenty Five 					#2
5	Austin, Texas					#2
	<ul style="list-style-type: none"> Westech 360 Great Hills Plaza 					#1
6	Houston, Texas					
	<ul style="list-style-type: none"> Bellaire Park 					
7	Orlando, Florida					
	<ul style="list-style-type: none"> Maitland Promenade I & II 					
8	Atlanta, Georgia					#11
	<ul style="list-style-type: none"> Powers Ferry Northridge Center I & II 					#8
9	Nashville, Tennessee					#3
	<ul style="list-style-type: none"> Bridge Crossing 					

Strategic Presence in some of the Fastest Growing States

Top 20 Fastest Growing States in the US from 2010-2020 ⁽¹⁾		% Change in Resident Population
1	Utah	18.4
2	Idaho	17.3
3	Texas*	15.9
4	North Dakota	15.8
5	Nevada	15.0
6	Colorado*	14.8
7	District of Columbia	14.6
8	Florida*	14.6
9	Washington*	14.6
10	Arizona	11.9
11	South Carolina	10.7
12	Georgia*	10.6
13	Oregon	10.6
14	Delaware	10.2
15	South Region	10.2
16	Montana	9.6
17	North Carolina	9.5
18	West Region	9.2
19	South Dakota	8.9
20	Tennessee*	8.9

1H 2021 Key Highlights

Tenant lounge
The Westpark Portfolio
Redmond, Seattle, Washington



1H 2021 Key Highlights

Continued Growth in Operating Income



Distributable Income
US\$29.9 mil
↑2.8% YoY

DI of US\$29.9 million for 1H 2021 was 2.8% higher y-o-y, supported by positive rental reversions and built-in rental escalations, as well as lower expenses. Average rent collection for 1H 2021 was ~98%.

Distribution per Unit
3.16 US cents
↑1.9% YoY

1H 2021 DPU was 1.9% above 1H 2020 DPU, which translated to a distribution yield of 8.1%⁽¹⁾ as at 30 June 2021.

Stable Income Stream



Positive
Rental Reversion
↑5.4%

Continued positive rental reversions for the whole portfolio, driven mainly by the tech hubs of Seattle – Bellevue/Redmond and Austin. Built-in average rental escalations of ~2.7% across the portfolio.

Limited
Lease Expiries by CRI
7.7% over the rest of 2021

Leased ~302,000 sf of space in 1H 2021, equivalent to 6.4% of the portfolio. Portfolio committed occupancy was 90.5%.

Robust Financial Position



Healthy
Aggregate Leverage
37.1%⁽²⁾

Healthy leverage and 100% unsecured loans provide financial flexibility to continue pursuing opportunities in key growth markets with a tech focus.

Interest
Coverage Ratio
4.9 times⁽³⁾

Weighted average term to maturity was 2.5 years as at 30 June 2021, with no long-term refinancing until November 2022.

Information as at 30 June 2021, and excludes Bridge Crossing and 105 Edgeview, acquisitions of which will be completed in 3Q 2021.

(1) Based on the market closing price of US\$0.785 per Unit as at 30 June 2021.

(2) Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.

(3) Interest Coverage Ratio (ICR) disclosed above is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020. After adjusting for management fees taken in Units, the ICR would be 5.3 times.

Stable Income with Visible Organic Growth

~302,000 sf

Leased spaces, equivalent to 6.4% of portfolio NLA.

5.4%

Positive rent reversion for 1H 2021. Average rent collection was ~98% in 1H 2021 and rent deferment requests amounted to only ~1% of NLA.

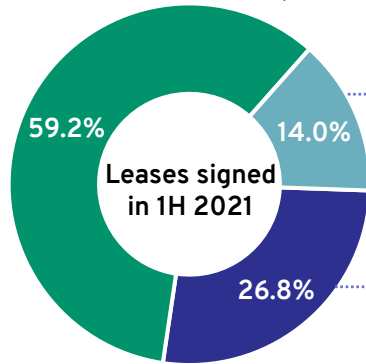
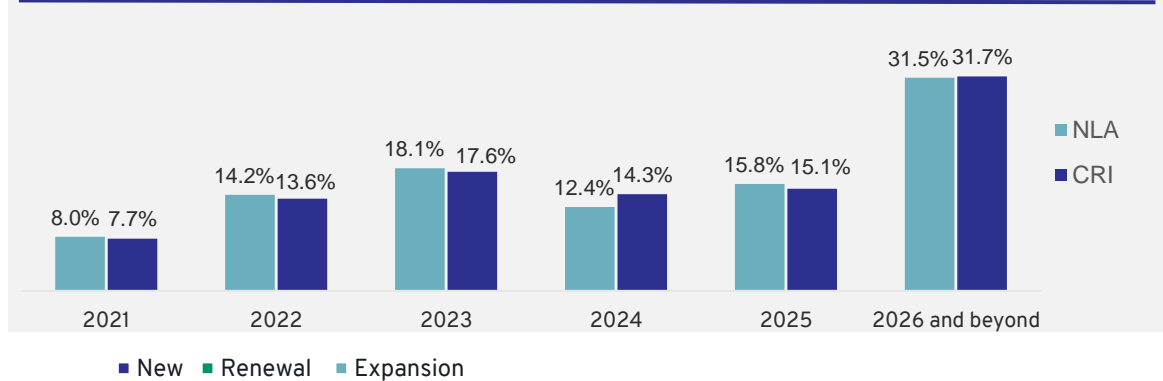
~8%

In-place rents are ~8% below asking rents, which provides an avenue for organic growth.

~2.7%

Built-in average annual rental escalation across the portfolio. WALE of 3.5 years⁽¹⁾ by CRI.

Lease Expiry Profile (as at 30 June 2021)



New leasing demand and expansions from:

Professional Services ⁽²⁾	41.0%
Technology	30.0%
Finance and Insurance	13.0%
Medical and Healthcare	9.7%
Others	6.2%

(1) Based on NLA, portfolio WALE was 3.4 years.

(2) Professional Services comprises tenants who provide management consulting, legal, real estate, engineering, manufacturing and educational services.

Tech Focused Tenant Composition and Industry Exposure

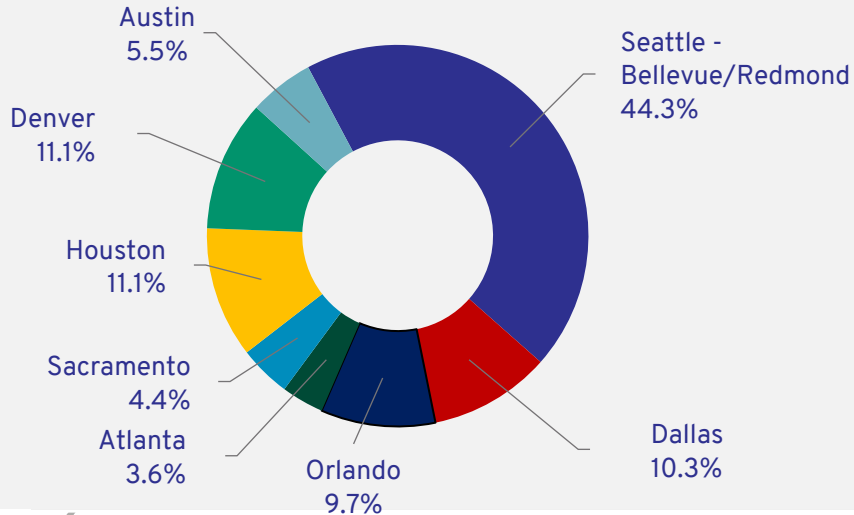


KORE's buildings and business campuses in the tech hubs of Seattle – Bellevue/Redmond, Austin and Denver contribute ~61% of NPI⁽¹⁾

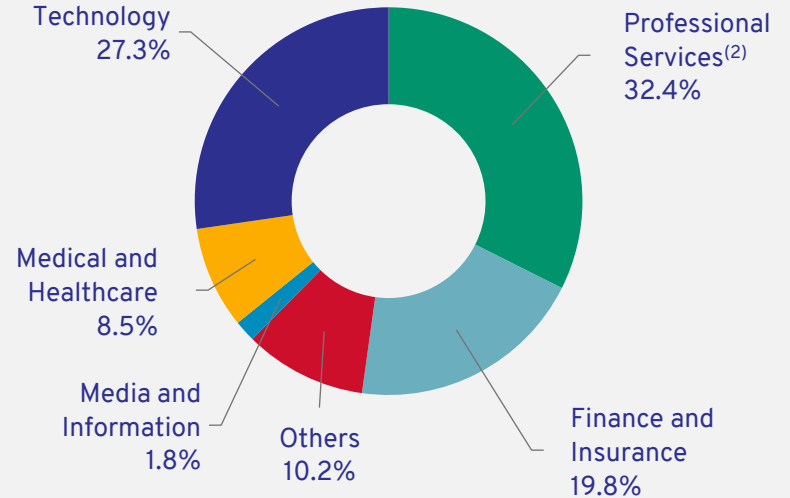


~36% of KORE's portfolio NLA is comprised of high-quality tenants from the growing and defensive sectors of technology, and medical/healthcare

Geographic Diversification by NPI⁽¹⁾ contribution as at 30 June 2021



Industry Diversification by NLA as at 30 June 2021



(1) NPI includes non-cash items such as straight-line rent and lease incentives adjustment, as well as the amortisation of leasing commissions.

(2) Professional Services comprises tenants who provide management consulting, legal, real estate, engineering, manufacturing and educational services.

Low Tenant Concentration Risk



Top 10 tenants contribute only 20.5% of CRI

Majority of top 10 tenants are established tech companies located in the fast-growing tech hubs of Seattle – Bellevue/Redmond and Denver.

As at 30 June 2021

Top 10 Tenants	Sector	Asset	Location	% of CRI
Ball Aerospace	Technology	Westmoor Center	Denver	3.0
Lear	Technology	The Plaza Buildings,	Seattle – Bellevue/Redmond	2.8
Oculus VR	Technology	The Westpark Portfolio	Seattle – Bellevue/Redmond	2.4
Zimmer Biomet Spine	Technology	Westmoor Center	Denver	2.1
Spectrum	Media & Information	Maitland Promenade I & II	Orlando	1.9
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Center	Seattle – Bellevue/Redmond	1.8
Bio-Medical Applications	Medical & Healthcare	One Twenty Five	Dallas	1.7
Auth0	Technology	The Plaza Buildings	Seattle – Bellevue/Redmond	1.7
US Bank	Finance & Insurance	The Plaza Buildings	Seattle – Bellevue/Redmond	1.7
Nintex USA	Technology	The Plaza Buildings	Seattle – Bellevue/Redmond	1.4
Total				20.5
WALE by NLA				4.5 years
WALE by CRI				4.5 years

US Office Market Overview

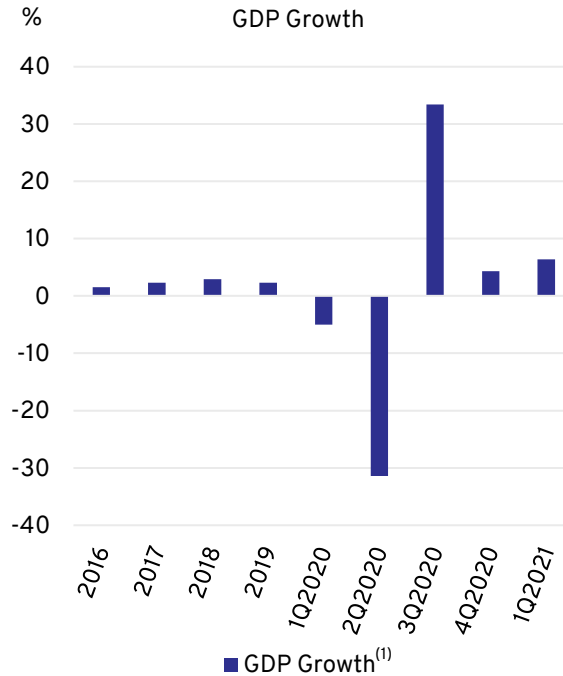
*Tenant lounge,
1800 West Loop South
Houston, Texas*



US Economy: Recovery Apace

Continued resumption of economic activity in 2021

- US Real GDP increased 6.5% q-o-q in 2Q 2021 reflecting the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic⁽¹⁾.
- Unemployment rate was 5.4% in July 2021, down considerably from its high of 14.8% in April 2020⁽²⁾.
- Labour force participation rate was 61.6% in June 2021, with 6.4 million persons seeking jobs⁽²⁾.
- Economy will continue to benefit from the US government's support:
 - US\$1.9 trillion COVID-19 stimulus package announced in March 2021⁽³⁾.



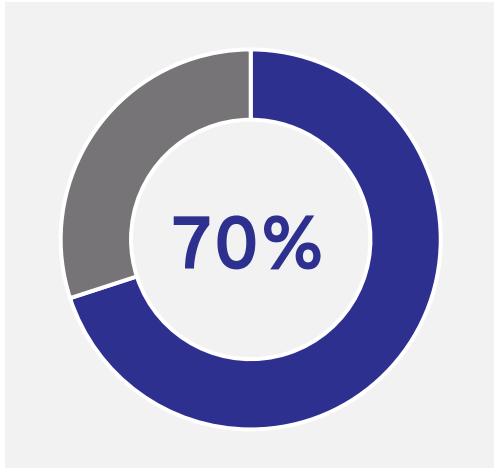
(1) Source: U.S. Bureau of Economic Analysis, July 2021.

(2) Source: U.S. Bureau of Labor Statistics, August 2021.

(3) Source: The White House, American Rescue Plan, March 2021.

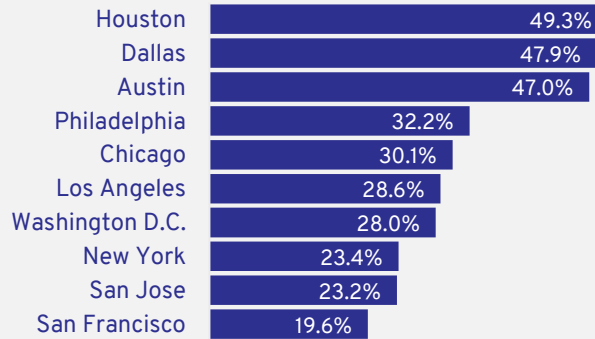
CEOs and Employees want to Return to Offices

Progress in vaccinations and the removal of COVID-19 restrictions are raising confidence and optimism



- 70% of CEOs, human resources and finance leaders said they plan to have employees back in the office by the fall of 2021⁽¹⁾.

Top 10 US Cities: Employee Office Visits (as at 4 August 2021)⁽²⁾



- Texas metro areas are leading in office visits.
- These cities rely mostly on cars, rather than mass transit, to get people to work.

People Vaccinated in the US (% of total Population)⁽³⁾

At Least One Dose

59%

Fully Vaccinated

50%

Total Vaccine Doses Administered: 353,859,894

- COVID-19 deaths in the US remain near their lowest levels since spring 2020, and the number of people vaccinated continues to grow.

(1) LaSalle Network, 2021: Office Re-Entry Index.

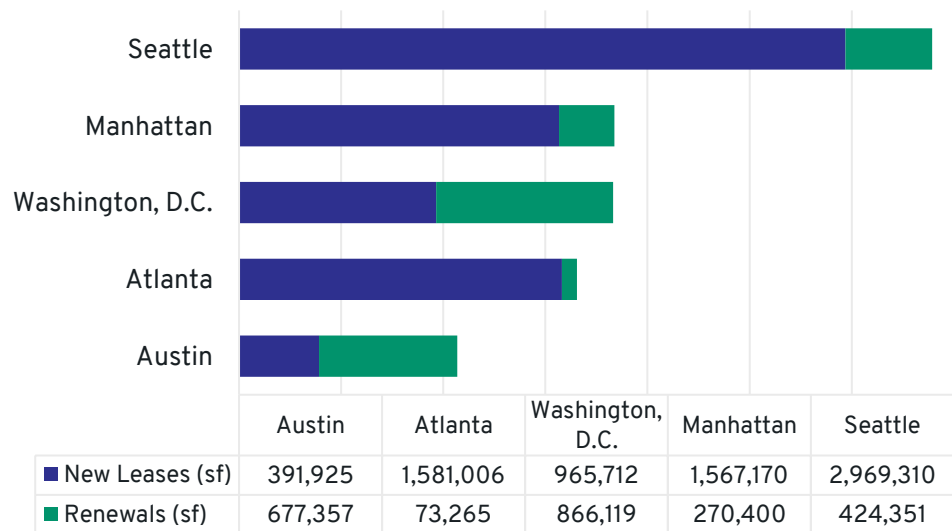
(2) Kastle Systems Back to Office Barometer.

(3) Centers for Disease Control and Prevention (CDC) COVID Data Tracker, as at 13 August 2021.

Tech Continues to Lead in Office Leasing

KORE's focus on the historically fast-expanding tech sector will benefit the REIT

100 Largest U.S. Office Leases by Tech Firms in 2020⁽¹⁾
Markets with Most Square Footage Leased



- The **tech sector** leased ~26m sf of office space in 2020, accounting for 17% of total office leasing – more than any other industry⁽¹⁾.
- Tech giants continued their leasing momentum in 2021
 - The two biggest leases in 1Q 2021 were signed by **Amazon**, committing 700,000 sf in Boston and 605,000 sf in Seattle – Bellevue/Redmond⁽²⁾.
 - **Google** announced in May 2021 plans to spend more than US\$7b on office spaces and data centres⁽³⁾.
 - In July 2021, **Facebook** signed an additional lease for 300,000 sf, bringing its space commitment in Bellevue's Spring District to ~1.6m sf⁽⁴⁾.

(1) CBRE TechInsights, March 2021.

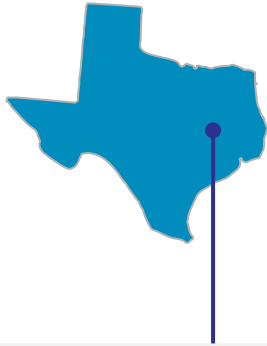
(2) CoStar Office National Report, 1 July 2021.

(3) <https://www.cnn.com/2021/03/18/google-to-spend-7-billion-in-data-centers-and-office-space-in-2021.html>

(4) <https://425business.com/facebook-adding-another-bellevue-building-in-spring-district/>

Corporate Relocations Reshaping Market Trends

Growing popularity of Super-Sun Belt Cities and 18-Hour Cities such as Texas for tax advantages and deep talent pool, is reshaping office market outlook



Despite the pandemic, Texas was the leading destination for companies relocating from other states.

In 2020, 154 companies announced plans to either relocate or expand in Austin. In 1Q 2021, 53 companies have announced relocations to or expansions in Austin⁽¹⁾.

(1) Austin Chamber of Commerce.



• Hewlett Packard Enterprise is moving its HQ from Silicon Valley, California to **Houston, Texas**



• Oracle moved its HQ to **Austin, Texas** from Silicon Valley



• CBRE has moved its HQ from Los Angeles to **Dallas, Texas**



• Elon Musk, the founder of Tesla, has left Silicon Valley for Texas. Tesla is building its new 4m sf Gigafactory in **East Austin**. Musk is also expanding the **Austin** operations for Boring Co. and SpaceX.



• Digital Realty Trust, the world's second-largest data center provider announced its relocation of its global HQ to **Austin, Texas** in January 2021

First choice US office SREIT focused on the fast-growing tech sector across key growth markets in the US.



Strategic presence in some of the fastest growing states in the US.



Exposure to the fast-growing tech sector provides income resilience and growth.



Highly diversified portfolio with low tenant concentration risk.



Resilient operating metrics with built-in average rental escalations for further organic growth.



Robust financial position to continue pursuing opportunities in key growth markets with a tech focus.

Additional Information

*Westech 360
Austin, Texas*



Financial Performance for 1H 2021

	1H 2021 (US\$'000)	1H 2020 (US\$'000)	% Change
Gross Revenue	68,383	70,500	(3.0)
Net Property Income	40,587	41,872	(3.1)
Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions)	40,868	40,231	1.6
Income Available for Distribution⁽¹⁾	29,937	29,109	2.8
DPU (US cents)	3.16	3.10	1.9
Distribution Yield ⁽²⁾	8.1%	8.9%	(80 bps)

Robust Financial Position and Healthy Aggregate Leverage

Healthy aggregate leverage and 100% unsecured loans provide greater financial flexibility

As at 30 June 2021

Total Debt

- US\$505.7m of external loans
- 100% unsecured

Available Facilities

- US\$50.0m of revolving credit facility
- US\$9.0m of uncommitted revolving credit facility

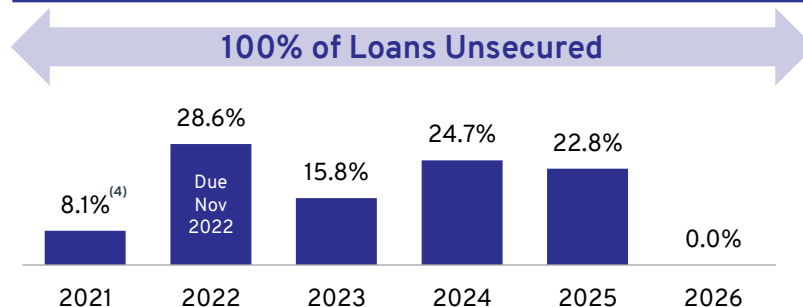
Aggregate Leverage⁽¹⁾ 37.1%

All-in Average Cost of Debt⁽²⁾ 2.82 % p.a.

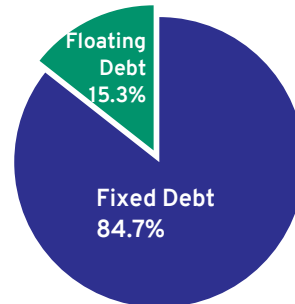
Interest Coverage⁽³⁾ 4.9 times

Average Term to Maturity 2.5 years

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁽⁵⁾

Every +50bps in LIBOR translates to -0.059 US cents in DPU p.a.

(1) Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.

(2) Includes amortisation of upfront debt financing costs.

(3) Interest Coverage Ratio (ICR) disclosed above is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020. After adjusting for management fees taken in Units, the ICR would be 5.3 times.

(4) Refers to the US\$41m uncommitted revolving credit facility drawn.

(5) Based on the 15.3% floating debt, US\$41m revolving credit facility drawn which are unhedged and the total number of Units in issue as at 30 June 2021.

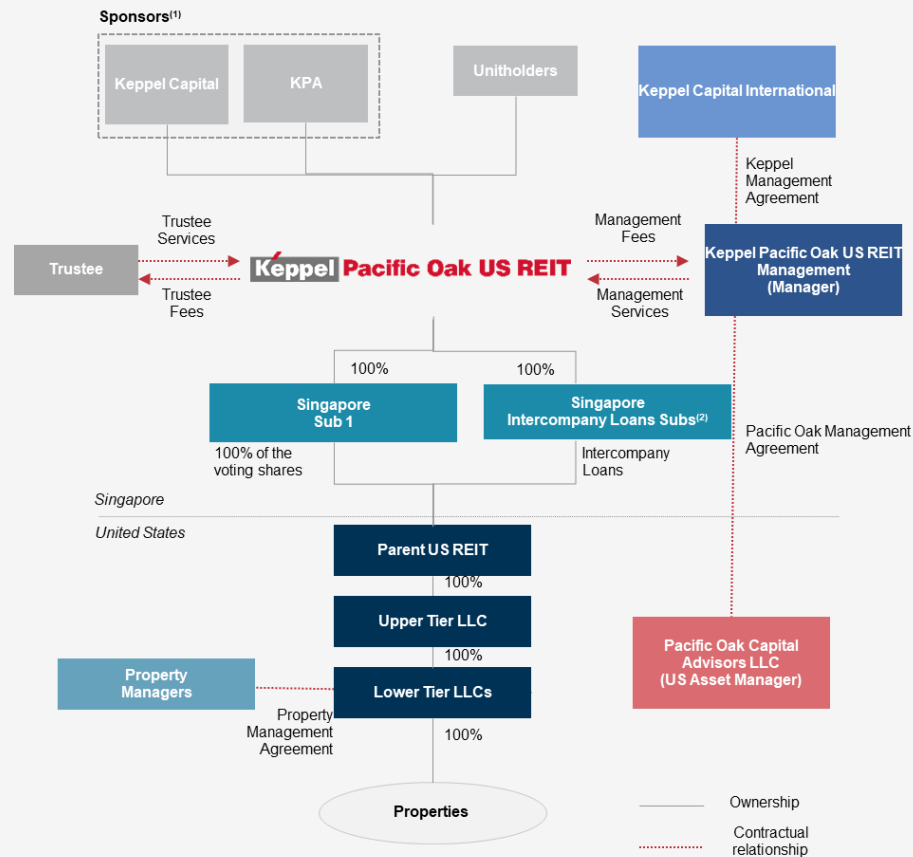
Trust Structure

✓ Tax-efficient structure for holding US properties

- No US corporate tax (21%) and US withholding tax (30%)
- No Singapore corporate tax (17%) and Singapore withholding tax (10%)
- Subject to limited tax

✓ Leverage Sponsors' expertise and resources to optimise returns for Unitholders

✓ Alignment of interests among Sponsors, Manager and Unitholders



- (1) Keppel Capital holds a deemed 7.3% stake in Keppel Pacific Oak US REIT (KORE). Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a deemed interest of 0.5% in KORE, for a total of 7.3%.
- (2) There are three wholly-owned Singapore Intercompany Loan Subsidiaries extending intercompany loans to the Parent US REIT.

Strong Sponsors: Keppel Capital and KORE Pacific Advisors



- **Asset management arm of Keppel Corporation** and a premier manager in Asia
- **US\$28 billion⁽¹⁾**
Global assets under management as at end-2020
- **~40 cities across key global markets**
Diversified portfolio of real estate, infrastructure, data centres and alternative assets
- **17 Funds**
Over 200 professionals managing five listed REITs and business trust and 12 private funds



- Established **commercial real estate investment manager** in the US
- **US\$4.0 billion**
Assets under management as at end-2020
- **Over 20 markets**
High quality commercial, single-family, multi-family, hospitality real estate portfolio across the US
- **6 Funds**
Proven expertise in managing two public REITs and four private funds

Thank You

For more information,
please visit www.koreusreit.com

Connect with us on: 

OUR SUSTAINABILITY COMMITMENT

We place sustainability at the heart of our strategy and are committed to delivering sustainable distributions and strong total returns for Unitholders.



ENVIRONMENTAL STEWARDSHIP

In line with Keppel's Vision 2030, we will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.



RESPONSIBLE BUSINESS

The long-term sustainability of our business is driven at the highest level of the organisation through good corporate governance and prudent risk management.



PEOPLE AND COMMUNITY

People are the cornerstone of our business. We are committed to providing a safe and healthy workplace, investing in training and developing our people to help them reach their full potential, as well as uplifting communities wherever we operate.