

# ADVANCING SUSTAINABILITY CREATING VALUE

Annual Report 2021

# ADVANCING SUSTAINABILITY CREATING VALUE

We are advancing sustainability, making it our business to build a highly diversified portfolio of quality assets across key growth markets propelled by technology and innovation.

To drive sustainable development and generate long-term value for our stakeholders, we are integrating environmental, social and governance factors across our business strategy and operations.

## **VISION**

To be the preferred real estate investment trust offering Unitholders the opportunity to invest in a distinctive portfolio of office properties in the United States.

## **MISSION**

To deliver sustainable distributions and strong total returns to our Unitholders through investments in high quality office buildings with a strategic focus on key growth markets in the United States.

## OVERVIEW

Key Figures for 2021	2
Corporate Profile and Strategic Direction	3
Quality Portfolio in Key Growth Markets	4
Financial Highlights	6
Quarterly Results	7
Chairman's Statement	8
Trust Structure	12
Board of Directors	13
The Manager	15
Milestones	16
Investor Relations	17

## OPERATIONS REVIEW

Independent Market Review	19
Property Portfolio	38
— At a Glance	43
• The Plaza Buildings – Bellevue, Washington	46
• Bellevue Technology Center – Bellevue, Washington	47
• The Westpark Portfolio – Redmond, Washington	48
• Great Hills Plaza, Austin, Texas	49
• Westech 360, Austin, Texas	50
• Westmoor Center, Denver, Colorado	51
• 105 Edgeview, Denver, Colorado	52
• Bridge Crossing, Nashville, Tennessee	53
• 1800 West Loop South, Houston, Texas	54
• Bellaire Park, Houston, Texas	55
• One Twenty Five, Dallas, Texas	56
• Maitland Promenade I & II, Orlando, Florida	57
• Iron Point, Sacramento, California	58
• Powers Ferry, Atlanta, Georgia	59
• Northridge Center I & II, Atlanta, Georgia	60
Financial Review	61

## SUSTAINABILITY REPORT

Sustainability Framework	66
Letter to Stakeholders	67
About this Report	68
Managing Sustainability	69
Environmental Stewardship	74
Responsible Business	78
People and Community	82
GRI Content Index	89
Business for Societal Impact (B4SI) Verification 2021	92

## FINANCIAL STATEMENTS

Report of the Trustee	94
Statement by the Manager	95
Independent Auditor's Report	96
Statements of Financial Position	99
Consolidated Statement of Comprehensive Income	100
Distribution Statement	101
Statements of Changes in Unitholders' Funds	102
Consolidated Statement of Cash Flows	104
Portfolio Statement	105
Notes to the Financial Statements	106

## GOVERNANCE

Corporate Governance	131
Risk Management	154

## OTHER INFORMATION

Additional Information	156
Unit Price Performance	157
Statistics of Unitholdings	159
Corporate Information	161
Notice of Annual General Meeting	162
Proxy Form	

## KEY FIGURES FOR 2021

## STRONG TOTAL UNITHOLDER RETURN

**27.2%**

Keppel Pacific Oak US REIT (KORE) delivered total Unitholder return of 27.2%<sup>1</sup> for the financial year 2021 (FY2021).

## GROWTH IN DISTRIBUTABLE INCOME (DI)

**US\$62.4m**

DI for FY2021 was 6.5% higher year-on-year (y-o-y), while distribution per Unit was up 1.8% y-o-y to 6.34 US cents.

## EXPOSURE TO FAST-GROWING TAMI, MEDICAL AND HEALTHCARE SECTORS

**45.2%**

45.2% of tenants by cash rental income (CRI) are from the fast-growing and defensive sectors of technology, advertising, media and information (TAMI), as well as medical and healthcare.

## STABLE OPERATING PERFORMANCE

**91.9%**

Continued leasing momentum saw strong average positive rental reversion of 6.0% for FY2021, while committed occupancy remained stable at 91.9% as at end-2021. Assets under management grew 11.6%<sup>2</sup> y-o-y from US\$1.30 billion to US\$1.46 billion.

## LOW TENANT CONCENTRATION RISK

**22.6%**

Top 10 tenants make up only 22.6% of portfolio CRI and 19.2% of portfolio net lettable area. Achieved 100% rent collection from top 10 tenants throughout 2021, a testament to KORE's tenant quality.

## HEALTHY AGGREGATE LEVERAGE

**37.2%<sup>3</sup>**

Healthy aggregate leverage and 100% unsecured debt provide comfortable debt headroom and financial flexibility for future growth opportunities. All-in average cost of debt was 2.80% per annum, with interest coverage ratio at 5.1 times.

## UPHOLDING STRONG GOVERNANCE

**2nd in GIFT**

Ranked 2nd in the Governance Index for Trusts (GIFT) and 10th in the Singapore Governance and Transparency Index under the REITs and Business Trusts category.

## IMPROVING TRADING LIQUIDITY

**FTSE EPRA Nareit**

KORE's inclusion in the FTSE Nareit Global Developed Index will enhance the REIT's visibility among institutional investors and index funds globally, as well as improve trading liquidity and support capital raising efforts.

<sup>1</sup> Bloomberg.

<sup>2</sup> Calculated based on the actual investment properties' values in US\$'000.

<sup>3</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.



## CORPORATE PROFILE AND STRATEGIC DIRECTION

Keppel Pacific Oak US REIT (KORE) is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017. KORE leverages its focus on the fast-growing technology, advertising, media and information (TAMI), as well as medical and healthcare sectors across key growth markets in the United States (US), and aims to be the first choice US office S-REIT providing sustainable distributions and strong total returns for Unitholders.

KORE invests in a diversified portfolio of income-producing commercial

assets and real estate-related assets in key growth markets characterised by positive economic and office fundamentals that generally outpace the US national average, and the average of the gateway cities. These markets include the Super Sun Belt and 18-Hour Cities<sup>1</sup>, which have and continue to see an accelerated influx of talent as part of The Great American Move.

As at 31 December 2021, KORE's portfolio comprised a balanced mix of 15 freehold office buildings and business campuses across nine key growth markets driven

by technology and innovation in the US. With a combined asset value of US\$1.46 billion and an aggregate net lettable area of approximately 5.1 million sf, these properties encompass a diversified high-quality tenant base in the growing and defensive sectors of TAMI, as well as medical and healthcare, which make up 45.2% of KORE's portfolio by cash rental income.

KORE is managed by Keppel Pacific Oak US REIT Management Pte. Ltd., which is jointly owned by two Sponsors, Keppel Capital and KPA.

» KEPPEL PACIFIC OAK US REIT SEEKS TO BE THE FIRST CHOICE US OFFICE S-REIT OFFERING UNITHOLDERS THE OPPORTUNITY TO INVEST IN A DISTINCTIVE PORTFOLIO OF OFFICE PROPERTIES IN KEY GROWTH MARKETS ACROSS THE US.

With sustainability at the core of its business and strategy, the Manager aims to deliver sustainable distributions and strong total returns to Unitholders through three strategic thrusts.



#### PORTFOLIO OPTIMISATION

- Focused leasing strategy targeting growth and defensive sectors
- Proactive and effective asset management
- Maximise rental rates and capture positive rental reversions



#### VALUE ACCRETIVE INVESTMENTS

- Pursue growth opportunities to create long-term value
- Target key growth markets, including Super Sun Belt and 18-Hour Cities<sup>1</sup>, with strong macroeconomic growth indicators and positive office fundamentals
- Focus on first-choice submarkets, including those significantly driven by TAMI, medical and healthcare sectors



#### PRUDENT CAPITAL MANAGEMENT

- Effective hedging to mitigate impact of unfavourable interest rate movements
- Seek funding at optimal costs
- Fortify balance sheet and maintain an optimal capital structure

<sup>1</sup> Emerging Trends in Real Estate 2021 – US & Canada by PwC and the Urban Land Institute (ULI). Super Sun Belt Cities include Atlanta, Dallas and Houston; 18-Hour Cities include Austin, Denver, Nashville and Seattle.

## QUALITY PORTFOLIO IN KEY GROWTH MARKETS

»» DISTINCTIVE PORTFOLIO OF 15 QUALITY FREEHOLD OFFICE BUILDINGS AND BUSINESS CAMPUSES ACROSS NINE KEY GROWTH MARKETS IN THE US.

### SEATTLE – BELLEVUE/REDMOND, WASHINGTON

- The Plaza Buildings
- Bellevue Technology Center
- The Westpark Portfolio



### SACRAMENTO, CALIFORNIA

- Iron Point

### DENVER, COLORADO

- Westmoor Center
- 105 Edgeview



### PORTFOLIO CHARACTERISTICS



Key growth markets with positive economic and office fundamentals



Exposure to the fast-growing TAMI, medical and healthcare sectors



Attractive location and on-site amenities that decision-makers and talent desire



High quality lease and financing structures that offer stability



Proximity to prestigious universities and an educated talent pool



Accessibility to alternative transit options

#### Legend

- Magnet Cities<sup>1</sup>
- Super Sun Belt Cities<sup>1</sup>
- 18-Hour Cities<sup>1</sup>
- Top 20 US Markets to Watch 2021<sup>1</sup>
- Top 20 Best Tech Cities for IT Jobs 2020<sup>2</sup>

### AUSTIN, TEXAS

- Great Hills Plaza
- Westech 360



### DALLAS, TEXAS

- One Twenty Five



### HOUSTON, TEXAS

- 1800 West Loop South
- Bellaire Park



### NASHVILLE, TENNESSEE

- Bridge Crossing



### ATLANTA, GEORGIA

- Powers Ferry
- Northridge Center I & II



### ORLANDO, FLORIDA

- Maitland Promenade I & II

<sup>1</sup> Emerging trends in Real Estate 2021 by PwC and the ULI.

<sup>2</sup> CompTIA – Tech Town Index 2020 – Top 20 Best Tech Cities for IT Jobs.

# FINANCIAL HIGHLIGHTS

## RESULTS HIGHLIGHTS AND RATIOS

for the financial year ended 31 December

	2021 US\$'000	2020 US\$'000	Change %
Gross revenue	141,257	139,590	1.2
Net property income	82,682	82,983	(0.4)
Income available for distribution to Unitholders <sup>1</sup>	62,417	58,628	6.5
Available distribution per Unit (DPU) (US cents)	6.34	6.23	1.8
Available for distribution yield (%) <sup>2</sup>	7.90	9.00	(110 bps)
Weighted average all-in interest rate (% per annum) <sup>3</sup>	2.80	3.22	(42 bps)
Interest coverage ratio (ICR) (times) <sup>4</sup>	5.10	4.70	8.5

## BALANCE SHEET HIGHLIGHTS AND RATIOS

as at 31 December

	2021 US\$'000	2020 US\$'000	Change %
Investment properties	1,455,830	1,304,900	11.6
Total assets <sup>5</sup>	1,513,568	1,366,752	10.7
Gross borrowings <sup>5, 6</sup>	563,420	505,720	11.4
Total liabilities	659,674	594,682	10.9
Unitholders' funds	853,894	772,070	10.6
Units in issue and to be issued as at balance sheet date ('000)	1,042,144	945,265	10.2
Net asset value (NAV) per Unit (US\$)	0.82	0.82	–
Adjusted NAV per Unit, excluding distribution (US\$) <sup>7</sup>	0.79	0.79	–
Unit price as at balance sheet date (US\$)	0.80	0.69	15.9
Discount to NAV (%) <sup>8</sup>	(2.4)	(15.9)	13.5 pp
Aggregate leverage (%) <sup>5</sup>	37.2	37.0	20 bps

<sup>1</sup> The distributable income is based on 100% of the taxable income available for distribution to Unitholders.

<sup>2</sup> Available for distribution yield for FY2021 and FY2020 are based on market closing prices of US\$0.800 and US\$0.690 per Unit as at last trading day of the respective periods.

<sup>3</sup> Weighted average all-in-interest rate includes amortisation of upfront debt financing costs.

<sup>4</sup> Interest coverage ratio is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020, which is issued by the Monetary Authority of Singapore.

<sup>5</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by Monetary Authority of Singapore.

<sup>6</sup> Gross borrowings relates to bank borrowings drawn down from loan facilities.

<sup>7</sup> Adjusted NAV per Unit as at 31 December 2021 excludes distributable income of 2.54 US cents per Unit for the financial period from 6 August 2021 to 31 December 2021.

<sup>8</sup> Based on NAV as at 31 December 2021 and 31 December 2020.

# QUARTERLY RESULTS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Full Year
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000
<b>Gross Revenue</b>									
2021	34,585	24	33,798	24	36,015	26	36,859	26	141,257
2020	35,326	25	35,174	25	34,469	25	34,621	25	139,590
<b>Net Property Income</b>									
2021	20,362	25	20,225	24	21,706	26	20,389	25	82,682
2020	20,951	25	20,921	25	20,548	25	20,563	25	82,983
<b>Distributable Income</b>									
2021	14,937	24	15,000	24	15,914	25	16,566	27	62,417
2020	14,412	25	14,697	25	14,680	25	14,839	25	58,628



# ADVANCING SUSTAINABILITY CREATING VALUE

KORE's strategic exposure to technology (tech) hubs and tech-tenancy will provide income stability, thereby benefitting the REIT and our Unitholders.

## DEAR UNITHOLDERS,

On behalf of the Board and management of Keppel Pacific Oak US REIT Management Pte. Ltd., I am pleased to present the annual report for Keppel Pacific Oak US REIT (KORE) for the financial year ended 31 December 2021 (FY2021).

## DELIVERING AMIDST CHALLENGES

2021 was a transitional year on many fronts. Just as global economies saw gradual recoveries from the pandemic, the emergence and spread of new variants created further uncertainties. Globally, businesses and individuals continued to navigate through these challenges, with governments adopting a cautious and phased approach to reopening their economies.

In the United States (US), the International Monetary Fund estimates economic growth for 2021 at 5.6%, and 4.0% in 2022<sup>1</sup> amidst ongoing concerns over rising energy prices and supply chain disruptions.

Notwithstanding the difficult operating environment, we continued to deliver long-term value for our Unitholders, achieving total Unitholder return of 27.2%<sup>2</sup> for KORE in 2021. This was underpinned by the resilient performance across KORE's portfolio, reinforcing our strategy of focusing on key growth markets across the US, which have and continue to see accelerated relocations to the Super Sun Belt and 18-Hour Cities<sup>3</sup>, as part of The Great American Move.

At the same time, we continue to build on our unique value propositions of having a highly diversified portfolio with low tenant concentration risk; and significant exposure to the fast-growing and defensive sectors of tech, media, advertising and information (TAMI), as well as medical and healthcare. These factors, along with our focus on key growth markets will continue to be the cornerstone in our long-term strategy to grow KORE.

In keeping with our strategy, we expanded and solidified KORE's presence in the



PETER MCMILLAN Chairman

»» In working towards a low-carbon future, we remain committed to integrating environmental, social and governance considerations into KORE's business and strategy while we deliver long-term value for our stakeholders.

fast-growing 18-Hour Cities of Nashville and Denver with the acquisitions of Bridge Crossing and 105 Edgeview respectively in August 2021. The strategic additions of these two assets will further strengthen KORE's portfolio, especially with their strong tech tenancy, and more importantly, provide the REIT with strong visible growth opportunities over the long term.

In September 2021, KORE was included in the FTSE EPRA Nareit Global Developed Index, a significant milestone that will enhance our visibility among global investors, as well as improve trading liquidity and support capital raising efforts. This inclusion also complements our ongoing efforts to broaden and diversify our investor base as we work towards being the preferred choice for US office S-REIT investors seeking exposure to the fast-growing tech sector.

Our continued pursuit of operational excellence saw us end 2021 on a strong

note, with distributable income of US\$62.4 million and distribution per Unit of 6.34 US cents, a 6.5% and 1.8% increase respectively from FY2020. The stronger year-on-year performance was driven by contributions from the two new acquisitions, positive rental reversions and built-in rental escalations across our portfolio.

## BUILDING RESILIENCY

Over the past few years, much of the growth in the US economy can be attributed to the tech sector. Despite subdued leasing activities across the US as a result of the pandemic, tech giants continued their positive leasing momentum, contributing to some of the largest leases signed<sup>4</sup>, and forecasts expect tech-driven cities to continue to benefit and outperform in terms of GDP growth in 2022.

Concurrently, the healthcare industry is rapidly evolving, supported by an ageing population and a greater prevalence of chronic diseases, as well as heightened focus on health and wellness.

All of these factors are expected to continue contributing to the growth of the medical and healthcare sector.

Collectively, the fast-growing TAMI, as well as medical and healthcare sectors make up approximately 45.2% of KORE's portfolio by cash rental income (CRI) as at end-2021. At the same time, nine of KORE's top 10 tenants, who contribute 22.6% of KORE's total CRI are from the TAMI, medical and healthcare sectors.

<sup>1</sup> World Economic Outlook International Monetary Fund, January 2022.

<sup>2</sup> Bloomberg.

<sup>3</sup> Emerging Trends in Real Estate 2021 – US & Canada by PwC and the Urban Land Institute (ULI). Super Sun Belt Cities include Atlanta, Dallas and Houston; 18-Hour Cities include Austin, Denver, Nashville and Seattle.

<sup>4</sup> <https://www.globest.com/2021/11/02/tech-companies-claim-big-share-of-office-leasing-in-q3/>



## CHAIRMAN'S STATEMENT

Throughout the year, we signed leases amounting to 730,619 sf and ended the year with a committed portfolio occupancy of 91.9% and portfolio weighted average lease expiry of 3.6 years<sup>1</sup>.

On the capital management front, we maintained our robust financial position, supported by a stable and healthy balance sheet, as well as strong liquidity with available cash and undrawn facilities of approximately US\$112.3 million as at end-2021.

In August 2021, we completed a private placement to raise gross proceeds of approximately US\$65.0 million to partially fund the acquisitions of the two office buildings in Nashville and Denver. The placement was oversubscribed with strong demand from new and existing Unitholders comprising institutional investors and accredited investors.

As at 31 December 2021, the all-in average cost of debt of 2.80%<sup>2</sup> per annum and weighted average term to maturity of KORE's debt was 2.8 years. Aggregate leverage and interest coverage ratio were 37.2%<sup>3</sup> and 5.1 times<sup>4</sup> respectively.

## CREATING VALUE

As the world transitions towards endemic living, businesses and tenants are expected to return to the workplace. In fact, the correlation between increasing COVID-19 cases and falling demand for office space has started to diminish. In 3Q 2021, close to 100 million sf of office space was leased<sup>5</sup>, an indicator of stabilisation in the US office market.

There will be increased focus on buildings that are well-designed, with health and safety being a top priority as more employees are phased back into the office. Across KORE's portfolio, there were several asset enhancement initiatives completed in 2021. These included the building of speculative office suites that offer move-in ready customised spaces for prospective tenants, as well as the installation of needlepoint bipolar ionisation systems within heating, ventilation and air conditioning units to reduce transmission risks as they deactivate pollutants. We believe these features will further attract and create value for existing and future tenants.

## ADVANCING SUSTAINABILITY

We remain committed to integrating environmental, social and governance (ESG) considerations into KORE's business and strategy as the world progresses towards a low-carbon future. The Board determines, reviews and monitors KORE's material ESG factors and progress periodically, with inputs from the Sustainability Committee and its engagement with key stakeholders.

During the year, the Board, together with the management and the Sustainability Committee, embarked on a thorough evaluation of KORE's ESG material factors. Guided by the three strategic pillars of Environmental Stewardship, Responsible Business, and nurturing People and Communities, the Board has reviewed and approved the material ESG targets for KORE, and considers them as part of the REIT's strategy formulation.

We have also set ourselves a goal to achieve a 30% reduction for Scopes 1 and 2 emissions by 2030 from a 2019 base year, as well as to embark on energy-saving initiatives through utilising LED light bulbs and reducing the use of energy intensive equipment across the portfolio. We also seek to continue to improve water conservation efforts and increase the waste recycling rates across KORE's portfolio.

On the sustainability reporting front, we have embarked on a journey to align with the Taskforce on Climate-related Disclosures (TCFD) and are working towards implementing its recommendations in our reporting framework. In addition, to enhance our ESG disclosures, we are expanding our reporting of Scope 3 carbon emissions, and have also continued to align with the United Nations (UN) Global Compact, as well as relevant Sustainable Development Goals as a supporting framework in our sustainability strategy.

Testament to our commitment towards upholding strong corporate governance practices, KORE ranked 2nd in the Governance Index for Trusts 2021 and 10th in the Singapore Governance and Transparency Index under the REITs and Business Trust Category 2021. Beyond awards, these accreditations demonstrate our focus on strong ESG practices, which will add value to KORE and support us in our drive to deliver operational excellence in the years ahead.



KORE's stronger year-on-year performance was driven by several factors, including contributions from the acquisition of 105 Edgeview in Denver, Colorado, which was completed in August 2021.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my appreciation to our Unitholders, business partners and valued tenants for their unwavering support and confidence. I am grateful also to my fellow Board members for their counsel, as well as the management team, staff and Trustee for their dedication and tireless contributions.

The Board and management would like to take this opportunity to thank Mr Paul Tham for his valuable contributions as a Board member since KORE's listing in 2017. Paul has stepped down from the Board on 20 October 2021.

In 2021, Mr Soong Hee Sang assumed the role as Lead Independent Director in February. We also welcomed two new Board members, non-executive and independent director, Ms Sharon Wortmann, and non-executive and non-independent director, Ms Bridget Lee, in April and October 2021 respectively.

Sharon has more than 30 years of experience in the real estate sector, with a strong track record of managing, developing and implementing strategies across large and small platforms with multiple investment objectives. Bridget brings with her extensive experience in investment, corporate finance, as well as mergers and acquisitions in investment companies and financial institutions in Asia and the US.

The additions of Sharon and Bridget will add to our bench strength and further bolster our efforts in delivering long-term value to Unitholders. We believe that having a gender-diverse Board is important to good governance and vital to KORE's long-term success.

We will continue to focus on delivering safe and quality workspaces for our tenants, keeping an eye on potential

economic uncertainties arising from geopolitical pressures and rising inflation. For KORE, our goal is to continue to push ahead and scale up our assets under management, with a focus on key growth markets, and in the Super Sun Belt and 18-Hour Cities. In doing so, we seek to support our distributions, and in turn, deliversustainable returns to our stakeholders in the long run.

Yours sincerely,

**PETER MCMILLAN III**  
Chairman  
2 March 2022



The acquisition of Bridge Crossing during the year allowed KORE to expand its presence to the 18-Hour city of Nashville, Tennessee, which is one of the fastest growing markets in the US.

<sup>1</sup> By CRI. Based on NLA, portfolio WALE was 3.7 years.

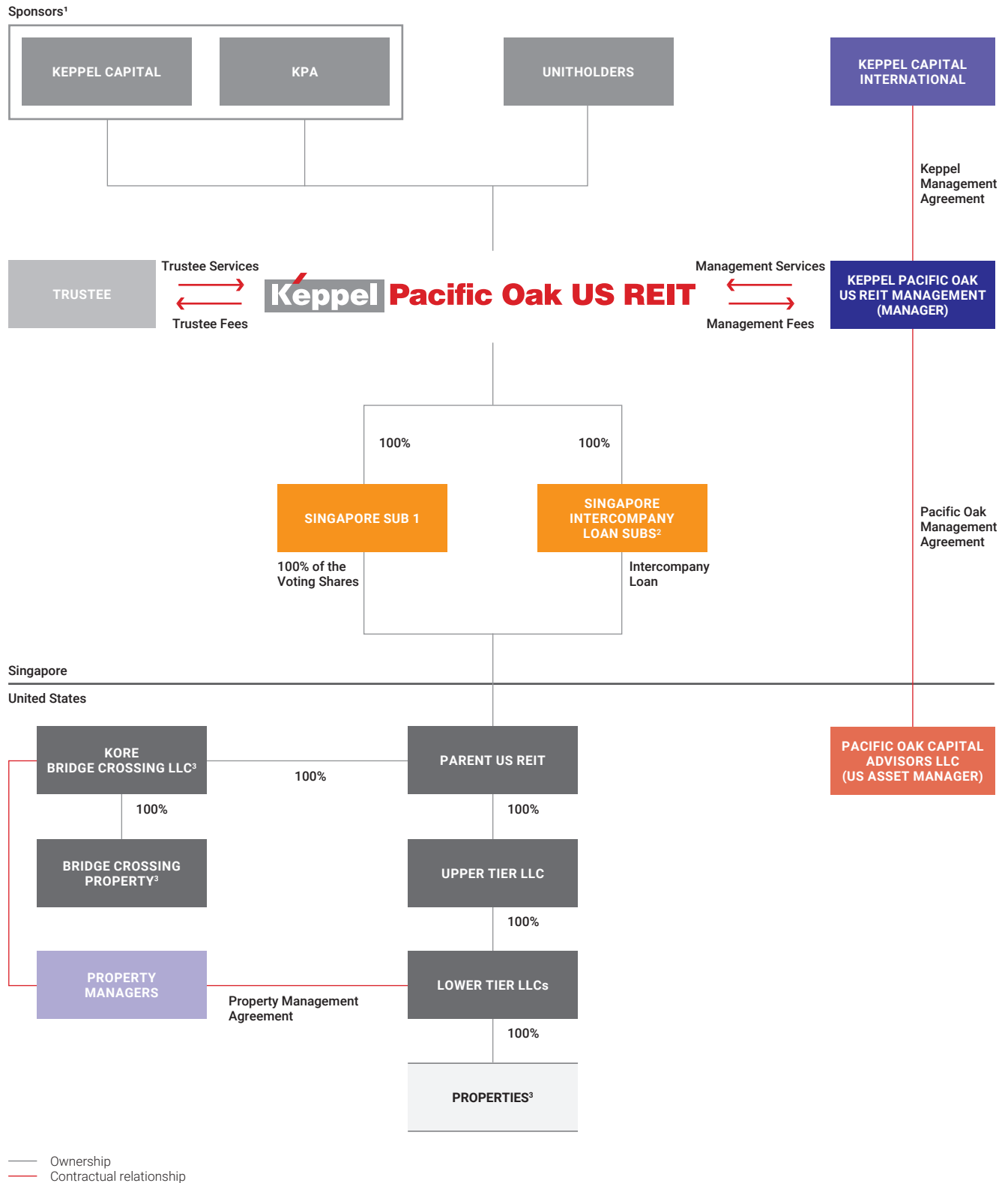
<sup>2</sup> Includes amortisation of upfront debt financing costs.

<sup>3</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by Monetary Authority of Singapore.

<sup>4</sup> Interest coverage ratio (ICR) 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 5.5 times.

<sup>5</sup> CoStar Office National Report, December 2021.

## TRUST STRUCTURE



<sup>1</sup> Keppel Capital holds a deemed 7.1% stake in Keppel Pacific Oak US REIT (KORE). Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a 6.2% stake in KORE. KPA holds a deemed interest of 0.9% in KORE, for a total of 7.1%.

<sup>2</sup> There are three wholly-owned Singapore Intercompany Loan Subsidiaries extending intercompany loans to the Parent US REIT.

<sup>3</sup> Bridge Crossing Property is held under KORE Bridge Crossing LLC, which in turn is held directly under Parent US REIT. The other properties in the portfolio are held under the various Lower Tier LLCs respectively.

Information as at 4 March 2022. Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.

## BOARD OF DIRECTORS



**PETER MCMILLAN III**  
Chairman and  
Non-Executive Director

**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2021):**  
4 years 2 months

**Board Committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Bachelor of Arts (Honours) in Economics,  
Clark University;  
Master of Business Administration,  
Wharton Graduate School of Business,  
University of Pennsylvania

**Present Directorships (as at 1 January 2022):**  
*Listed companies*  
TCW Strategic Income Fund, Inc.

**Other principal directorships**  
Pacific Oak Strategic Opportunity REIT, Inc;  
TCW Mutual Funds;  
Metwest Mutual Funds

**Major Appointments (other than directorships):**  
Co-founder, Pacific Oak Capital Advisors LLC;  
Co-founder and Managing Partner,  
Willowbrook Capital Group, LLC;  
Co-founder, Temescal Canyon Partners

**Past Directorships held over the preceding  
5 years (from 1 January 2017 to  
31 December 2021):**  
KBS Real Estate Investment Trust, Inc;  
KBS Real Estate Investment Trust II, Inc;  
KBS Real Estate Investment Trust III, Inc;  
KBS Growth and Income REIT;  
TCW Alternatives Funds;  
Pacific Oak Strategic Opportunity REIT II, Inc

**Others:**  
Nil



**SOONG HEE SANG**  
Lead Independent Director



**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2021):**  
4 years 2 months

**Board Committee(s) served on:**  
Chairman of Audit and Risk Committee;  
Member of Nominating and  
Remuneration Committee

**Academic & Professional Qualification(s):**  
Bachelor of Science (Honours) in  
Estate Management,  
National University of Singapore;  
Master of Business Administration,  
National University of Singapore

**Present Directorships (as at 1 January 2022):**  
*Listed companies*  
Nil

**Other principal directorships**  
Mercatus Co-operative Limited;  
Mercatus Strategic Investment Management LLP

**Major Appointments (other than directorships):**  
Nil

**Past Directorships held over the preceding  
5 years (from 1 January 2017 to  
31 December 2021):**  
Various companies related to investments by  
GIC Real Estate

**Others:**  
Former Managing Director (London),  
GIC Real Estate Pte. Ltd.



**JOHN J. AHN**  
Independent Director



**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2021):**  
4 years 2 months

**Board Committee(s) served on:**  
Member of Audit and Risk Committee;  
Member of Nominating and  
Remuneration Committee

**Academic & Professional Qualification(s):**  
Bachelor of Arts in Economics,  
Williams College

**Present Directorships (as at 1 January 2022):**  
*Listed companies*  
Hanmi Financial Corporation

**Other principal directorships**  
Hanmi Bank

**Major Appointments (other than directorships):**  
Chief Executive Officer,  
Whitehawk Capital Partners, L.P.

**Past Directorships held over the preceding  
5 years (from 1 January 2017 to  
31 December 2021):**  
Nil

**Others:**  
Nil

## Board Committees

**A** Audit and Risk Committee      **N** Nominating and Remuneration Committee



## BOARD OF DIRECTORS



**KENNETH TAN JHU HWA**  
Independent Director



**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2021):**  
4 years 2 months

**Board Committee(s) served on:**  
Chairman of Nominating and  
Remuneration Committee;  
Member of Audit and Risk Committee

**Academic & Professional Qualification(s):**  
Bachelor of Arts in Economics  
(First Class Honours), Cambridge University

**Present Directorships (as at 1 January 2022):**  
*Listed companies*  
Nil

**Other principal directorships**  
Southern Capital Group Private Limited

**Major Appointments (other than directorships):**  
Co-Managing Partner and Managing Director,  
Southern Capital Group Private Limited

**Past Directorships held over the preceding  
5 years (from 1 January 2017 to  
31 December 2021):**  
Nil

**Others:**  
Nil



**SHARON RILEY WORTMANN**  
Independent Director

**Date of first appointment as a director:**  
20 April 2021

**Length of service as a director  
(as at 31 December 2021):**  
8 months

**Board Committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Bachelor of Business Administration  
(Major in Real Estate Finance & Urban  
Development, Minor in International Business),  
Georgia State University

**Present Directorships (as at 1 January 2022):**  
*Listed companies*  
Nil

**Other principal directorships**  
NAIOP Inland Empire Chapter; AIR CRE

**Major Appointments (other than directorships):**  
Senior Vice President, Tenant and Landlord  
Representation Broker of Jones Lang LaSalle  
Brokerage, Inc.; Chairman, Community Service,  
ICON Conference Committee and  
CONVERGE Conference Committee of  
NAIOP Inland Empire Chapter

**Past Directorships held over the preceding  
5 years (from 1 January 2017 to  
31 December 2021):**  
Nil

**Others:**  
Nil



**BRIDGET LEE SIOW PEI**  
Non-Executive Director

**Date of first appointment as a director:**  
20 October 2021

**Length of service as a director  
(as at 31 December 2021):**  
2 months

**Board Committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Master of Management, J.L. Kellogg Graduate  
School of Management, Northwestern  
University; Bachelor of Accountancy,  
Nanyang Technological University

**Present Directorships (as at 1 January 2022):**  
*Listed companies*  
Nil

**Other principal directorships**  
Keppel Capital Alternative Asset Pte. Ltd.

**Major Appointments (other than directorships):**  
Chief Operating Officer, Keppel Capital  
International Pte. Ltd./Keppel Capital Holdings  
Pte. Ltd.; Chief Executive Officer, Keppel Capital  
Alternative Asset Pte. Ltd.

**Past Directorships held over the preceding  
5 years (from 1 January 2017 to  
31 December 2021):**  
First FLNG Holdings Pte. Ltd.; Bridge-M Capital  
Pte. Ltd. (f.k.a. Keppel Capital Four Pte. Ltd.);  
Pierfront Capital Fund Management Pte. Ltd.;  
KPCF Investments Pte. Ltd. and  
KP Management (GP) Pte. Ltd.

**Others:**  
Nil

## THE MANAGER



**DAVID SNYDER**  
Chief Executive Officer and  
Chief Investment Officer

Mr Snyder was part of the management team that led the successful listing of Keppel Pacific Oak US REIT (KORE) and has been the Chief Executive Officer and Chief Investment Officer since its listing on 9 November 2017.

Prior to his current appointment, Mr Snyder was a consultant to KBS Capital Advisors where he managed the AFRT portfolio.

From 2008 to 2015, Mr Snyder was the Chief Financial Officer (CFO) of KBS Capital Advisors and five of its non-traded REITs. In addition to his CFO responsibilities, he led the negotiation for the transfer of the AFRT portfolio comprised of over 800 properties valued at over US\$1.7 billion. He subsequently managed that portfolio for KBS Real Estate Investment Trust.

From 1998 to 2008, Mr Snyder was the Financial Controller for Nationwide Health Properties, a publicly traded healthcare REIT. Prior to that, he was the Director of Financial Reporting for Regency Health Services.

He started his career as an auditor at Arthur Andersen LLP after graduating from Biola University with a Bachelor of Science in Business Administration.

**Present Directorships (as at 1 January 2022):**  
Keppel Pacific Oak US REIT Management, Inc;  
Various subsidiaries of Keppel Pacific Oak US REIT

**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**  
Nil



**ANDY GWEE**  
Chief Financial Officer

Mr Gwee has more than 20 years of experience in the accounting, finance and auditing industry. He was part of the management team that led the successful listing of KORE and has been the CFO since its listing on 9 November 2017.

Prior to joining the Manager, Mr Gwee was the Head of Finance of Keppel DC REIT Management Pte. Ltd., the manager of Keppel DC REIT.

From 2012 to 2015, Mr Gwee was the Senior Finance Manager at Keppel Corporation Limited, where he assisted the CFO and Group Controller in the Keppel Group's financial and reporting functions.

From 2000 to 2012, Mr Gwee was at PricewaterhouseCoopers LLP (PwC) Singapore in an audit function where he was the engagement manager for leading clients and local listed groups.

Mr Gwee graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from the Nanyang Technological University of Singapore. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

**Present Directorships (as at 1 January 2022):**  
Keppel Pacific Oak US REIT Management, Inc;  
Various subsidiaries of Keppel Pacific Oak US REIT

**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**  
Various subsidiaries of Keppel DC REIT



**SEE AI LIN**  
Manager, Finance

Ms See has more than 10 years of experience in the accounting, finance, and auditing industry.

Prior to her appointment to the Manager in 2018, Ms See was an Assistant Manager at Keppel REIT Management Pte. Ltd., the manager of Keppel REIT, where she was responsible for the financial and management reporting functions.

From 2011 to 2016, she was an Assistant Audit Manager with PwC where she was involved in the audit of local listed groups and multinational companies including real estate and construction.

Ms See graduated with a Bachelor of Commerce from The University of Queensland. She holds a professional qualification from CPA Australia.

**Present Directorships (as at 1 January 2022):**  
Nil

**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**  
Nil

## MILESTONES



⬆ In August 2021, KORE expanded and solidified its presence in the fast-growing 18-Hour Cities of Nashville (pictured) and Denver with the acquisitions of Bridge Crossing and 105 Edgeview respectively.

## Q1 2021

Achieved distributable income (DI) of US\$14.9 million for 1Q 2021, 3.6% above DI for 1Q 2020.

Mr Soong Hee Sang was appointed as Lead Independent Director with effect from 1 February 2021.

## Q2 2021

Achieved DI of US\$15.0 million for 2Q 2021, bringing DI for 1H 2021 to US\$29.9 million, which was 2.8% above DI for 1H 2020. Distribution per Unit (DPU) was 3.16 US cents for 1H 2021, 1.9% above 1H 2020's DPU.

Ms Sharon Riley Wortmann was appointed as independent non-executive Director with effect from 20 April 2021.

Convened a virtual Annual General Meeting on 20 April 2021 and obtained Unitholders' approval for all resolutions.

## Q3 2021

Achieved DI of US\$15.9 million for 3Q 2021, bringing DI for 9M 2021 to US\$45.8 million, 4.7% above DI for 9M 2020.

Announced the strategic acquisitions of 105 Edgeview in Denver, Colorado, and Bridge Crossing in Nashville, Tennessee, on 28 July 2021. Both acquisitions were completed on 20 August 2021.

Completed a US\$65.0 million private placement on 6 August 2021, which was over two times subscribed with strong demand from new and existing institutional and accredited investors.

Included as a constituent of the FTSE EPRA Nareit Global Developed Index with effect from 20 September 2021, which will enhance KORE's visibility among institutional investors and index funds globally, as well as improve trading liquidity and support capital raising efforts.

## Q4 2021

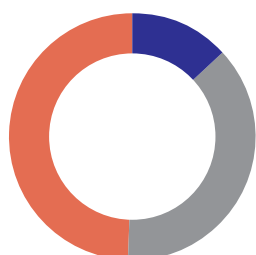
Appointed Ms Bridget Lee as non-executive and non-independent Director with effect from 20 October 2021. Mr Paul Tham stepped down from the Board after having served for more than four years.

Achieved DI of US\$16.6 million for 4Q 2021, bringing DI for 2H 2021 to US\$32.5 million and DI for FY2021 to US\$62.4 million, 10.0% and 6.5% above that of 2H 2020 and FY2020 respectively. DPU was 6.34 US cents for FY2021, 1.8% above FY2020's DPU.

## INVESTOR RELATIONS

## » PROACTIVE AND EFFECTIVE ENGAGEMENT WITH THE INVESTMENT COMMUNITY IS A TOP PRIORITY FOR THE MANAGER AMID AN EVER-CHANGING AND CHALLENGING OPERATING ENVIRONMENT.

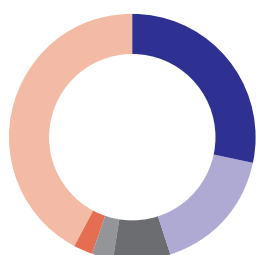
**UNITHOLDING BY INVESTOR TYPE (%)**  
as at 7 February 2022



● Sponsors and related parties	13.3
● Institutional	37.3
● Retail	49.4
<b>Total</b>	<b>100.0</b>

Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.

**UNITHOLDING BY GEOGRAPHY<sup>1</sup> (%)**  
as at 7 February 2022



● Singapore	28.5
● North America	16.6
● Asia (excluding Singapore)	7.6
● Europe (excluding UK)	2.8
● UK	2.3
● Others <sup>2</sup>	42.2
<b>Total</b>	<b>100.0</b>

<sup>1</sup> Excluding sponsors and related parties.

<sup>2</sup> Others comprise the rest of the world, as well as unidentified holdings and holdings below the analysis threshold.

### REGULAR ENGAGEMENTS WITH STAKEHOLDERS

Amid the ongoing pandemic and global travel restrictions, the Manager continued to engage investors and stakeholders through technology to ensure that they were regularly updated on KORE's business outlook and operations. Roadshows and conferences were conducted on digital platforms, while webinars and video teleconferences enabled KORE to continue its proactive engagements with the investment community.

In 2021, the Manager engaged close to 710 investors and analysts in Singapore, China, Japan, Korea, Malaysia and Thailand.

Virtual luncheons and interviews were also conducted with media and investment writers, to deepen their appreciation and understanding of KORE's unique investment value propositions. This was on top of prompt and timely responses to media queries.

As part of its investor education outreach initiatives, the Manager participated in several engagement platforms targeted at retail Unitholders. These included the annual REITs Symposium, jointly organised by the REIT Association of Singapore (REITAS) and ShareInvestor, which was held virtually for the second time due to restrictions relating to in-person meetings.

The Keppel Group also supports the Securities Investors Association (Singapore) in its initiatives to empower the investment community through ongoing investor education.

In compliance with advisories from the Singapore government, KORE's

third Annual General Meeting (AGM) was held virtually on 20 April 2021. During the meeting, the management reported on KORE's FY2020 performance and addressed relevant and substantial questions from Unitholders that were submitted ahead of the AGM. All AGM resolutions were polled ahead of the event. An independent scrutineer was appointed to count and validate the AGM's votes. Results of the AGM were announced during the meeting and minutes of the meeting, the presentation slides, as well as responses to relevant and substantial questions from Unitholders were subsequently published on SGXNet and KORE's website.

### PROACTIVE COMMUNICATION AND TIMELY DISCLOSURE

Guided by a clearly defined set of principles and best practices as set out in KORE's investor relations policy, multiple platforms and communication channels are used to effect timely disclosures of corporate actions and business developments.

Starting from 2021, the Manager announced its half- and full-year financial results via a live audio webcast, comprising a presentation by management followed by a question and answer session. Analyst teleconferences were also organised following the release of KORE's quarterly key business and operational updates. Post-results engagements with investors and analysts addressed queries on the REIT's performance and operations.

All communication materials, including news releases, announcements, half- and full-year financial statements, key business and operational updates, as well as presentations, are published on SGXNet and KORE's website. Interested parties may also opt-in for email alerts via KORE's website.

The Manager distributes investor packs that contain instructions and relevant tax forms to help new investors understand their tax obligations as a Unitholder of KORE. Tax-related Information is also published on KORE's website, along with a hotline and email address for queries.



## INVESTOR RELATIONS



As part of COVID-19 precautionary measures, KORE's AGM was convened virtually on 20 April 2021.

### RAISING VISIBILITY AMONG GLOBAL INVESTORS

In 2021, testament to its commitment to uphold strong governance and transparency, KORE ranked 2nd out of 45 REITs and business trusts in the Governance Index for Trusts 2021, and 10th in the Singapore Governance and

Transparency Index 2021 under the REITs and Business Trust category.

In addition, KORE was included in the FTSE EPRA Nareit Global Developed Index with effect from 20 September 2021, a significant milestone that reflects KORE's growth and will further enhance trading liquidity and visibility among global investors. The REIT is

### Unitholder Enquiries

For more information, please contact the investor relations team at:

**Telephone:**  
(65) 6803 1687

**Email:**  
enquiries@koreusreit.com

**Website:**  
www.koreusreit.com

also a constituent of the FTSE ST REIT, FTSE ST Small Cap, FTSE Global Small Cap Index Series, MSCI Singapore Small Cap Index, iEdge SG ESG Indices and Solactive CarbonCare Asia Pacific Green REIT Index.

As at 31 December 2021, four research houses cover KORE. They are Credit Suisse, DBS, RHB and UOB Kay Hian.

### INVESTOR RELATIONS CALENDAR

Financial Year Ended 31 December 2021

#### Q1

Announced FY2020 results and convened a live audio webcast

Participated in FY2020 post-results investor engagement hosted by Credit Suisse

Participated in Nomura's Virtual Real Estate Conference

Participated in SGX-Daishin & Phillip Securities Virtual S-REITs Corporate Day for Korea investors

#### Q2

Announced 1Q 2021 key business and operational updates and convened analysts' teleconference

Participated in 1Q 2021 post-results investor engagement hosted by DBS

Convened KORE's third AGM

Participated in Keppel Capital's Virtual Corporate Day for institutional investors hosted by DBS

Attended the virtual REITs Symposium

Attended BNP Paribas Virtual S-REIT Day

Organised Phillip Securities webinar for trading representatives and retail investors

Attended the DBS-SGX-REITAS Virtual Conference: Empty offices or "zoom-fatigue" setting in? – A Global Perspective

Participated in Maybank Kim Eng's webinar for trading representatives and retail investors

Presented at Citi's Pan-Asia Regional Investor Conference and the Asia-Pacific Property Conference

#### Q3

Announced 1H 2021 results and convened a live audio webcast

Participated in 1H 2021 post-results investor engagement hosted by DBS

Held an analyst teleconference on the acquisitions of 105 Edgeview and Bridge Crossing

Presented at the group investor call hosted by DBS on the two acquisitions

Presented at the CGS-CIMB webinar for trading representatives and retail investors

Attended the Citi-SGX-REITAS REITs & Sponsors Virtual Forum

Presented at the SGX-Haitong Securities Singapore Corporate Day

Included in DBS' Future of Office Video Feature

#### Q4

Announced 3Q & 9M 2021 key business and operational updates and convened analysts' teleconference

Participated in 3Q & 9M 2021 post-results investor engagement hosted by UOB Kay Hian

Participated in the SGX-KIS Virtual Conference for Korea investors

Participated in the SGX-Yuanta Securities Virtual Conference for Taiwan investors



# INDEPENDENT MARKET REVIEW

BY CUSHMAN &  
WAKEFIELD

» DESPITE UNCERTAINTIES, CONTINUED JOB GROWTH, EXPANSION BY TECH COMPANIES, AND GOVERNMENT INFRASTRUCTURE INVESTMENTS ARE EXPECTED TO KEEP THE OFFICE MARKET ON AN UPWARD TRAJECTORY IN 2022.

## UNITED STATES (US) ECONOMY OVERVIEW

The recession that began in March 2020, triggered by the COVID-19 pandemic, was short and steep. In 2021, the economy continued to recover. However, midway through the year, fears of inflation and the Delta variant resulted in continued economic uncertainty. In the aftermath of the dramatic shifts in 2020 and 2021, Moody's Analytics expects the economy to moderate in 2022. That said, lingering doubts surrounding the Omicron and possible future variants, will cast a shadow on any perceived or predicted economic moderation.

The pandemic continues to disrupt global supply chains, business travel, and labor markets. The Omicron variant is playing a central role in this disruption and, in response, Moody's Analytics has revised its first quarter forecast down from 5% to 2.1%. Economists, however, anticipate a quick and sharp rebound in the second quarter if and

when the Omicron wave passes. As we move through the year, the pandemic is expected to slowly recede, and become endemic. While there will likely be future waves of the virus, each subsequent wave should be less disruptive to both the healthcare system and the greater economy as vaccinations and booster shots continue to be administered and the population becomes closer to, or achieves, herd immunity.

Nevertheless, it is important to bear in mind that data lags, and industry participants are still trying to accurately determine the pandemic's current effects on the commercial real estate market. Certain property types have been more heavily impacted than others, with some asset classes benefiting from the COVID environment. Broadly speaking, capitalisation rates compressed, and price growth improved significantly in 2021, however, this is not true for every property or asset class.



## INDEPENDENT MARKET REVIEW

### BY CUSHMAN & WAKEFIELD

#### ECONOMIC CONDITIONS

After experiencing its worst year of economic growth since 1946, the US economy came back strong in 2021, despite severe obstacles including the Delta and Omicron variants and high inflation. In addition to a healthy gross domestic product (GDP) of 5.7% for 2021, there was a monthly average growth of 550,000 jobs, which pushed the unemployment rate down to 3.9% at year end. The stock market also hit record highs.

The Consumer Price Index (CPI) increased 7.0% through December 2021, or 5.5% after removing volatile prices such as food and fuel from the dataset. The last time the main inflation index hit 7.0% was in 1982. In response, economic policymakers have announced they will begin raising interest rates. Although the economy is not projected to grow as strongly in 2022, inflation is expected to slow to less than 3% by the end of 2022, due in large part to the Federal Reserve's plan to raise interest rates in the coming months. Exactly how well the economy will perform depends largely on the path the pandemic takes and policymakers' response to it.

The three major vaccines (Pfizer, Moderna and Johnson & Johnson) were all granted emergency use authorisation in late 2020 and early 2021, and the Food and Drug Administration (FDA) granted full approval to the first COVID-19 vaccine in August 2021. A third vaccine shot, a booster shot, was

approved in fall 2021, and a fourth one may be upcoming this year. While three quarters of the American population have received at least one vaccination shot, the recent Omicron wave has resulted in the highest number of hospitalisations and deaths in the pandemic thus far.

While seemingly persistent waves of COVID may be sounding a few alarms, they are not making their way into the commercial real estate investment market. Transaction volume totalled US\$808.7 billion in 2021, an 80% year-on-year (y-o-y) increase, with prices up 22.9% compared to 2020. Despite the threat of inflation, commercial real estate investors appear to be primarily focused on the income growth potential from commercial property, which continues to push capitalisation (cap) rates lower. Investment activity has now reached pre-pandemic levels. We anticipate this growth to continue throughout 2022.

On a global scale, GDP growth appears to have peaked at 5.5% with Moody's Analytics projecting it to slow to 4.2% in 2022, and 3.6% in 2023. Similar to the US, after a robust economic rebound in 2021, the global economy will begin the tenuous process of dialing back many of its support measures, such as fiscal stimuli and ultra-accommodative monetary policies. Emerging markets, excluding China, are expected to remain vulnerable to capital outflows amid weaker relative growth and external monetary

tightening. Supply chain bottlenecks and semi-conductor chip shortages are expected to persist but not worsen.

Despite the many obstacles that arose, it has taken over 20 months for the economy to recover from the pandemic's first blow. Although inflation concerns are high, the Federal Reserve is responding by raising interest rates in 2022. Lingering supply chain headaches and concerns regarding Omicron and any subsequent variants persist, but we are in a much better position to handle these crises than we were 24 months ago.

#### US OFFICE MARKET OVERVIEW

While the US office market has been negatively impacted by the pandemic, signs of improvement continue to emerge. Most notably, office tour activity has returned to near pre-pandemic levels, new leasing activity continues to trend higher, and net absorption improved in Q4 2021.

Demand for office space was strongest in the South and West, with positive Q4 2021 net absorption in both regions for the first time since the pandemic began. The South was led by Dallas, Charlotte, Austin and Nashville. The strongest markets in the West region were all in California: San Jose, San Mateo County and San Diego. While net absorption was negative overall in the Northeast and Midwest regions, there were bright spots in several secondary markets.



Net absorption of both direct and sublease space is expected to begin trending positive in 2022 as more tenants reoccupy offices, putting gradual downward pressure on the market's elevated vacancy, including in Denver, Colorado, where the Manager has deepened its presence with the acquisition of 105 Edgeview.

Economic Indicators	US	Seattle, Washington	Austin, Texas	Denver, Colorado	Nashville, Tennessee	Houston, Texas	Dallas, Texas	Orlando, Florida	Sacramento, California	Atlanta, Georgia
Nonfarm Employment										
Q4 2020	142.6m	1,964k	1,111k	1,456k	1,025k	2,996k	3,788k	1,185k	975k	2,742k
Q4 2021	149.0m	2,087k	1,192k	1,548k	1,074k	3,148k	3,952k	1,276k	1,013k	2,883k
12-Month Forecast	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Unemployment Rate										
Q4 2020	6.7%	6.2%	4.9%	7.1%	4.7%	7.6%	6.0%	4.5%	7.6%	5.8%
Q4 2021	3.9%	3.5%	2.9%	4.2%	2.7%	4.8%	3.6%	3.8%	4.4%	2.3%
12-Month Forecast	▼	▼	▼	▼	▼	▼	▼	▼	▼	—

National vacancy ended the year at 17.6% — 500 basis points (bps) higher than its most recent trough of 12.6% in Q3 2019. After nine straight quarters of increases, US vacancy is at its highest point since Q3 2003. However, the 35-bps increase quarter-on-quarter (q-o-q) was the smallest change in vacancy since the pandemic began; the five previous quarters had averaged +77 bps per quarter. At the local level, vacancy rates held steady or declined q-o-q in 34 out of 90 US markets tracked by Cushman & Wakefield, and vacancy held steady or declined for the second quarter in a row in 22 markets.

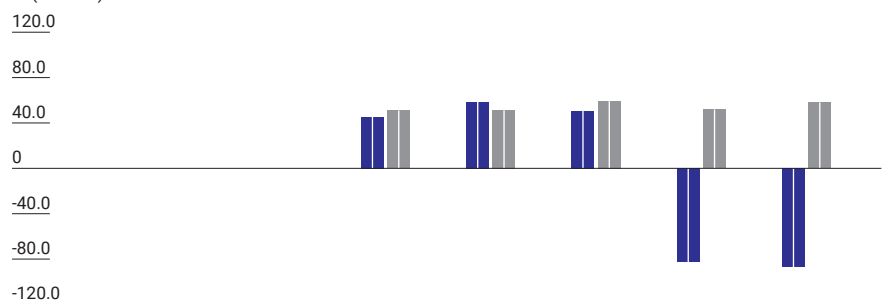
Vacancy continues to be partly buoyed by higher-than-normal deliveries of new office product, which is to be expected since construction volumes were at a 25-year high (nominally and relatively) coming into the pandemic. Completions during Q4 2021 (14.3 msf) brought the annual total to 58.1 msf, which is the second highest year since the Great Financial Crisis (GFC). Total office completions in 2021 were up 12% from 2020 and represented a 46% increase over the 10-year historical average (39.8 msf). New deliveries in 2021 represented 1% of current office inventory.

The construction pipeline has declined as new projects have not kicked off at the pace of deliveries during the pandemic. At the most recent peak in Q1 2020, there were 137.4 msf (2.5% of inventory) of office product under construction. As of Q4 2021, the level of new construction had slowed to 98.9 msf (1.8% of inventory). Although it has come down, the current level of construction is still 29% above the 10-year historical average prior to the pandemic (76.6 msf, 1.5%), so new office deliveries will continue to affect fundamentals even as demand continues to recover.

The new construction had the dual impact of pushing vacancy rates up while also buoying asking rents, given that new office space is typically priced higher than the rest of the market. The national average for asking rents ended 2021 up 3.2% y-o-y at US\$36.04 per square foot (psf). Asking rents increased q-o-q in just under two-thirds of

### US OFFICE SPACE DEMAND AND DELIVERIES

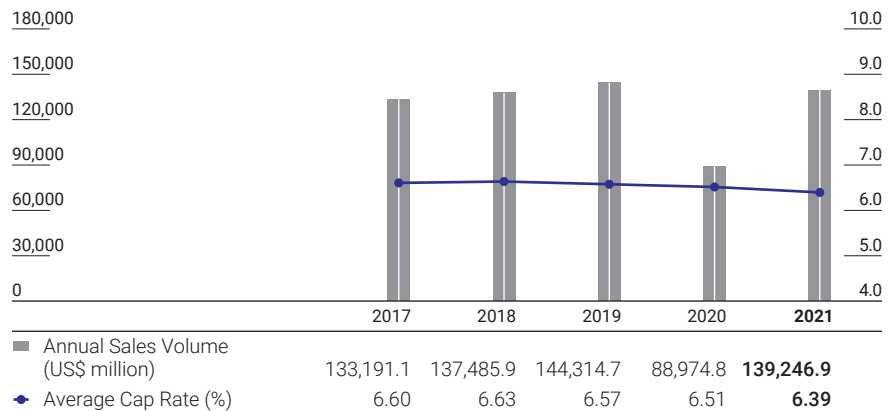
sf (millions)



	2017	2018	2019	2020	2021
■ Net Absorption	45.344	58.504	50.647	(82.757)	(86.937)
■ Construction Completions	50.996	51.204	59.189	51.881	58.080

### US OFFICE MARKET INVESTMENT SALES

US\$ million



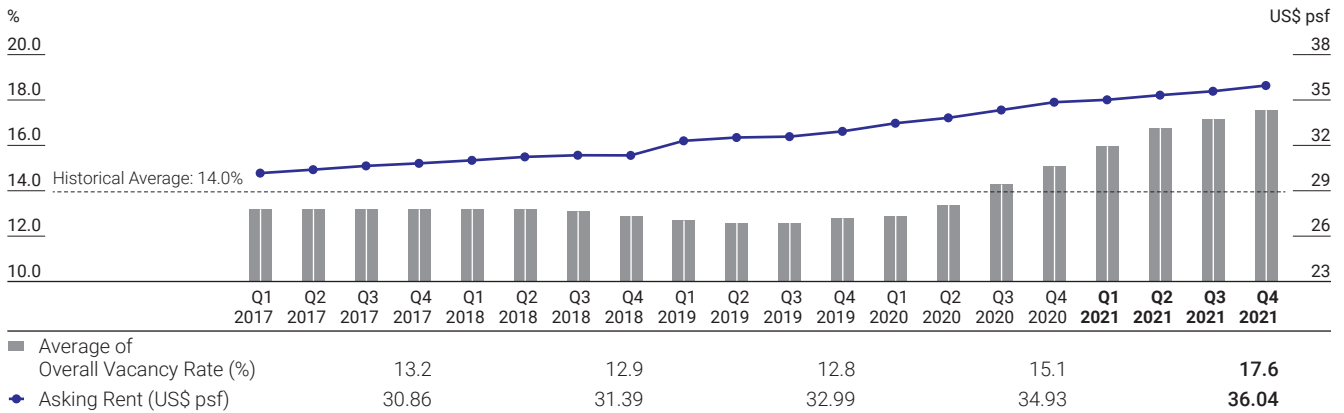
Source: Real Capital Analytics



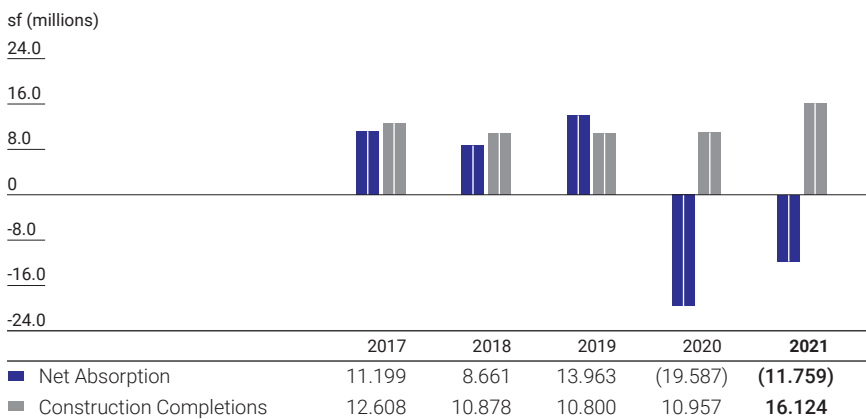
## INDEPENDENT MARKET REVIEW

### BY CUSHMAN & WAKEFIELD

#### US OFFICE MARKET OVERALL VACANCY AND ASKING RENTS



#### LOCAL MARKETS OFFICE SPACE DEMAND AND DELIVERIES



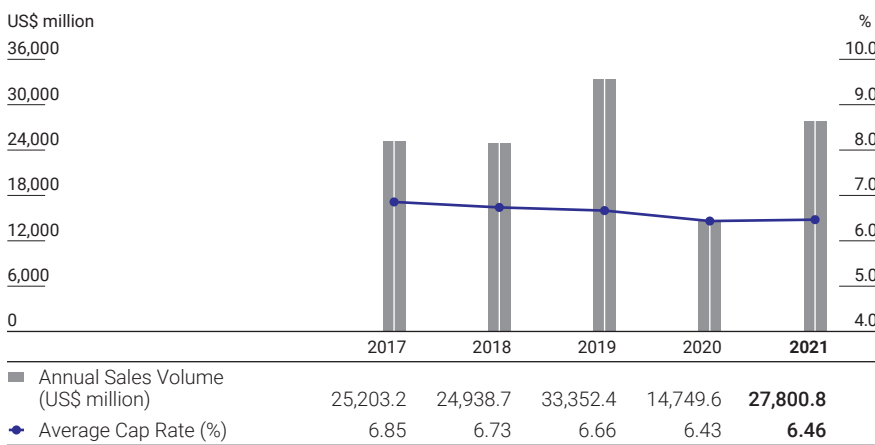
US markets (52 of the 90 markets tracked by Cushman & Wakefield). Asking rents are down q-o-q and y-o-y in 15 markets. National effective rents have declined by 13.3% since peaking in Q2 2020, but the pace of decline is moderating. Effective rents are expected to stabilise by the middle of 2022 and growth is expected to turn positive in the second half of 2022.

#### US OFFICE MARKET OUTLOOK

Job growth is expected to continue, and office-using employment is likely to reach pre-pandemic levels by the middle of 2022. Even with the ups and downs of COVID-19 case numbers, occupiers were increasingly in the market for long-term office leases throughout 2021. This is already showing up in the fundamentals; in Q4 2021 total leasing was 29% higher than the same quarter in 2020, with technology companies accounting for 34.4% of the leasing volume. Tenant activity is on the rise, but uncertainty will continue until more employees return to the office on a regular basis.

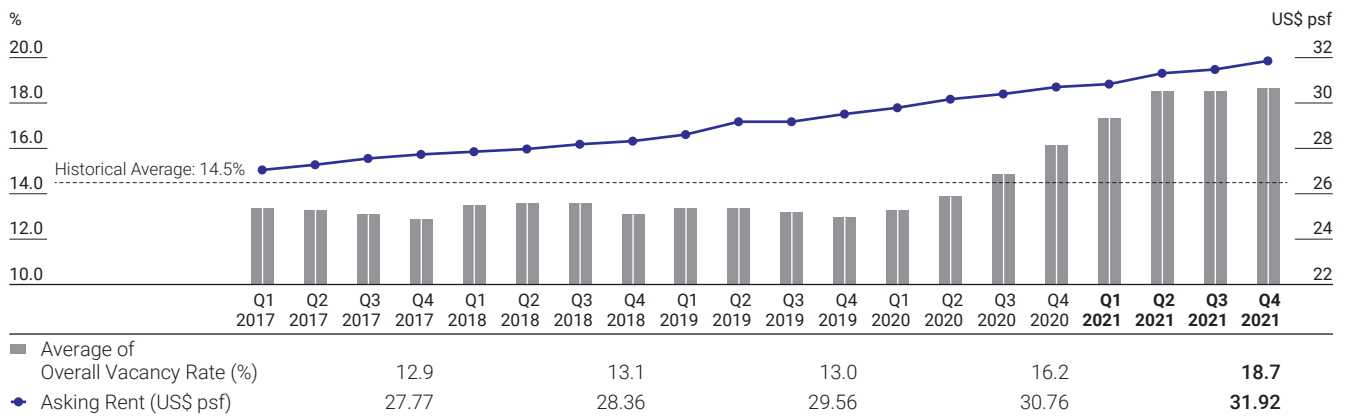
Large occupiers continue to invest in office space, and leasing activity is accordingly on the rise. Job growth, continued expansion by technology companies, and government infrastructure investment will be tailwinds for the office market. Of course, there are potential headwinds that could suppress demand, such as rising inflation and uncertainty relating to the virus' path. Additionally, one can expect to see amplified emphasis on office sustainability, building quality, and amenities that create high-quality experiences in and around the office.

#### LOCAL MARKETS INVESTMENT SALES



Source: Real Capital Analytics

## LOCAL MARKETS OVERALL VACANCY AND ASKING RENTS



### LOCAL MARKETS

Nine markets are reviewed within this report:

- Seattle/Puget Sound, Washington
- Austin, Texas
- Denver, Colorado
- Nashville, Tennessee
- Houston, Texas
- Dallas, Texas
- Orlando, Florida
- Sacramento, California
- Atlanta, Georgia

The tables presented on this page represent combined market statistics for these nine markets, depicting general trends over these markets as a whole.

Consistent with national trends, net absorption across the nine markets improved y-o-y from 2020 to 2021 in

seven of the nine markets, with negative absorption increasing in only Orlando and Sacramento. Aggregate negative net absorption of -11.8 msf for 2021 represented a significant improvement from -19.6 msf in 2020. Two of the markets, Seattle and Austin, reported minor positive absorption for 2021.

Construction completions remained strong, with 16.1 msf of delivered space up 47.2% from 2020. Construction will undoubtedly slow down in response to increased vacancy, but this tends to be a lagging indicator and the existing pipeline will continue to deliver significant space in 2022, though space under construction dropped 20.5% y-o-y for Q4 2021.

Negative absorption and continued construction deliveries led to significant

increase in vacancy for 2021. Vacancy rates for the nine markets averaged 18.7% at the end of 2021, well above the five-year average of 14.5% and also up 250 bps y-o-y. However, increases in vacancy slowed in the latter half of the year, with the average vacancy rate increasing only 10 bps between Q2 and Q4 2021.

Investment sales of office buildings were up significantly in these nine markets in 2021, effectively returning to pre-pandemic levels. Annual office investment sales ranged from US\$25.2 billion to US\$33.4 billion from 2017 to 2019, before volume dropped sharply to US\$14.7 billion in 2020, a 55.8% decline from the prior year. In 2021, reported volume rebounded 88.5% y-o-y to US\$27.8 billion. Cap rates remained relatively stable in 2021, ending the year at approximately 6.5%.

Office Market Indicators	US	Seattle, Washington	Austin, Texas	Denver, Colorado	Nashville, Tennessee	Houston, Texas	Dallas, Texas	Orlando, Florida	Sacramento, California	Atlanta, Georgia
Vacancy Rate										
Q4 2020	15.1%	8.1%	17.3%	17.7%	15.0%	24.3%	20.3%	11.7%	11.5%	20.0%
Q4 2021	17.6%	9.2%	19.8%	19.9%	19.1%	26.9%	22.1%	14.4%	14.0%	22.9%
12-Month Forecast	▼	▼	▼	—	▼	▼	▼	▲	▼	▼
YTD Net Absorption (sf)										
Q4 2020	-82.8m	-1,111k	-2,449k	-3,169k	-503k	-4,421k	-5,366k	-372k	-506k	-1,689k
Q4 2021	-86.9m	78k	532k	-2,495k	-102k	-3,724k	-2,215k	-1,320k	-922k	-1,591k
12-Month Forecast	▲	▲	▲	▲	▲	▲	▲	▼	▲	▲
Under Construction (sf)										
Q4 2020	123.8m	3,034k	5,613k	1,435k	3,099k	2,720k	4,243k	321k	906k	5,872k
Q4 2021	98.9m	4,011k	4,769k	789k	3,066k	1,287k	4,615k	500k	13k	2,621k
12-Month Forecast	▼	▼	▼	—	▼	▼	▼	—	▼	▼
Average Asking Rent (Annual psf)										
Q4 2020	US\$34.93	US\$39.54	US\$42.43	US\$29.62	US\$30.34	US\$31.25	US\$26.70	US\$24.36	US\$24.00	US\$28.59
Q4 2021	US\$36.04	US\$41.56	US\$44.92	US\$31.13	US\$30.84	US\$31.62	US\$27.36	US\$25.32	US\$24.60	US\$29.90
12-Month Forecast	▼	▲	—	—	▲	—	▲	▼	—	—

## INDEPENDENT MARKET REVIEW

### BY CUSHMAN & WAKEFIELD

#### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE ECONOMIC INDICATORS

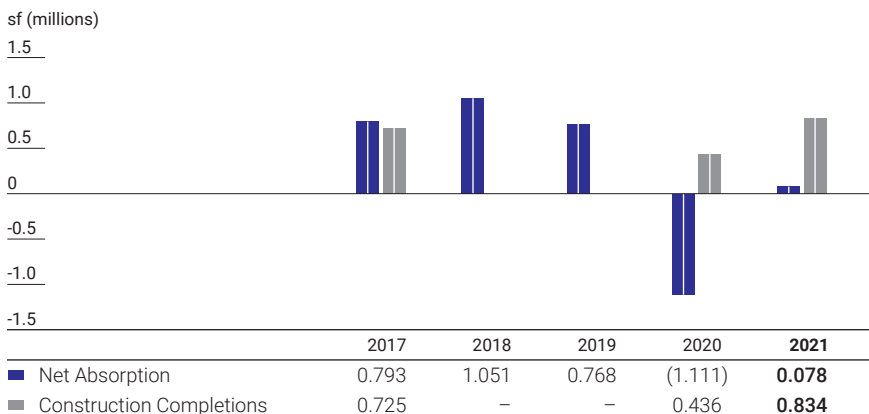
	Q4 20	Q4 21	12-Month Forecast
Seattle-Tacoma-Bellevue Employment	1,964k	2,087k	▲
Seattle-Tacoma-Bellevue Unemployment	6.2%	3.5%	▼
US Unemployment	6.7%	3.9%	▼

#### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

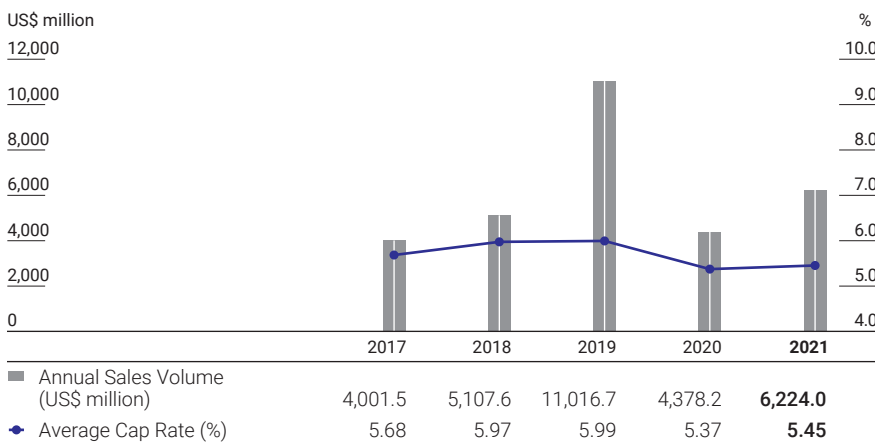
	Q4 20	Q4 21	12-Month Forecast
Vacancy	8.1%	9.2%	▼
YTD Net Absorption (sf)	-1,111k	78k	▲
Under Construction (sf)	3,034k	4,011k	▼
Average Asking Rent <sup>1</sup>	US\$39.54	US\$41.56	▲

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

#### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OFFICE SPACE DEMAND AND DELIVERIES



#### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE INVESTMENT SALES



Source: Real Capital Analytics

#### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE LOCAL ECONOMY

As 2021 came to an end, remote or hybrid remote/in-person work continued in the face of rising cases of COVID and its Delta and Omicron variants. Most of the major employers in the Puget Sound region, including Amazon, Meta, and Google, have delayed full returns beyond Q1 2022. Employment figures in the greater Seattle area grew to nearly 2.1 million jobs during the quarter, an increase of 123,300 jobs y-o-y. The unemployment rate dropped 270 bps y-o-y to 3.5%, below the US unemployment rate of 3.9%.

#### OFFICE MARKET TRENDS

Overall vacancy in the Puget Sound Eastside office market ended the year at 9.2%, down 90 bps from the 10.1% rate reported in Q3 2021 and up 110 bps from the 8.1% rate reported a year ago. Sublease vacancy totalled over 690,000 sf, accounting for 1.9% of the Eastside's office inventory, though sublease vacancy has dropped 28% in the Eastside in a year's time. Overall vacancy is expected to continue its decline in 2022 as leasing activity and absorption improve.

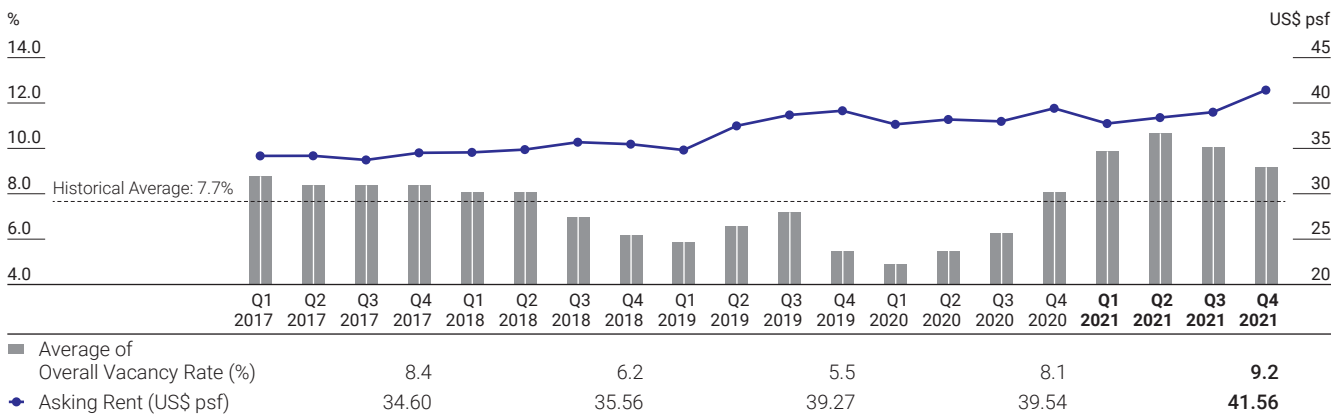
Overall Eastside absorption in Q4 2021 was reported at positive 84,000 sf, well above the negative 639,000 sf reported a year ago. 2021 absorption for the Eastside was positive 78,000 sf, a vast improvement from the negative 1.1 msf reported at the end of 2020.

The Puget Sound Eastside office market reported average annual gross rental rates of US\$41.56 psf, a 5.1% y-o-y increase. Prices are expected to keep climbing as vacancy shrinks, new projects deliver, and the tech industry continues its growth in the Eastside.

Over 834,000 sf delivered to the market in 2021, with all projects pre-leased to major tech firms like Amazon, Meta, and Microsoft. Of the 4.0 msf under construction, only 537,000 sf (13.4%) is available, all in one project known as The Eight. Approximately 80.4% of the space being built is in the Bellevue CBD submarket. Nearly 10.0 msf of proposed projects are in the pipeline, with 5.4 msf in the CBD.

After four straight quarters of at least 1.0 msf leased, activity in the Eastside slowed somewhat, with nearly 725,000 sf leased in the Q4. Despite the regression,

## SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OVERALL VACANCY AND ASKING RENTS



total leasing remained strong at 4.4 msf for 2021.

After slowing dramatically in 2020, investment activity rebounded in 2021. Approximately US\$6.2 billion in office investments traded in 2021, a 42.2% y-o-y increase. While significantly below the US\$11.0 billion peak in 2019, sales exceeded the totals for both 2017 and 2018. According to Real Capital Analytics, cap rates for 2021 remained relatively flat, averaging 5.45% for the past 12 months.

### OUTLOOK

The Puget Sound region is slowly but surely ramping up its recovery from the pandemic. The market has continued to record tech investment and leasing interest as Seattle's established tech companies search for better alternatives. Amazon, Meta, Google, and Microsoft are all expanding throughout the Eastside. New construction with pre-leases in place will help keep absorption out of negative territory, and the opening of the Eastside link light rail in 2023 will help boost this tech hub further.

### AUSTIN, TEXAS LOCAL ECONOMY

Despite the persistent effects of the COVID-19 pandemic, the Austin Metropolitan Statistical Areas (MSA) continues to outperform nearly every major market in the country. Major corporations continue to bet on Austin, bringing with them increased population and thousands of high-paying jobs. The local unemployment rate declined once again, ending the year at a nominal 2.9%, down 200 bps y-o-y, and well below state and national

levels of 4.3% and 3.9% respectively. Austin added approximately 80,600 jobs in 2021, an increase of 7.3% y-o-y.

### OFFICE MARKET TRENDS

Leasing activity eclipsed 1.0 msf for the third straight quarter, proving that tenants remain bullish on Austin despite the ongoing pandemic. Several large lease transactions took place during the quarter, including Meta, which leased approximately 590,000 sf of future office space in one of downtown Austin's largest developments. Quarterly net absorption has returned to near pre-pandemic levels with approximately 460,000 sf of positive net absorption recorded citywide during Q4 2021, bringing the

total net absorption for the year to just under 532,000 sf.

With excess sublease space on the decline and new tenants making their way back to the office, overall vacancy rates have trended downward for the first time since the pandemic began. The citywide vacancy rate decreased 50 bps from the prior quarter to 19.8%, though vacancy remained 250 bps above end-2020 levels. Development remains strong with more than 2.6 msf of new office product delivered citywide during 2021.

Despite higher vacancy numbers, the office market outlook appears bright as tenants flood into Austin. At close of Q4 2021,

### AUSTIN, TEXAS ECONOMIC INDICATORS

	Q4 20	Q4 21	12-Month Forecast
Austin MSA Employment	1,111k	1,192k	▲
Austin MSA Unemployment	4.9%	2.9%	▼
US Unemployment	6.7%	3.9%	▼

### AUSTIN, TEXAS OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 20	Q4 21	12-Month Forecast
Vacancy	17.3%	19.8%	▼
YTD Net Absorption (sf)	-2,449k	532k	▲
Under Construction (sf)	5,613k	4,769k	▼
Average Asking Rent <sup>1</sup>	US\$42.43	US\$44.92	—

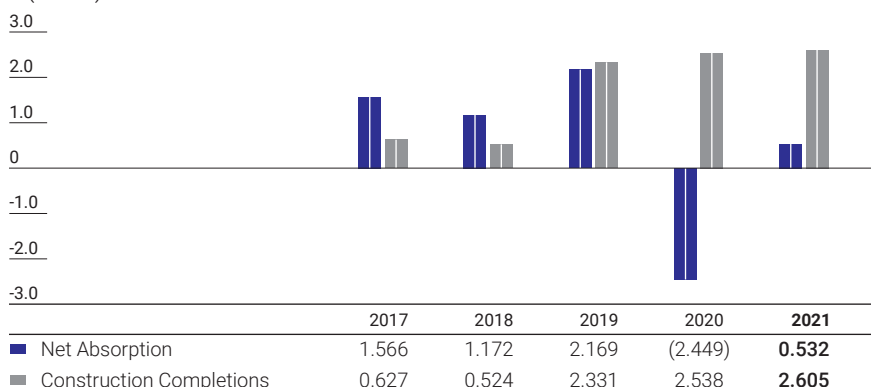
<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

## INDEPENDENT MARKET REVIEW

### BY CUSHMAN & WAKEFIELD

#### AUSTIN, TEXAS OFFICE SPACE DEMAND AND DELIVERIES

sf (millions)



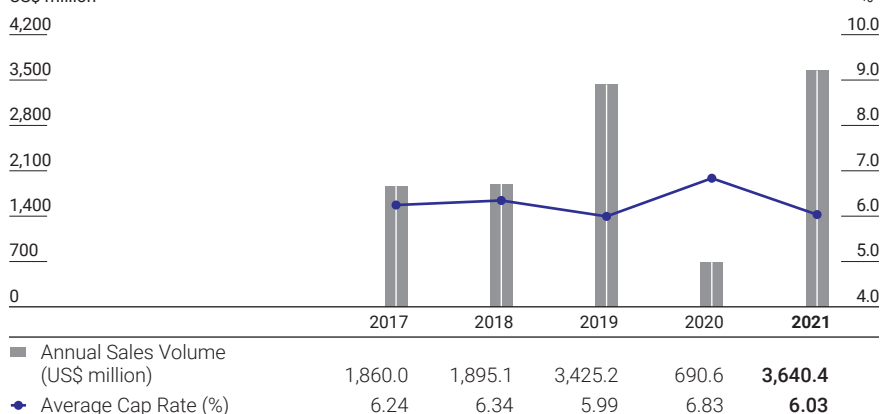
54.3% of the 4.8 msf currently under construction was pre-leased. Additionally, several new office developments are slated to break ground this year, further cementing the confidence developers have in the Austin market.

Average rents increased slightly from the previous quarter. The average full-service asking rate for the entire Austin market increased US\$0.15 to US\$44.92 psf, while the citywide Class A space trended upward as well, coming in at US\$50.13 psf.

After spiking to historically high levels in 2019 and then plummeting in 2020, office investment sales rebounded to a new high in 2021, with Real Capital Analytics reporting sales for the past 12 months of just over US\$3.6 billion. This represented a 427.1% increase from sales of only US\$690.6 million in 2020 and also exceeded the previous peak of US\$3.4 billion in 2019. Prior to 2019, annual sales had ranged between US\$1.9 billion and US\$2.4 billion since 2013. Cap rates declined, with a median rate of 6.0% for the past 12 months.

#### AUSTIN, TEXAS INVESTMENT SALES

US\$ million

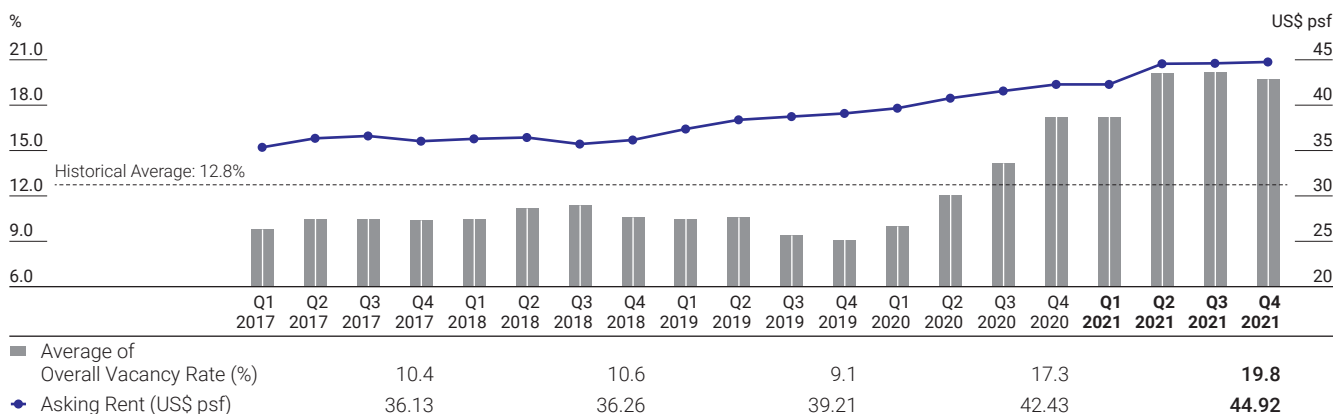


Source: Real Capital Analytics

#### OUTLOOK

The influx of companies such as Apple, Amazon, Meta, Tesla and Oracle reflect the ongoing confidence in the local Austin economy. Despite the higher vacancy and increased uncertainty as a result of the pandemic, Austin was one of the few major markets that experienced positive net absorption for 2021 and remains an attractive destination for occupiers and investors.

#### AUSTIN, TEXAS OVERALL VACANCY AND ASKING RENTS



## DENVER, COLORADO LOCAL ECONOMY

Metro Denver's unemployment rate dropped to 4.2% in December 2021, a decline of 290 bps against the 7.1% rate reported a year ago. Nonfarm employment climbed above 1.5 million in Q4 2021, with 91,800 jobs added over the past year or an increase of 6.3%. Inflationary pressures persisted during the final months of 2021 as the Denver Metro witnessed a 6.5% increase in the cost of all items y-o-y.

## OFFICE MARKET TRENDS

Vacancy rates were more stable in Q4 2021, with the metro average at 19.9%. This represents an increase of 220 bps against the 17.7% rate reported at the end of 2020. After troughing at 14.2% pre-COVID-19 in Q1 2020, vacancies are up an average of nearly 600 bps. Sublease vacancy, which has increased considerably during the pandemic, eased in the second half of 2021 and stood at 2.8 msf by the end of 2021. This is the lowest level since Q3 2020 and is down from a peak of 3.3 msf in Q2 2021.

The average asking rent for office space in the Denver Metro ended 2021 at US\$31.13 psf, a 5.1% increase y-o-y. While some landlords were able to slightly increase asking rates during 2021 despite broader conditions of elevated vacancy and abundant sublease space, the increase was in large part driven by the greater proportion of available Class A direct space compared to levels seen in 2020. New construction deliveries with premium rents were also a factor, but to a lesser degree.

Q4 2021 leasing activity totalled 1.9 msf, which followed on the heels of the highest quarterly total since the beginning of 2020. Resurgent activity in the second half of 2021 brought the annual total to 7.2 msf, a promising 23.3% increase over the total seen in 2020.

Net absorption for 2021 totalled negative 2.5 msf, a considerable improvement over the negative 3.2 msf witnessed in 2020. Expectations of improved leasing activity into 2022 will push net absorption levels toward positive territory, but with new COVID variants emerging and more occupiers adopting hybrid work models, the recovery could be more prolonged than anticipated.

New construction deliveries for 2021 totalled 1.1 msf. New construction underway amounts to approximately 789,000 sf, split among five properties. Several projects are

## DENVER, COLORADO ECONOMIC INDICATORS

	Q4 20	Q4 21	12-Month Forecast
Denver MSA Employment	1,456k	1,548k	▲
Denver MSA Unemployment	7.1%	4.2%	▼
US Unemployment	6.7%	3.9%	▼

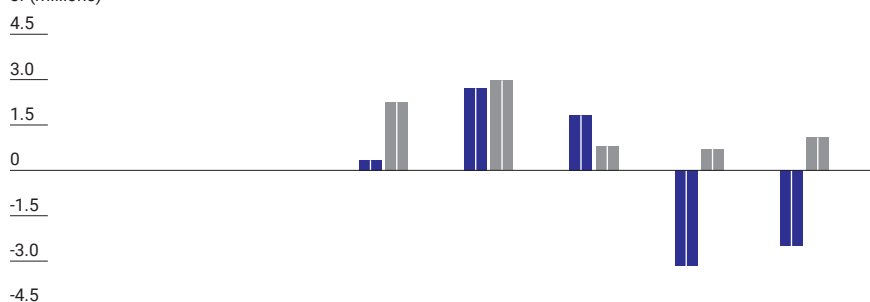
## DENVER, COLORADO OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 20	Q4 21	12-Month Forecast
Vacancy	17.7%	19.9%	—
YTD Net Absorption (sf)	-3,169k	-2,495k	▲
Under Construction (sf)	1,435k	789k	—
Average Asking Rent <sup>1</sup>	US\$29.62	US\$31.13	—

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

## DENVER, COLORADO OFFICE SPACE DEMAND AND DELIVERIES

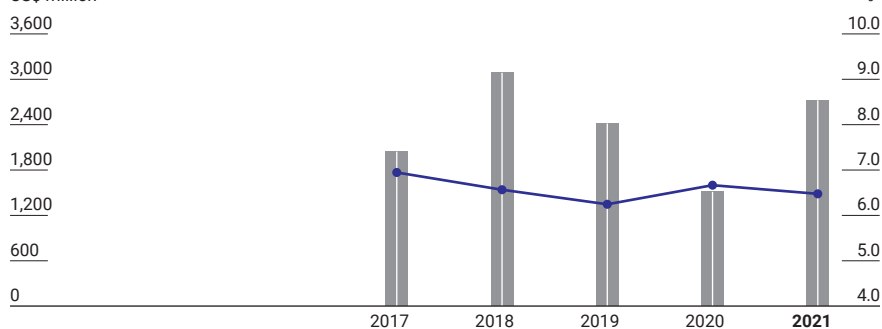
sf (millions)



	2017	2018	2019	2020	2021
■ Net Absorption	0.338	2.714	1.818	(3.169)	(2.495)
■ Construction Completions	2.254	2.971	0.799	0.722	1.090

## DENVER, COLORADO INVESTMENT SALES

US\$ million



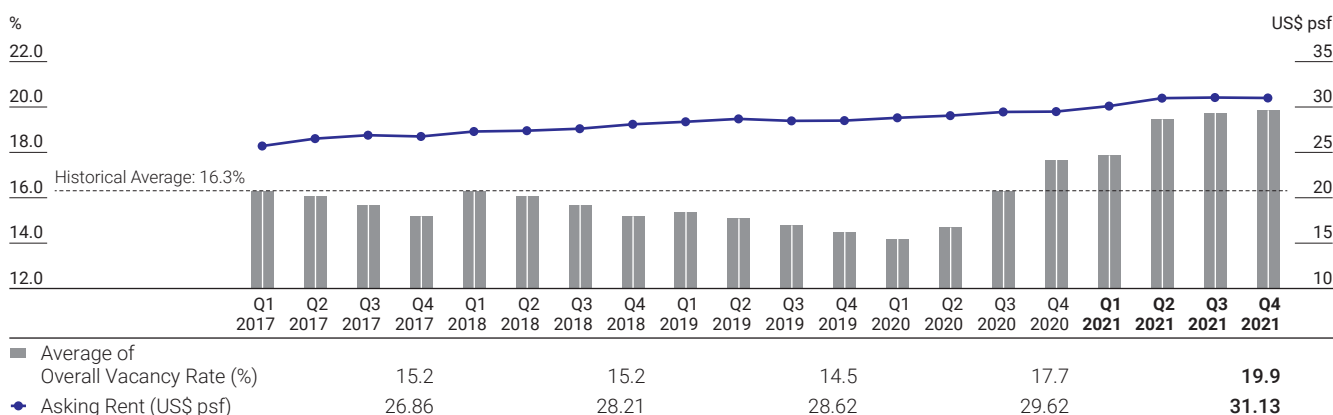
	2017	2018	2019	2020	2021
■ Annual Sales Volume (US\$ million)	2,039.5	3,080.7	2,411.1	1,507.3	2,717.3
◆ Average Cap Rate (%)	6.94	6.56	6.24	6.66	6.47

Source: Real Capital Analytics



# INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

## DENVER, COLORADO OVERALL VACANCY AND ASKING RENTS



## NASHVILLE, TENNESSEE ECONOMIC INDICATORS

	Q4 20	Q4 21	12-Month Forecast
Tennessee MSA Employment	1,025k	1,074k	⬆️
Tennessee MSA Unemployment	4.7%	2.7%	⬇️
US Unemployment	6.7%	3.9%	⬇️

## NASHVILLE, TENNESSEE OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 20	Q4 21	12-Month Forecast
Vacancy	15.0%	19.1%	⬇️
YTD Net Absorption (sf)	-503k	-102k	⬆️
Under Construction (sf)	3,099k	3,066k	⬇️
Average Asking Rent <sup>1</sup>	US\$30.34	US\$30.84	⬆️

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

set to enter the pipeline in 2022 and supply will continue to expand at a moderate pace.

Office investment sales increased 80.3% y-o-y to approximately US\$2.7 billion in 2021. This is the second highest level of sales volume for Denver in the past ten years and reverses two years of decline in 2019 and 2020. Capitalisation rates were down slightly from 2020, averaging 6.5% but were generally in line with the range over the past five years.

## OUTLOOK

While the spike in COVID cases associated with the Omicron variant may further delay companies' return-to-office plans and dampen the recent recovery in office occupancy in the near term, net absorption of both direct and sublease space is expected to begin trending positive in 2022 as more tenants reoccupy offices, putting gradual downward pressure on the market's elevated vacancy.

## NASHVILLE, TENNESSEE LOCAL ECONOMY

Nashville's unemployment rate dropped to 2.7% at year-end 2021, down 200 bps y-o-y. This benchmark beats Nashville's unemployment rate before the start of the pandemic. Nashville's economy contributes to the Southeast's trend of fast paced recovery compared to the US as a whole. Financial activities and Professional/Business services, two key office-using industries, recorded 7.9% and 5.9% annual job growth respectively. In total, Nashville added 48,400 jobs in 2021, a 4.7% y-o-y increase.

➡ More companies are seeking to relocate into the Nashville market and are on the lookout for new Class A products, such as Bridge Crossing (pictured), a Class A office building in the highly sought after Brentwood neighbourhood.



## OFFICE MARKET TRENDS

Nashville's office market recorded nearly 483,000 sf of new leasing activity for Q4 2021, bringing the total amount of transactions for 2021 to 2.8 msf. This is up 43.6% from 2020 and shows a strong rebound for tenant demand throughout the post-pandemic period.

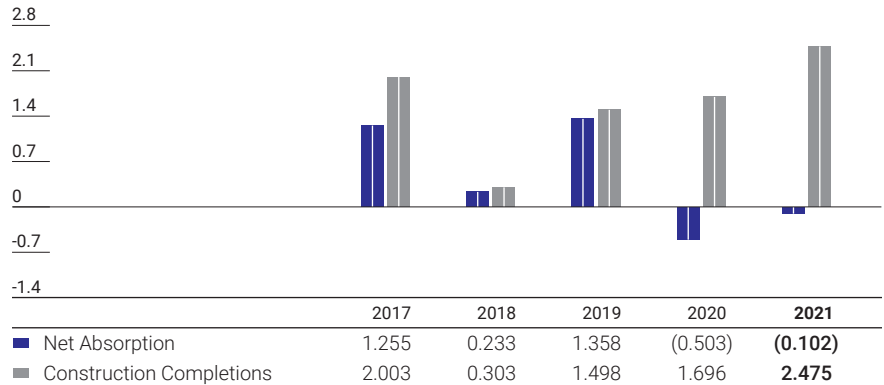
Despite strong leasing levels, net absorption remained negative for the second consecutive year, though only slightly. Negative absorption in 2021 was just under -102,000 sf, down considerably from -503,000 sf in 2020. Furthermore, positive net absorption was posted at 383,000 sf for Q4 2021.

While overall vacancy increased 410 bps y-o-y, vacancy remained stable q-o-q at 19.1%, showing no change in comparison to Q3, but was down 60 bps from the Q2 average of 19.7%. Sublease vacancy has slowly decreased throughout 2021, which is a positive sign.

Nashville delivered nearly 2.5 msf of new office space throughout 2021, a 45.9% y-o-y increase. Midtown and CBD contributed to the majority of new development with both submarkets delivering significant build-to-suits for Amazon and Asurion, respectively. More than 3.0 msf of Class A office product is currently under construction. The majority of large deals signed throughout 2021 were executed in new construction. With this trend remaining consistent, development shows no sign of slowing down as companies seek best-in-class office space to attract a strong workforce.

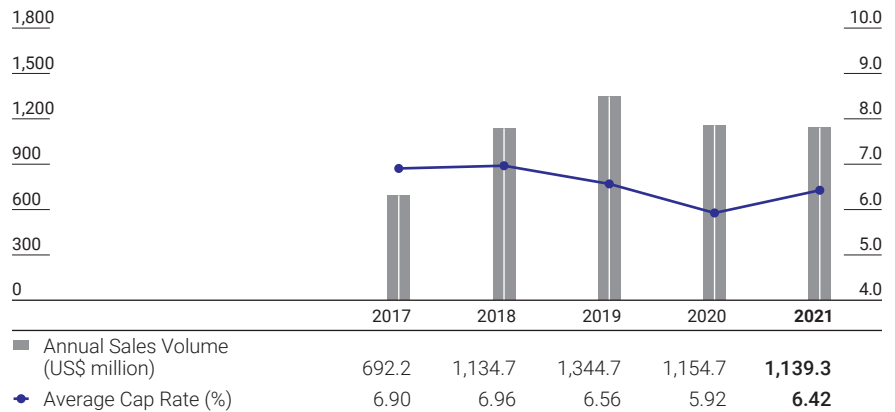
## NASHVILLE, TENNESSEE OFFICE SPACE DEMAND AND DELIVERIES

sf (millions)



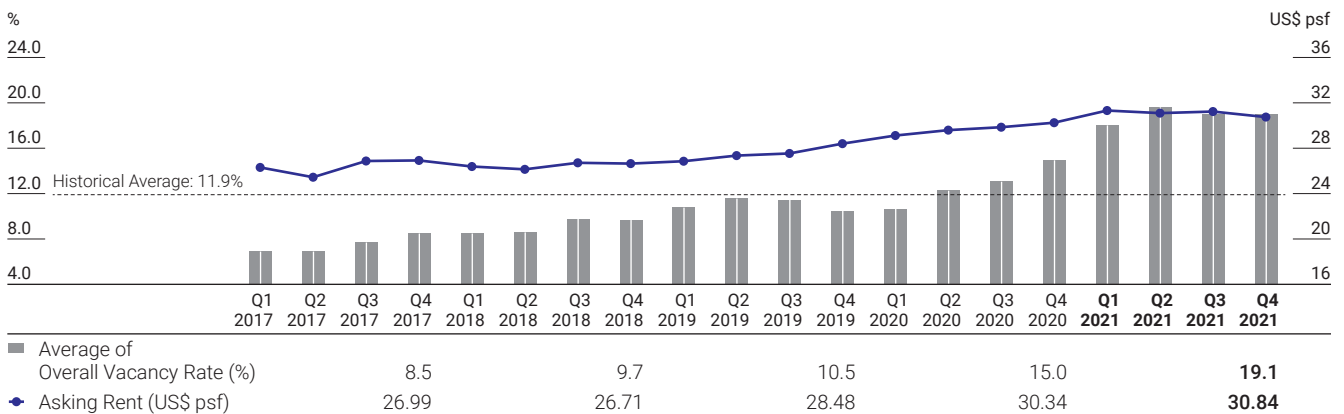
## NASHVILLE, TENNESSEE INVESTMENT SALES

US\$ million



Source: Real Capital Analytics

## NASHVILLE, TENNESSEE OVERALL VACANCY AND ASKING RENTS



## INDEPENDENT MARKET REVIEW

### BY CUSHMAN & WAKEFIELD

#### HOUSTON, TEXAS ECONOMIC INDICATORS

	Q4 20	Q4 21	12-Month Forecast
Houston MSA Employment	2,996k	3,148k	▲
Houston MSA Unemployment	7.6%	4.8%	▼
US Unemployment	6.7%	3.9%	▼

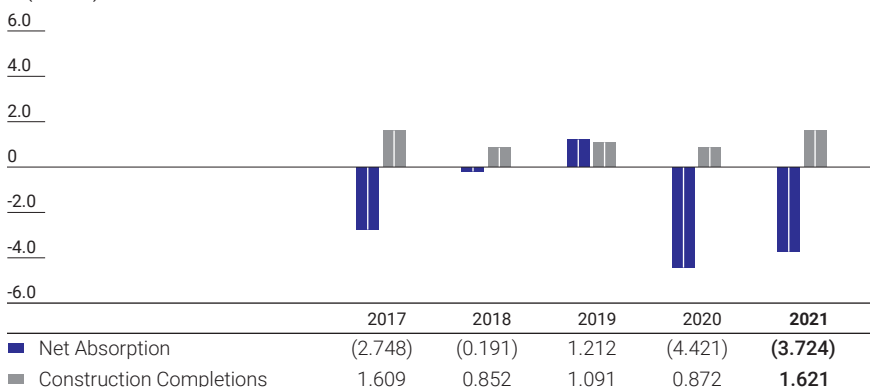
#### HOUSTON, TEXAS OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 20	Q4 21	12-Month Forecast
Vacancy	24.3%	26.9%	▼
YTD Net Absorption (sf)	-4,421k	-3,724k	▲
Under Construction (sf)	2,720k	1,287k	▼
Average Asking Rent <sup>1</sup>	US\$31.25	US\$31.62	—

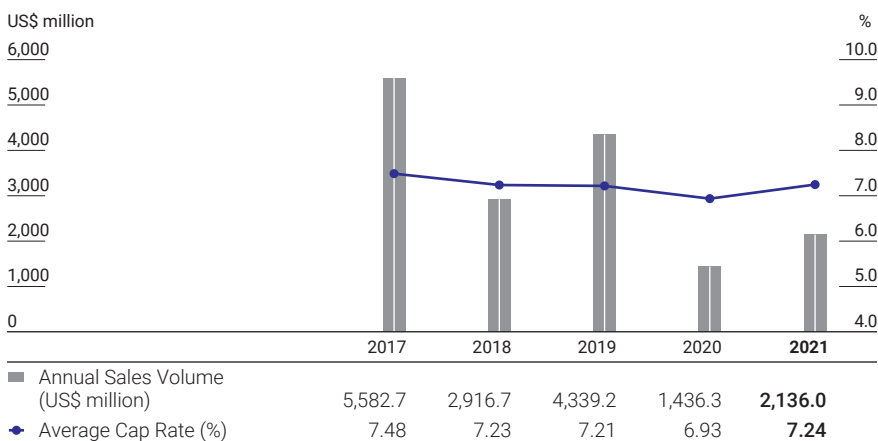
<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

#### HOUSTON, TEXAS OFFICE SPACE DEMAND AND DELIVERIES

sf (millions)



#### HOUSTON, TEXAS INVESTMENT SALES



Source: Real Capital Analytics

Nashville's overall gross asking rents rose to US\$30.84 psf for Q4 2021, up 1.6% y-o-y. With large quantities of new Class A and AA space absorbed throughout 2021 and an influx of additional Class AA space currently under construction, market rents remain stable. Rents are expected to increase in 2022 as new product delivers and higher quality space hits the market.

Transaction volume has remained relatively stable over the past four years, unlike most other markets that experienced sharp declines in 2020 followed by rebounds in 2021. Office investment sales for 2021 in Nashville were slightly down from 2020 at US\$1,139.3 million, a 1.3% y-o-y decrease from US\$1,154.7 million in 2020. The 2021 level is reasonably consistent with annual averages for the preceding four years, and well above annual transaction levels for 2012 through 2017. Cap rates were up from 2020, averaging 6.4% in 2021. However, this was below averages reported for 2017 through 2019.

#### OUTLOOK

Nashville recorded increased leasing activity and improved absorption throughout 2021, demonstrating a strong rebound from the previous year. The market outlook for Nashville remains favorable as vacancy rate is expected to decrease with more companies continuing to relocate into the market and seek new Class A product.

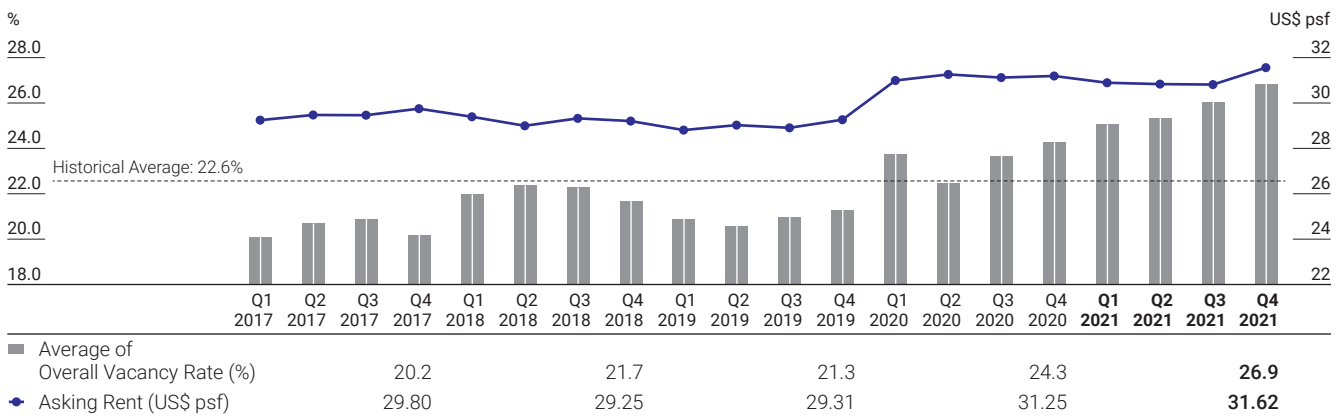
#### HOUSTON, TEXAS LOCAL ECONOMY

Houston's metro area stood at 3.1 million total employment at the end of 2021, a 5.1% y-o-y increase from 3.0 million total employment in Q4 2020. The US experienced 4.5% growth in nonfarm employment during the same time period. During 2021, Houston's metro area regained 151,800 jobs, almost half of the 308,000 jobs lost in the early stages of the pandemic. By the end of 2021, Houston's unemployment rate fell to 4.8%, 280 bps lower than 7.6% in December 2020. The region's office-using employment totalled 703,010 jobs as of Q4 2021. According to Moody's Analytics, Houston gained almost 30,000 office-using jobs during 2021. While the city's economic recovery continues to lag other major Texas cities, Houston's economy is trending in the right direction.

#### OFFICE MARKET TRENDS

The Houston market delivered a total 1.6 msf of office buildings during 2021. After record-breaking deliveries from 2014 to 2016, the Houston office market has experienced below-average deliveries in the past several years. Currently, the Houston market has eight office

## HOUSTON, TEXAS OVERALL VACANCY AND ASKING RENTS



buildings totalling 1.3 msf under construction. Under-construction totals in Houston are far below other major Texas cities, with both Dallas/Fort Worth and Austin boasting much higher activity, 4.6 msf and 4.8 msf, respectively. Houston's development pipeline is forecast to remain low during the next several years, which should assist recovery in the market's record-high vacancy rate.

Negative net absorption plagued the Houston office market in 2021, with 14 of the 18 submarkets posting negative absorption for the year. The Houston office market contracted by a total of -3.7 msf for the year. As a result, total vacancy rose 260 bps from 24.3% in Q4 2020 to 26.9% in Q4 2021. Despite the negative net absorption, the Houston office market recorded 8.2 msf of new leasing activity during 2021.

In anticipation of improving market conditions during the end of the year, asking rents of numerous buildings were raised slightly in early Q4 2021. Overall average asking rents closed 2021 at US\$31.62 psf, 2.4% higher than US\$30.87 psf at the close of Q3 2021.

After peaking at US\$5.6 billion in 2017, investment sales volume declined to about US\$2.9 billion for 2018 before increasing to over US\$4.3 billion in 2019. With the pandemic, sales volume dropped nearly 67% in 2020 to US\$1.4 billion, the lowest level since 2009. While office investment sales increased 48.7% in 2021 to US\$2.1 billion, this level of investment activity remained well below most annual totals over the past ten years. Average cap rates increased slightly in 2021, averaging 7.2%, though this is generally consistent with the range over the past five years.

### OUTLOOK

Job growth is expected to return to pre-pandemic levels in 2022. An improving job market, low cost of living, and pent-up demand will assist Houston's economic recovery throughout the year. Vacancy will remain near peak for the first half of the 2022. With tenant interest rising, and low levels of new construction, additional leasing totals are expected to reduce vacancy rates beginning mid-year.

### DALLAS, TEXAS LOCAL ECONOMY

The Dallas-Fort Worth (DFW) economy continued its recovery in Q4 2021. With over 3.9 million people employed, the region has fully recovered the jobs lost at the onset of the pandemic. DFW's population increased by 105,155 people y-o-y, and by 28,756 in Q4 2021 alone, continuing a long trend of

population growth. As of December 2021, the population reached a new high of over 7.9 million residents.

According to Moody's Analytics, office-using jobs grew by 64,186 positions when compared against Q4 2020, an increase of 6.2%. This leading indicator of office demand is driven by business and professional services roles, which account for 63% (692,104 jobs) of office-using employment. The region's office employment totalled 1.1 million jobs as of December 2021.

### OFFICE MARKET TRENDS

Despite supply chain delays and increased costs, construction continued mostly uninterrupted in DFW in 2021, with 2.6 msf delivered. The construction pipeline in DFW remains robust, with 4.6 msf to be completed over the next 24 months.

## DALLAS, TEXAS ECONOMIC INDICATORS

	Q4 20	Q4 21	12-Month Forecast
Dallas-Fort Worth MSA Employment	3,788k	3,952k	▲
Dallas-Fort Worth MSA Unemployment	6.0%	3.6%	▼
US Unemployment	6.7%	3.9%	▼

## DALLAS, TEXAS OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

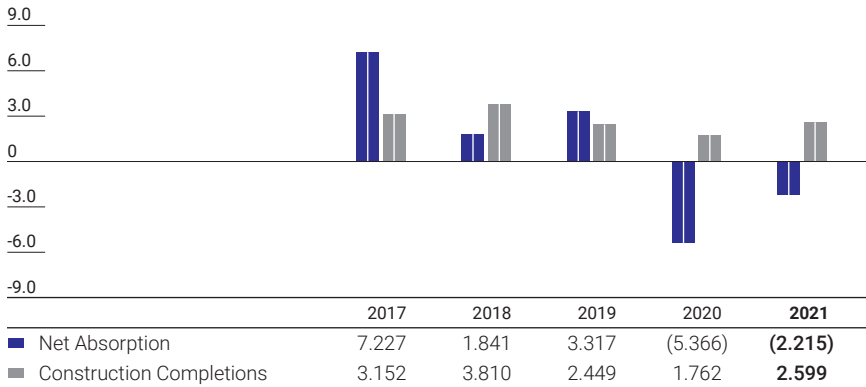
	Q4 20	Q4 21	12-Month Forecast
Vacancy	20.3%	22.1%	▼
YTD Net Absorption (sf)	-5,366k	-2,215k	▲
Under Construction (sf)	4,243k	4,615k	▼
Average Asking Rent <sup>1</sup>	US\$26.70	US\$27.36	▲

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

## INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

### DALLAS, TEXAS OFFICE SPACE DEMAND AND DELIVERIES

sf (millions)

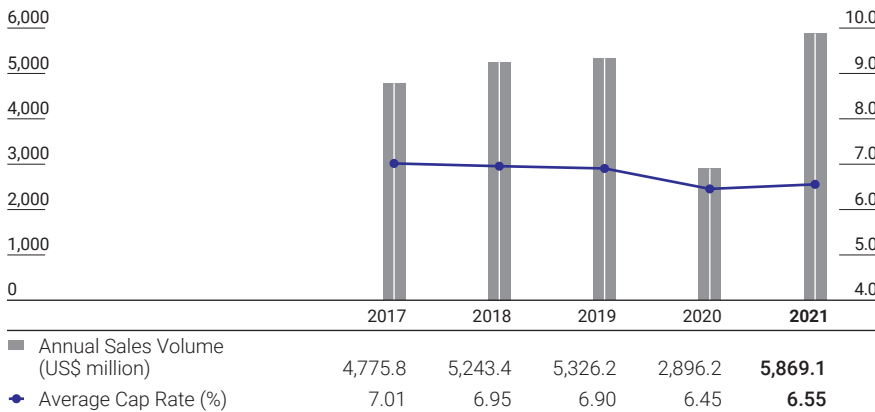


Available sublease space reached a new high in DFW with over 9.3 msf of sublease inventory. However, just 36.0% of this 9.3 msf is listed as currently vacant, compared to 87.0% of available direct space listed as vacant. This points to a recent trend in DFW; while employees work from home, many companies have listed parts of or all their space for sublease to weigh their real estate options without physically vacating existing space.

After seven consecutive quarters of falling occupancy, the DFW office market absorbed 888,263 sf in Q4 2021. Increased leasing activity earlier in the year drove this number, as the pace of companies moving into space finally surpassed the pace at which leases were expiring. Overall vacancy rates climbed 10 bps from the previous quarter and 180 bps y-o-y to 22.1% at year-end 2021.

### DALLAS, TEXAS INVESTMENT SALES

US\$ million

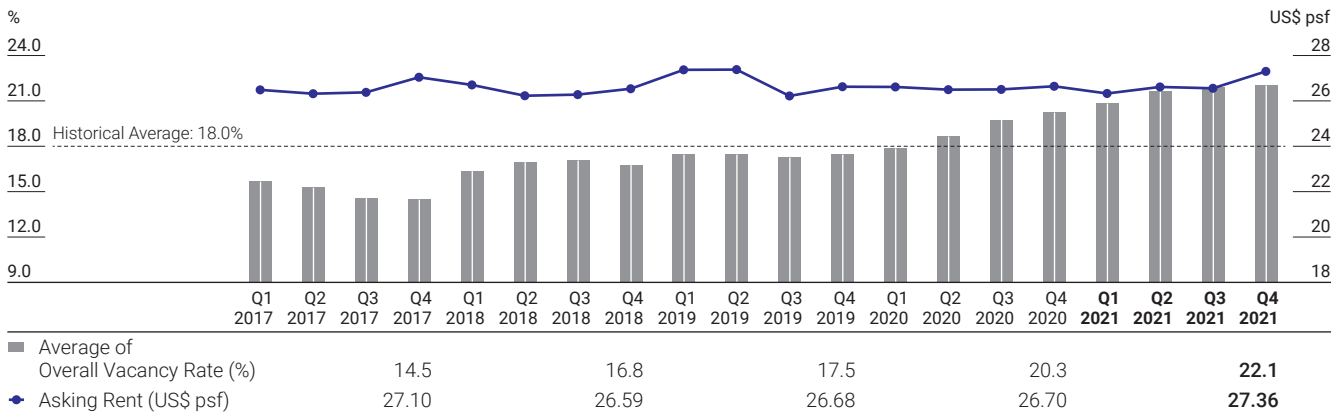


Source: Real Capital Analytics

Rising operating expenses, increased asking rates and the addition of 1.3 msf of new Class A product to the market pushed asking rents in DFW to US\$27.36 psf on an annual full-service basis, an increase of 2.5% y-o-y. As expected, Class A registered the highest average asking rate, rising to US\$32.35 psf, while Class B and Class C reported more economical rates of US\$20.22 and US\$17.51, respectively.

Like most other markets, investment sales activity rebounded from the suppressed levels of 2020, increasing nearly 103% y-o-y to nearly US\$5.9 billion in office investment sales. According to Real Capital Analytics statistics, this is the highest level of annual office sales over the past two decades.

### DALLAS, TEXAS OVERALL VACANCY AND ASKING RENTS



Average capitalisation rates remained relatively stable at 6.6%.

## OUTLOOK

Throughout the office market downturn, landlords did not lower asking rates in DFW. Instead competitive concession packages were offered, which include free rent and additional tenant improvement dollars. Continued expansion in the office market is likely to upset this trend, especially for Class A products. However, with strong leasing demand and positive net absorption in Q4 2021, the long-term outlook for the region remains very positive, especially when compared to other large, US metro areas.

## ORLANDO, FLORIDA LOCAL ECONOMY

Orlando, part of the Central Florida region and one of the nation's largest tourism markets, is progressing through the economic disruption caused by the onset of the COVID-19 pandemic. As of December 2021, Orlando had an unemployment rate of 3.8%, 40 bps lower than the previous month and 70 bps lower than the region's rate from one year ago. Non-agricultural employment approached 1.3 million, growing by 91,400 jobs, or 7.7% y-o-y, with the region gaining jobs in the tourism, construction and financial services industries. Office-using employment gained 20,000 new jobs in the last 12 months.

## OFFICE MARKET TRENDS

Office leasing demand remained stable in 2021 compared to 2020 amounts, closing out the year with approximately 1.9 msf leased. Due to a flight to quality by tenants, over half of all activity was in Class A inventory, ending the year at 1.1 msf, compared to 858,000 sf in Class B assets. Suburban submarkets outperformed the CBD in terms of new leasing activity with over 80% of all activity in Orlando occurring outside of the urban core. The Maitland submarket, closest to the CBD, accounted for 16% of all leasing activity with 310,000 sf, up 26% from 2020 totals. However, net absorption remained negative for the third consecutive year, increasing to -1.3 msf for 2021, a 254.5% increase from -372,443 sf in 2020.

Overall vacancy jumped 270 bps y-o-y to 14.4% on an influx of new sublease space hitting the market. The Tourist Corridor and Maitland submarkets accounted for nearly 90% of the new sublease space added over the past 12 months, totaling over 337,000 sf.

## ORLANDO, FLORIDA ECONOMIC INDICATORS

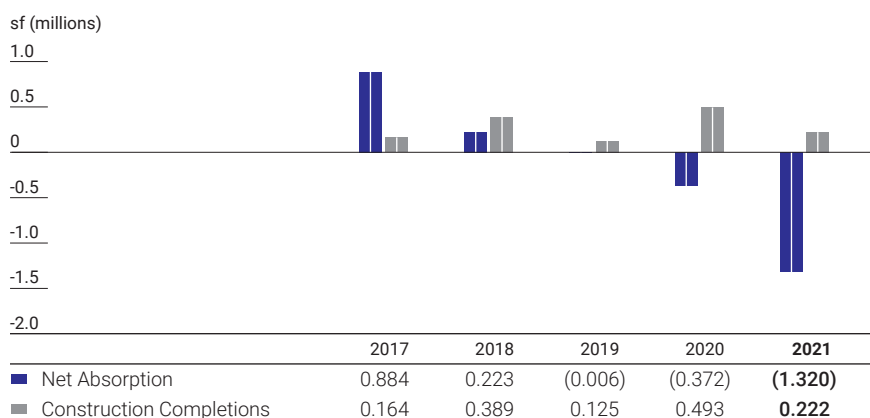
	Q4 20	Q4 21	12-Month Forecast
Orlando MSA Employment	1,185k	1,276k	^
Orlando MSA Unemployment	4.5%	3.8%	✓
US Unemployment	6.7%	3.9%	✓

## ORLANDO, FLORIDA OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

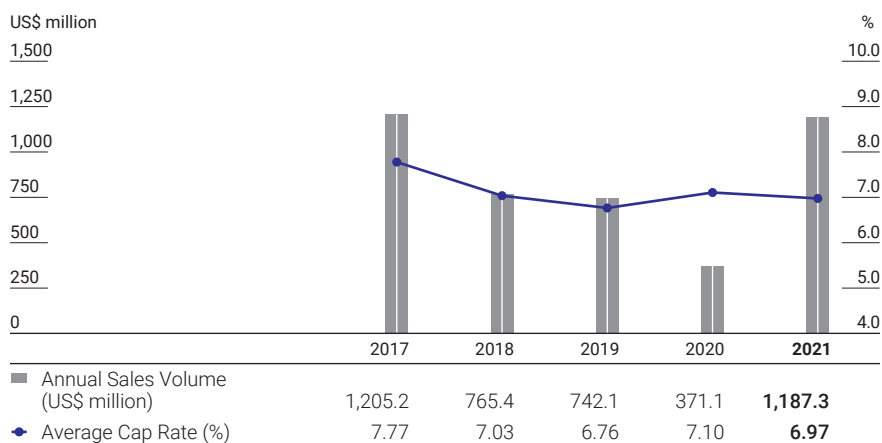
	Q4 20	Q4 21	12-Month Forecast
Vacancy	11.7%	14.4%	^
YTD Net Absorption (sf)	-372k	-1,320k	✓
Under Construction (sf)	321k	500k	—
Average Asking Rent <sup>1</sup>	US\$24.36	US\$25.32	✓

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

## ORLANDO, FLORIDA OFFICE SPACE DEMAND AND DELIVERIES



## ORLANDO, FLORIDA INVESTMENT SALES



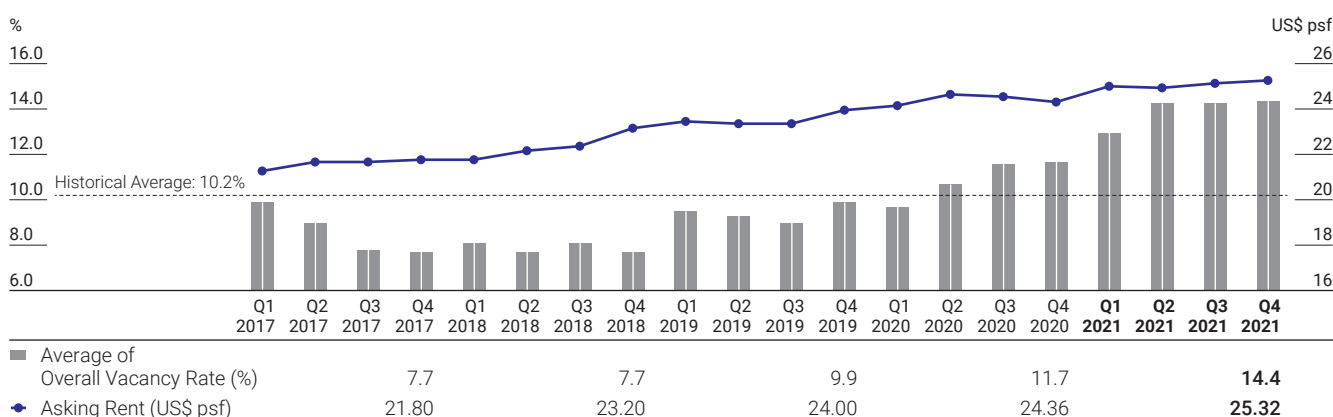
Source: Real Capital Analytics



# INDEPENDENT MARKET REVIEW

## BY CUSHMAN & WAKEFIELD

### ORLANDO, FLORIDA OVERALL VACANCY AND ASKING RENTS



Most new availabilities were in Class A inventory which saw overall vacancy jump 460 bps over the past year to 14.9%. Class B vacancy remained stable overall at 13.0% with gains in some submarkets cancelling out decreases in others. The CBD ended the year at 13.8%, outperforming the suburban submarkets by 70 bps.

Overall asking rents for office space continued to rise even as the supply of available space increased over the past year. Asking rates rose 3.9% y-o-y to a record high of US\$25.32 psf full service. Rents in Class A assets closed out 2021 up 480 bps to US\$28.24 psf overall, with the 6.5% increase in suburban

submarkets driving most gains. Office submarkets with the highest gains for Class A rents were those that saw an increase in premium vacant space and included Maitland with a 13.3% gain to US\$26.79 psf.

Real Capital Analytics estimated investment sales volume at approximately US\$1.2 billion for the past 12 months, the highest level since 2017 and up 220% from 2020. Cap rates remained relatively stable, averaging approximately 7.0% for the year.

#### OUTLOOK

While the pandemic hit Orlando's large Leisure & Hospitality sector particularly hard,

the Orlando economy and office fundamentals have shown improvements. As a result, the area is expected to resume its previous upward trajectory as the national economy continues to recover from the pandemic. Vacancy rates remain below those of most metropolitan areas, and with very little new construction underway, the outlook for the Orlando office market is generally favorable.

### SACRAMENTO, CALIFORNIA LOCAL ECONOMY

Despite the emergence of COVID-19, Sacramento's economic recovery ended 2021 on a high note. Unemployment rate for the metro closed the year at 4.4%, down 320 bps from 7.6% one year earlier. Nonfarm employment ended the year at just over 1.0 million, with an annual increase of 37,900 jobs, or 3.9% y-o-y. The office sector closed the year with the addition of 32,000 jobs.

#### OFFICE MARKET TRENDS

Net absorption was negative every quarter for 2021. Q4 recorded a total negative net absorption of -531,000 sf and an annual total of -922,000 sf. This is nearly double the total negative net absorption for 2020, which was -506,000 sf. Negative absorption totals are not unexpected, as the changes in the COVID-19 protocols have forced tenants to continue to evaluate their real estate needs. While absorption for the region remained in the red, many submarkets remained active, reporting strong leasing activity. Year-to-date (YTD) leasing activity nearly matched 2020 totals with 2.9 msf of deals done in 2021 with sublease deals making up only

### SACRAMENTO, CALIFORNIA ECONOMIC INDICATORS

	Q4 20	Q4 21	12-Month Forecast
Sacramento MSA Employment	975k	1,013k	▲
Sacramento MSA Unemployment	7.6%	4.4%	▼
US Unemployment	6.7%	3.9%	▼

### SACRAMENTO, CALIFORNIA OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 20	Q4 21	12-Month Forecast
Vacancy	11.5%	14.0%	▼
YTD Net Absorption (sf)	-506k	-922k	▲
Under Construction (sf)	906k	13k	▼
Average Asking Rent <sup>1</sup>	US\$24.00	US\$24.60	—

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

3.2% of total leasing activity. Additionally, active tenant requirements ended 2021 with 1.7 msf, in line with the historical averages and an increase of 35% from 2020.

Lease rates for the most part remained stable during Q4 2021, closing the year at US\$24.60 psf on an annual full-service basis. This is up US\$0.60 psf, or 2.5% y-o-y. As competitive as the market is, landlords continue to hold firm at the property level by offering aggressive incentives such as free rent, moving cost allowance, and increased tenant improvement allowances, all being offered in greater quantities in an effort to keep face rates higher.

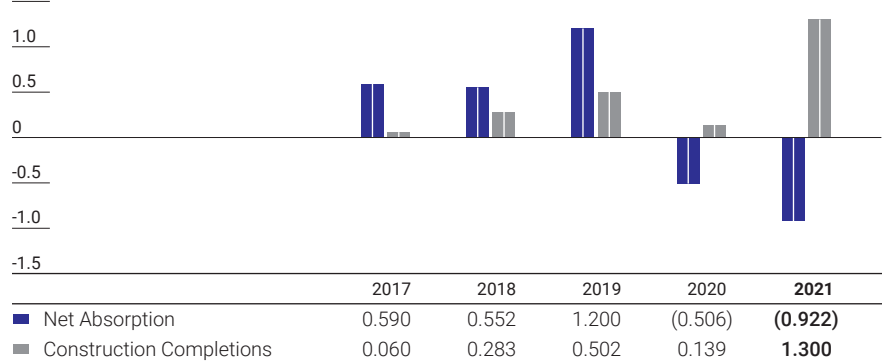
The vacancy rate increased by 100 bps q-o-q and 250 bps y-o-y, ending 2021 at 14.0%. Despite the increased supply, market vacancy sits below late 2016 levels and is far below the worst point of the GFC of 20.7% recorded in Q4 of 2011. Furthermore, vacancy is well below the US average of 17.6%.

The State of California, a major area employer, is in the midst of a long-term transition. This involves shuffling agencies to swing space as they move from leased space to their owned properties, many of which are still under construction. This will contribute to the potential for slow rising vacancy.

According to Real Capital Analytics, sale activity declined for the second consecutive year in 2021 to just over US\$771 million. This is down 16.1% from 2020 and is the lowest annual total since 2015.

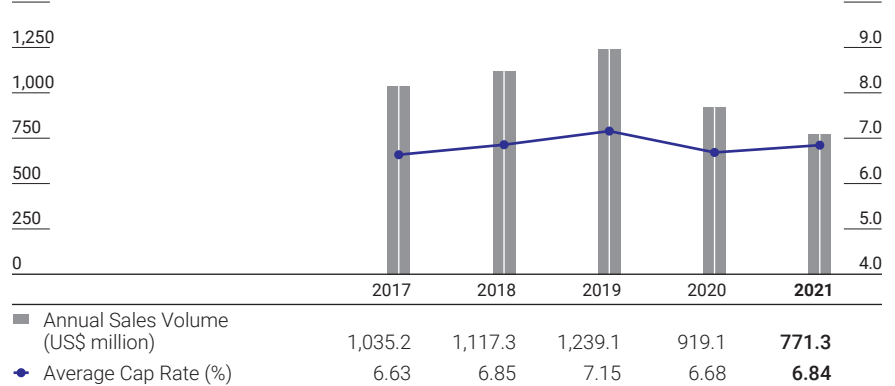
#### SACRAMENTO, CALIFORNIA OFFICE SPACE DEMAND AND DELIVERIES

sf (millions)



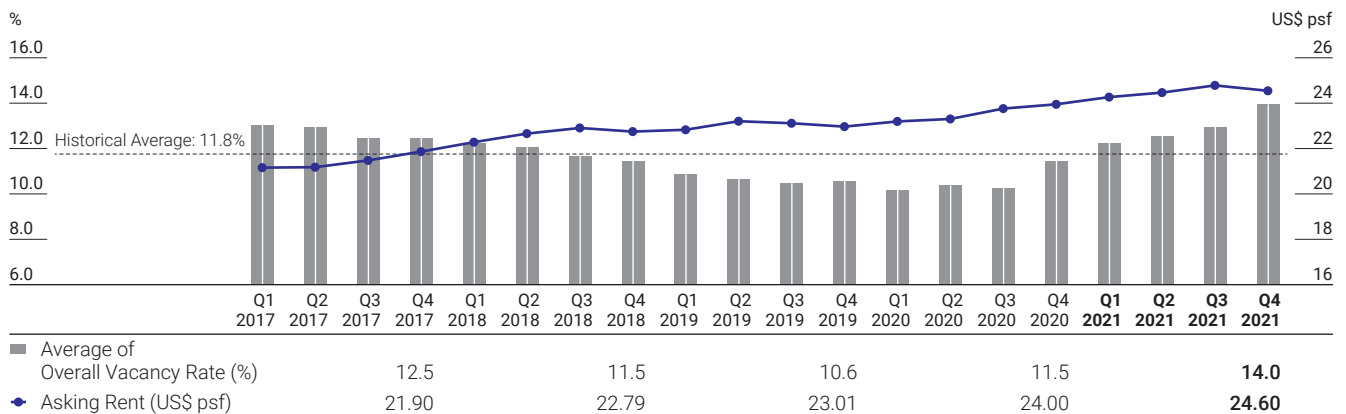
#### SACRAMENTO, CALIFORNIA INVESTMENT SALES

US\$ million



Source: Real Capital Analytics

#### SACRAMENTO, CALIFORNIA OVERALL VACANCY AND ASKING RENTS



## INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

### ATLANTA, GEORGIA ECONOMIC INDICATORS

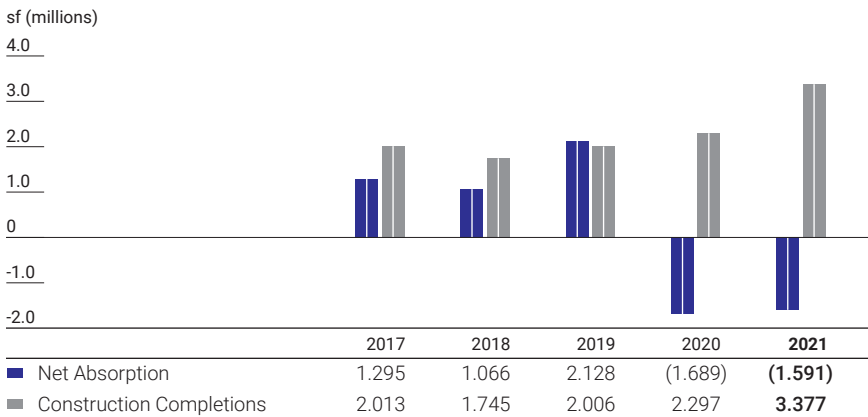
	Q4 20	Q4 21	12-Month Forecast
Atlanta MSA Employment	2,742k	2,883k	^
Atlanta MSA Unemployment	5.8%	2.3%	-
US Unemployment	6.7%	3.9%	v

### ATLANTA, GEORGIA OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

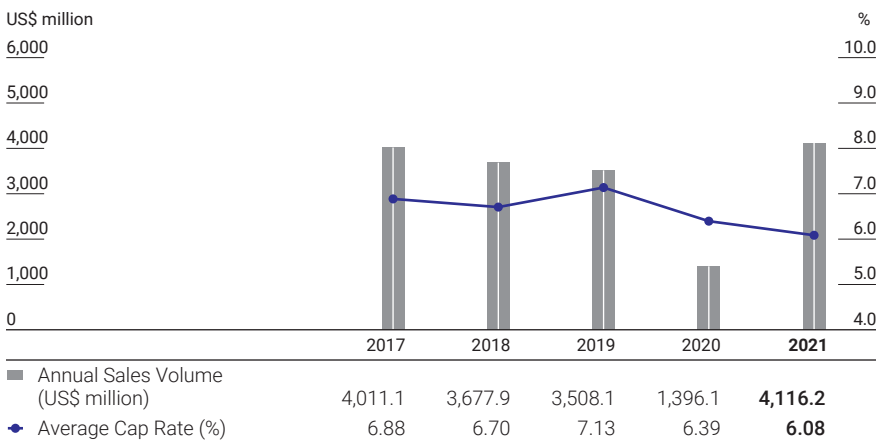
	Q4 20	Q4 21	12-Month Forecast
Vacancy	20.0%	22.9%	v
YTD Net Absorption (sf)	-1,689k	-1,591k	^
Under Construction (sf)	5,872k	2,621k	v
Average Asking Rent <sup>1</sup>	US\$28.59	US\$29.90	-

<sup>1</sup> Rental rates reflect gross asking in US\$ psf/year.

### ATLANTA, GEORGIA OFFICE SPACE DEMAND AND DELIVERIES



### ATLANTA, GEORGIA INVESTMENT SALES



Source: Real Capital Analytics

Activity did pick up near the end of 2021 with Cushman & Wakefield reporting sales of US\$350 million and US\$292 million for Q3 and Q4, respectively.

### OUTLOOK

Market activity remains positive as occupiers continue to seek balance between their mental and physical health versus work productivity. Tenants recognise the need to maintain physical office space. As a result, leasing activity was up in Q4 and is expected to remain high. 2021 also saw significant renewal activity, demonstrating tenants' commitment to the region. Sacramento's fundamentals remain relatively strong despite the pandemic. Beyond the short-term, recovery will be tied to occupier and employee willingness to return to the office, as well as new life science and bio manufacturing tenants looking to enter the market from outside the region.

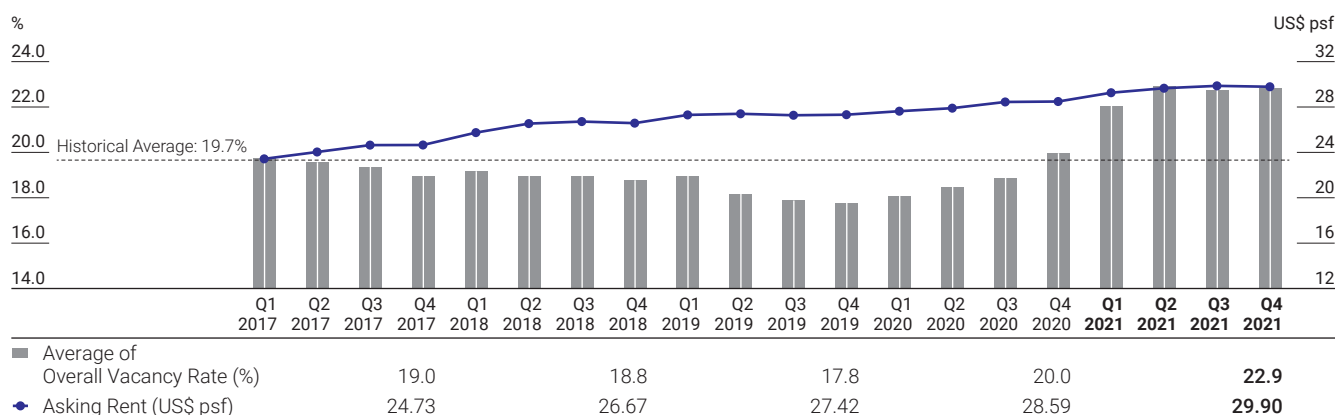
### ATLANTA, GEORGIA LOCAL ECONOMY

Metro Atlanta's unemployment rate remains well below the US average at 2.3%, a 350-bps improvement y-o-y. Impressively, the unemployment rate continued to plummet even amidst an increase in the labour participation rate and is expected to hold steady over the next 12 months. With more than 930,000 people in the region currently holding office jobs, the employment total has returned to pre-pandemic levels. A plethora of recent announcements from firms selecting Atlanta for corporate headquarters and hub placements bolstered the economic jobs forecast, with office-using jobs in the region expected to grow 2.5% over the coming year.

### OFFICE MARKET TRENDS

Demand was robust during Q4 2021 as Atlanta recorded more than 2.5 msf of new leasing activity, the highest leasing total in nine quarters, which bolstered the yearly total of new leases signed to nearly 7.4 msf. Though it falls short of the five-year leasing average, this represents a 5.1% increase over 2020's year-end total. Net absorption remained negative for a second consecutive year, ending 2021 at -1.6 msf and only slightly better than the -1.7 msf of negative absorption in 2020. However, the negative absorption for 2021 was concentrated in Q1. The region recorded nearly 48,000 sf of positive net absorption during Q4, marking the third consecutive quarter of net occupancy gains. In addition, five of Atlanta's nine major office submarkets posted yearly occupancy improvements for 2021.

## ATLANTA, GEORGIA OVERALL VACANCY AND ASKING RENTS



Metro Atlanta's overall vacancy continued to climb, increasing 290 bps y-o-y to 22.9% at the end of 2021. However, vacancy growth slowed significantly in the last three quarters of the year, increasing only 80 bps over this period and only 10 bps in Q4.

Atlanta recorded its highest annual total for construction completions in market history, with nearly 3.4 msf of new supply delivered during 2021. Occupiers' preference for new, high-quality space continued, as 81% of the newly-delivered product has already been leased. Construction remains underway on nine projects totaling more than 2.6 msf, nearly all of which are concentrated in the urban core and being constructed on a speculative basis.

The direct average asking rent continued its upward climb, jumping to US\$29.90 psf, a 4.6% y-o-y uptick. Both the CBD and suburban submarkets experienced substantial rent growth over the past two years, particularly for premium product,

with Class A rents increasing 7.1% in the CBD and 5.7% in the suburbs.

Transaction volume for investment sales had trended downward over the previous five years, but reversed course in 2021 with Real Capital Analytics estimating sales at nearly US\$4.1 billion, a 195% y-o-y increase from 2020 and the highest level of transaction volume since 2016. Cap rates were down slightly, averaging 6.1% in 2021.

### OUTLOOK

While the emergence of COVID-19 variants caused some companies to push back their return to office efforts, a steady stream of corporate relocation and expansion announcements bodes well for the Metro's future. Healthy pre-leasing levels in under-construction assets and multiple large leases signed during Q4 2021 can be expected to push the vacancy rate downward throughout 2022 as those users take occupancy.

### Use and Reliance

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### Methodology

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. Generally, owner-occupied and federally owned buildings are not included. Single tenant buildings and privately-owned buildings in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.



# PROPERTY PORTFOLIO



» KORE'S STRATEGIC PRESENCE IN KEY US GROWTH MARKETS AND ITS FOCUS ON THE FAST-GROWING TECHNOLOGY (TECH) SECTOR HAS CONTRIBUTED TO THE REIT'S RESILIENT PORTFOLIO PERFORMANCE.

## HEALTHY RENTAL REVERSION

### 6.0%

Achieved positive rental reversion<sup>1</sup> of 6.0% in FY2021, supported by rent growth in the technology hubs of Seattle – Bellevue/Redmond and Austin.

## STRONG LEASING PERFORMANCE

### 730,619 sf

Committed 730,619 sf of leases in FY2021, equivalent to 14.3% of KORE's portfolio by net lettable area.

## PURSUING GROWTH

With the emergence of the Delta and Omicron variants, the continued effects of the COVID-19 pandemic extended into 2021, impeding the recovery of the United States (US) office market. Nevertheless, KORE continued to deliver strong returns and sustainable distributions to its Unitholders through proactive asset management and value accretive acquisitions in the key growth markets where it has presence.

As part of its ongoing portfolio optimisation strategy, the Manager remained active in seeking out attractive growth opportunities. In 3Q 2021, the Manager acquired two freehold office properties, Bridge Crossing in Nashville, Tennessee, and 105 Edgeview in Denver, Colorado. The strategic addition of these two assets, with its tech-centric tenant mix, strengthened KORE's focus in the tech sector and expanded KORE's portfolio value to US\$1.46 billion as at end-2021, up 11.6%<sup>2</sup> from US\$1.30 billion

as at end-2020. Its portfolio comprised 15 properties across nine key growth markets in the US, with approximately 5.1 million sf of quality office space. With an extensive and diversified base of over 400 tenants, KORE is well positioned to benefit from the growing and defensive sectors of tech, advertising, media and information (TAMI), as well as medical and healthcare.

Asset enhancement works continued throughout the year to improve tenants' experience and the competitiveness of KORE's properties. Several assets, including The Plaza Buildings, 1800 West Loop and Bellevue Technology Center, underwent improvements such as refurbishing of lobbies, cafes and common areas; as well as building move-in ready speculative suites. To further provide tenants with a safe work environment, especially during the pandemic, needlepoint bipolar ionisation systems were installed within the heating, ventilation and air conditioning (HVAC) units

<sup>1</sup> Rental reversion is calculated based on net rent for net leases and gross rent for full-service gross leases.

<sup>2</sup> Calculated based on the actual investment properties' values in US\$'000.

of KORE's properties to deactivate pathogens and pollutants at a molecular level.

KORE continued to proactively reach out to tenants to understand their business needs and concerns, granting rental deferments to those whose business had been financially impacted by the pandemic. Rental deferments of approximately 0.4% of net property income (NPI) granted in FY2021 had a limited impact to KORE's portfolio. Meanwhile, rental collection remained healthy at 99.1%. In addition, the collection of rental deferments granted in 2020 was in line with the schedules previously agreed with the tenants.

In FY2021, approximately 62.3% of KORE's NPI was derived from the tech hubs of Seattle – Bellevue/Redmond, Austin and Denver. KORE's properties in these markets are The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio in Bellevue and Redmond, Washington; Great Hills Plaza and Westech 360 in Austin, Texas; as well as Westmoor Center and 105 Edgeview in Denver, Colorado.

The remainder of the portfolio is located in the key growth markets of Nashville, Houston, Dallas, Orlando, Sacramento and Atlanta. The properties are Bridge Crossing in Nashville, Tennessee; 1800 West Loop South and Bellaire Park in Houston, Texas; One Twenty Five in Dallas, Texas; Maitland Promenade I & II in Orlando, Florida; Iron Point in Sacramento, California; as well as Powers Ferry and Northridge Center I & II in Atlanta, Georgia.

### HEALTHY LEASING MOMENTUM

Leasing activities across the US saw a pick-up in the second half of 2021. KORE continued to see positive leasing momentum, committing approximately 730,619 sf of office space for the year, equivalent to about 14.3% of its total portfolio by net lettable area. This brought KORE's portfolio committed occupancy to 91.9% as at end-December 2021.

At the same time, KORE achieved positive rental reversion of 6.0% in 2021, supported by strong rent growth in various key growth markets, especially in Seattle – Bellevue/Redmond and Austin. With a built-in average annual rental escalation of 2.4% as well as current rents being on average 4.9% below that of KORE's asking rents, organic growth remains a key driver of value for Unitholders.

» Deciding to move to Bellaire Park was one of the best business decisions we made. Amid the pandemic, the management team worked actively to ease the complex medical construction process and enabled our business to be launched on time.

Bellaire Park is a beautiful, well-maintained facility surrounded by trees, centrally located and close to the Texas Medical Center. The development has ample parking space that our patients love, and we couldn't be happier.

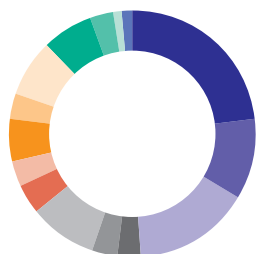
RAJA MUTHUPILLAI, CTO, Live Healthy Imaging

### PORTFOLIO COMMITTED OCCUPANCY BY NLA (%)

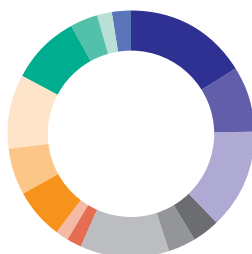
as at 31 December 2021

Portfolio		
Portfolio		91.9
The Plaza Buildings		92.0
Bellevue Technology Center		95.7
The Westpark Portfolio		95.3
Great Hills Plaza		100.0
Westech 360		77.3
Westmoor Center		97.6
105 Edgeview		100.0
Bridge Crossing		100.0
1800 West Loop South		87.8
Bellaire Park		90.5
One Twenty Five		90.6
Maitland Promenade I & II		88.0
Iron Point		87.4
Powers Ferry		84.2
Northridge Center I & II		77.9

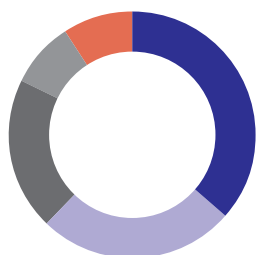
## PROPERTY PORTFOLIO

**PORTFOLIO BY VALUATION (%)**  
as at 31 December 2021

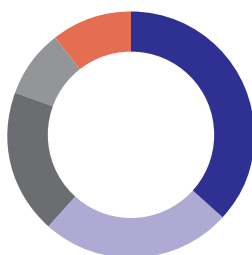
● The Plaza Buildings	23.3
● Bellevue Technology Center	10.4
● The Westpark Portfolio	15.4
● Great Hills Plaza	2.9
● Westech 360	3.3
● Westmoor Center	8.9
● 105 Edgeview	4.1
● Bridge Crossing	3.2
● 1800 West Loop South	5.5
● Bellaire Park	3.5
● One Twenty Five	7.3
● Maitland Promenade I & II	6.7
● Iron Point	3.1
● Powers Ferry	1.1
● Northridge Center I & II	1.3
<b>Total</b>	<b>100.0</b>

**PORTFOLIO BY GROSS REVENUE (%)**  
as at 31 December 2021

● The Plaza Buildings	16.3
● Bellevue Technology Center	8.6
● The Westpark Portfolio	13.1
● Great Hills Plaza	3.6
● Westech 360	3.4
● Westmoor Center	11.8
● 105 Edgeview	2.0
● Bridge Crossing	1.5
● 1800 West Loop South	6.8
● Bellaire Park	6.0
● One Twenty Five	9.8
● Maitland Promenade I & II	9.2
● Iron Point	3.7
● Powers Ferry	1.9
● Northridge Center I & II	2.3
<b>Total</b>	<b>100.0</b>

**PORTFOLIO TRADE SECTOR BREAKDOWN BY CRI (%)**  
as at 31 December 2021

● TAM	36.5
● Professional Services	25.9
● Finance & Insurance	19.9
● Medical & Healthcare	8.7
● Others	9.0
<b>Total</b>	<b>100.0</b>

**PORTFOLIO TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2021

● TAM	36.9
● Professional Services	24.8
● Finance & Insurance	19.0
● Medical & Healthcare	8.9
● Others	10.4
<b>Total</b>	<b>100.0</b>

Note: Certain adjustments were made to trade sector allocation as at 31 December 2021.

**DIVERSIFIED TENANT BASE**

KORE has an extensive tenant base of over 400 tenants across diversified sectors. The majority of the tenants are from the TAM, professional services, as well as finance and insurance sectors, which contributed approximately 36.5%, 25.9% and 19.9% of KORE's cash rental income<sup>1</sup> (CRI) respectively as at end-2021. Tenants from the TAM, medical and healthcare sectors, contributed 45.2% of CRI, which is significantly higher than KORE's competitive set.

Meanwhile, KORE's top 10 tenants contributed only 22.6% of the portfolio's CRI, with no single tenant accounting for more than 3.4% of total CRI. Of KORE's top 10 tenants, nine are firms from the TAM, as well as medical and healthcare sectors, a clear indication of KORE's strategic focus in these fast-growing and defensive industries. All the top 10 tenants were prompt with rent payments and no rent deferments were requested during the year, which is testament to their credit quality.

**WELL-SPREAD LEASE EXPIRY PROFILE**

KORE continues to maintain a well-spread lease expiry profile with not more than 17.0% of total committed leases by CRI expiring in any one year over the next five years. In 2022, 10.3% and 10.7% of the leases by CRI and NLA respectively are due for renewal.

**HEALTHY WEIGHTED AVERAGE LEASE EXPIRY (WALE)**

As at 31 December 2021, KORE had a healthy WALE of approximately 3.6<sup>2</sup> years for its portfolio and 5.0<sup>2</sup> years for its top 10 tenants.

The WALE for leases committed in 2021 was approximately 5.6 years by NLA and constituted 16.5% of KORE's average monthly rental in 2021.

**DEEPENING PRESENCE**

In 2021, with the addition of two accretive acquisitions, namely 105 Edgeview and Bridge Crossing, KORE's portfolio of office properties expanded to a total of nine key growth markets in the US. These acquisitions strengthened KORE's presence in Denver and extended its footprint into Nashville, which is one of the fastest growing cities in the country, enhancing KORE's portfolio income resilience and long-term growth.

Located in the Broomfield office submarket in Denver, 105 Edgeview is a four-storey Class A office building that was acquired

<sup>1</sup> CRI is defined as rental income without recoveries income.

<sup>2</sup> By CRI. The WALE by NLA for KORE's portfolio and top 10 tenants is 3.7 years and 5.0 years respectively.

## TOP 10 TENANTS BY CRI AND NLA

	Sector	Asset	% of Portfolio by CRI	% of Portfolio by NLA
Comdata, Inc.	Technology	Bridge Crossing	3.4	3.6
Ball Aerospace & Tech	Technology	Westmoor Center	2.9	4.0
Lear Corporation	Technology	The Plaza Buildings	2.7	1.2
Gogo Business Aviation	Technology	105 Edgeview	2.7	2.4
Oculus VR	Technology	The Westpark Portfolio	2.3	2.2
Zimmer Biomet Spine	Technology	Westmoor Center	2.0	2.0
Spectrum	Media & Information	Maitland Promenade I & II	1.8	1.0
Bio-Medical Applications of Texas	Medical & Healthcare	One Twenty Five	1.6	1.1
Auth0	Technology	The Plaza Buildings	1.6	0.9
U.S. Bank National Association	Finance & Insurance	The Plaza Buildings	1.6	0.8
<b>Sub-total</b>			<b>22.6</b>	<b>19.2</b>
<b>WALE</b>			<b>5.0 years</b>	<b>5.0 years</b>

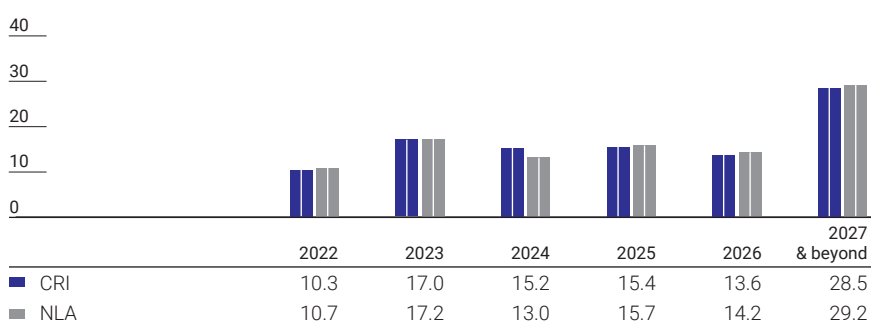
from 105 Edgeview Owner, LP at a purchase price of US\$59.1 million. The appraised value of the property was stated as US\$59.1 million by JLL Valuation & Advisory Services, LLC in their valuation report dated 26 July 2021. The property was valued at US\$60.0 million as at 31 December 2021 in JLL's updated report.

105 Edgeview is KORE's second asset in Denver and is situated within the Interlocken advanced technology environment, a premier business park that houses several large technology firms such as Oracle and Ball Aerospace. The property is easily accessible due to its proximity to the US Highway 36 and is well served by a wide array of amenities in the nearby Flatiron Crossing regional mall. With Westmoor Center located a short drive away, the addition of 105 Edgeview allows KORE to gain a competitive advantage in leasing and deepens KORE's presence in the Denver market. As a LEED Gold-certified building by the US Green Building Council in recognition of its sustainable design features, 105 Edgeview also contributes towards KORE's efforts and focus on sustainability.

Bridge Crossing is a three-storey office building located in the Brentwood office submarket in Nashville. The property was acquired from BOF TN 5301 Maryland, LLC at a purchase price of US\$46.0 million. The appraised value of the property was stated as US\$46.6 million by JLL Valuation & Advisory Services, LLC in their valuation report dated 26 July 2021 and remains the same as at 31 December 2021 in JLL's updated reports.

## PORTFOLIO LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021



Bridge Crossing is situated within one of Nashville's most affluent neighbourhoods in Maryland Farm and is close to a wide selection of retail, dining, and entertainment options such as Hill Center Brentwood and Brentwood Place Shopping Center. It also enjoys convenient access to the major interstate highway, I-65, and the area's main traffic arteries such as Franklin Road, Hillsboro Pike and Old Hickory Boulevard, all of which allow for ease of mobility between Brentwood and other submarkets. With the property fully leased to two tech-centric tenants, the acquisition aligns with KORE's strategy of focusing on the growing and defensive technology sector, and increases the portfolio's exposure to TAMl.

Looking ahead, the Manager will continue its strategy of pursuing value accretive properties in key growth markets in the US with strong economic and office fundamentals.



## Spotlight

# Tech and healthcare continue to drive US economy

## THE GREAT US TECH ROAD

As one of the nation's key economic drivers, the US tech sector continues to power on, driving employment growth and contributing to economic expansion, resulting in a rebound in office demand.

According to CBRE, employment in the US high-tech software and services sector grew by 1.5 million jobs between 2010 and 2020, which accounted for one in every four new office jobs<sup>1</sup>. In addition, tech giants accounted for a large bulk of leasing activities, with tech firms accounting for 22% of US office leasing between April and September 2021, up from 17% in 2020<sup>2</sup>, driven by increased hiring and heightened demand for tech products and services.

Looking ahead, S&P Global Ratings expects the US tech sector to remain strong, supported by continued enterprise spending as companies release pent-up demand and as management teams gain confidence in the macroeconomic outlook with the improving pandemic situation and stronger employment figures<sup>3</sup>.

At the same time, investments in workflow modernisation, as well as the continued

emergence of artificial intelligence, the Internet of Things, and 5G have and will continue to power the sector's growth, as evidenced by the steady rise in office rents, especially in emerging tech hubs in key growth markets. CBRE's latest Tech-30 report<sup>1</sup> indicated that the tech hub of Seattle experienced the highest office rent growth in the last two years, while Austin and Denver were among the top 10 markets. KORE has strategic exposure in these growing and highly defensive tech markets, which account for approximately 62.3% of its NPI as at end-2021.

A confluence of factors spurred the popularity of these key growth markets, but one key factor that aided this boost is the development of a robust tech ecosystem. In addition to Austin's strong culture of prioritising work-life balance and Denver's natural amenities, these markets are popular in-migration destinations for reasons that include an affordable lifestyle and better employment opportunities. The settling and expansion of established tech giants such as Amazon and Microsoft, the increasing influx of tech talents and graduates from local colleges that provide a sustainable pipeline for a dynamic workforce, as well as

the deep technology culture and synergies drawing emerging start-ups, are accelerating the future growth of these tech ecosystems.

## THE PUSH FOR HEALTHIER LIFESTYLES

The increasing demand for healthcare and therapeutics, coupled with the pandemic-induced growth on vaccine research has bolstered the growth of the health and life sciences industries. Healthcare spending grew 9.7% in 2020 and accounted for 19.7% of the nation's gross domestic product<sup>4</sup>.

Significant leasing activities across various markets in 2021 were driven by the expansion of biotechnology companies, especially in the top 10 life science clusters which includes two of KORE's key growth markets, Seattle – Bellevue/Redmond and Denver<sup>5</sup>. Demand for lab spaces has been on the rise, and with limited availabilities, both new lab developments and conversion spaces are experiencing greater rent growth with strong pre-leasing and tenant interest. KORE had also benefited from this trend as seen by its recent lease with a leading biotech firm at Westmoor Center in Denver, in 4Q 2021.

Leveraging its presence in the resilient tech, medical and healthcare hubs of Seattle – Bellevue/Redmond, Denver, Austin and Houston which are significantly driven by continued progression in the tech and healthcare industries, KORE can expect to benefit from the tailwind of the long term, sustainable growth of these fast-growing sectors.



<sup>1</sup> CBRE – "Tech-30 Report 2021".

<sup>2</sup> CBRE – "Tech Industry Expands Share of US Office-Leasing Activity, Drives Office Market Rent Gains in Most Tech Hubs", 1 November 2021.

<sup>3</sup> S&P Global Ratings – "U.S. Tech Sector Outlook Strong Despite Equity Volatility And Slowly Improving Supply Constraints", 8 February 2022.

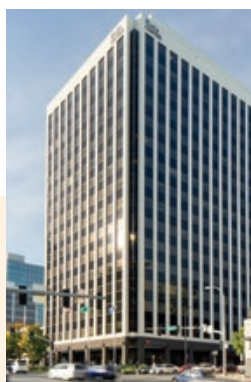
<sup>4</sup> CMS.gov – Centers for Medicare & Medicaid Services.

<sup>5</sup> JLL – "2021 Life Sciences Real Estate Outlook".

# PROPERTY PORTFOLIO AT A GLANCE

## SEATTLE – BELLEVUE/REDMOND, WASHINGTON

## AUSTIN, TEXAS



**The Plaza Buildings**



**Bellevue Technology Center**



**The Westpark Portfolio**



**Great Hills Plaza**



**Westech 360**

<b>Location</b> 10800 and 10900 NE 8th Street, Bellevue, King County, Washington	15805 NE 24th Street, Bellevue, King County, Washington	8200-8644 154th Avenue NE, Redmond, Washington	9600 Great Hills Trail, Austin, Texas	8911 N Capital of Texas Hwy, Austin, Texas
<b>Office Grade</b> A	A and B	B	B	B
<b>Land Tenure</b> Freehold	Freehold	Freehold	Freehold	Freehold
<b>Ownership Interest</b> 100%	100%	100%	100%	100%
<b>Latest Valuation by Cushman &amp; Wakefield as at 31 December 2021<sup>1</sup> (US\$ million)</b> 339.0 <sup>2</sup>	151.0 <sup>3</sup>	224.0	42.7	48.3
<b>Purchase Price (US\$ million)</b> 240.0	131.2	169.4	33.1	41.8
<b>Acquisition Date</b> 9 November 2017	9 November 2017	30 November 2018	9 November 2017	9 November 2017
<b>Net Lettable Area (sf)</b> 490,994	330,508	782,185	140,748	175,529
<b>Committed Occupancy</b> 92.0%	95.7%	95.3%	100.0%	77.3%
<b>Number of Tenants<sup>4</sup></b> 48	16	85	14	27
<b>Principal Tenants</b> Lear Corporation, Auth0, U.S. Bank National Association	Regus, Trane U.S., Wipro Limited	Oculus VR, Microsurgical Technology, Digital Intelligence Systems	E2Open, Regus, Intera Incorporated	Flahive, Ogden & Latson; Lockwood, Andrews & Newnam; Spearfish Investments

All information as at 31 December 2021.

<sup>1</sup> Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.

<sup>2</sup> The valuation of The Plaza Buildings takes into account the value of the development air rights, which may be utilised.

<sup>3</sup> The valuation of the Bellevue Technology Center takes into account the value of the excess parcels, which may be developed as the property has unutilised plot ratio.

<sup>4</sup> Total number of distinct tenants as at 31 December 2021 was 429. Tenants located in more than one property are accounted as one tenant when computing the total number of tenants.

## PROPERTY PORTFOLIO AT A GLANCE

### DENVER, COLORADO



Westmoor Center

### NASHVILLE, TENNESSEE

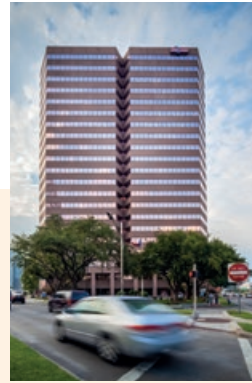


105 Edgeview

### HOUSTON, TEXAS



Bridge Crossing

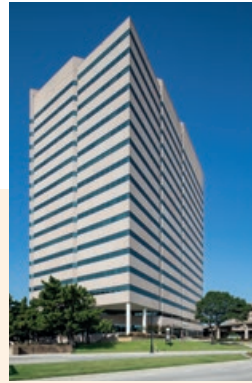


1800 West Loop South



Bellaire Park

### DALLAS, TEXAS



One Twenty Five

### ORLANDO, FLORIDA

Maitland Promenade  
I & II

### SACRAMENTO, CALIFORNIA

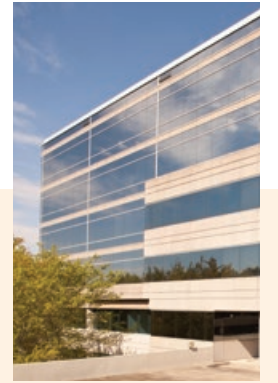


Iron Point

### ATLANTA, GEORGIA



Powers Ferry

Northridge Center  
I & II

<b>Location</b> 10055-10385 Westmoor Drive, Westminster, Colorado	105 Edgeview Drive, Broomfield, Colorado	5301 Maryland Way, Brentwood, Tennessee	1800 West Loop South, Houston, Harris County, Texas	6565 and 6575 West Loop South, Bellaire, Harris County, Texas
<b>Office Grade</b> A	A	A	A	A
<b>Land Tenure</b> Freehold	Freehold	Freehold	Freehold	Freehold
<b>Ownership Interest</b> 100%	100%	100%	100%	100%
<b>Latest Valuation by Cushman &amp; Wakefield as at 31 December 2021<sup>1</sup> (US\$ million)</b> 130.0	60.0 <sup>2</sup>	46.6 <sup>2</sup>	79.3	51.5
<b>Purchase Price (US\$ million)</b> 117.1	59.1	46.0	78.6	46.3
<b>Acquisition Date</b> 9 November 2017	20 August 2021	20 August 2021	9 November 2017	9 November 2017
<b>Net Lettable Area (sf)</b> 612,890	186,231	199,194	400,101	313,873
<b>Committed Occupancy</b> 97.6%	100%	100%	87.8%	90.5%
<b>Number of Tenants<sup>4</sup></b> 17	7	2	54	54
<b>Principal Tenants</b> Ball Aerospace & Tech, Zimmer Biomet Spine, Reed Group	Gogo Business Aviation, Blue Horseshoe Solutions, Cesiumastro	Comdata, Cognizant Technology	Health Care Service Corp, Quanex Building Products, General Service Administration	The Rand Group, Synergy Healthcare, Resource Environmental Solutions

<b>Location</b> 125 East John Carpenter Freeway, Irving, Dallas County, Texas	485 and 495 N Keller Road, Maitland, Orange County, Florida	1110-1180 Iron Point Road, Folsom, Sacramento County, California	6190 Powers Ferry Road, Atlanta, Fulton County, Georgia	365 and 375 Northridge Road, Atlanta, Fulton County, Georgia
<b>Office Grade</b> A	A	A	B	B
<b>Land Tenure</b> Freehold	Freehold	Freehold	Freehold	Freehold
<b>Ownership Interest</b> 100%	100%	100%	100%	100%
<b>Latest Valuation by Cushman &amp; Wakefield as at 31 December 2021<sup>1</sup> (US\$ million)</b> 106.6	97.3	44.9	15.7	18.9
<b>Purchase Price (US\$ million)</b> 101.5	88.7	36.7	18.7	20.3
<b>Acquisition Date</b> 1 November 2019	16 January 2019 and 9 November 2017 <sup>3</sup>	9 November 2017	9 November 2017	9 November 2017
<b>Net Lettable Area (sf)</b> 452,037	460,737	211,887	149,324	188,944
<b>Committed Occupancy</b> 90.6%	88.0%	87.4%	84.2%	77.9%
<b>Number of Tenants<sup>4</sup></b> 19	29	26	15	18
<b>Principal Tenants</b> Bio Medical Applications of Texas, U.S. Homeland Security, United Capital Financial Advisors	Spectrum; Taylor Morrison Home Funding; Akerman, Senterfitt & Edison	Pro Unlimited, CorVel Healthcare Corporation, Sierra Pacific Mortgage	LL Global, Penton Business Media, ELCO Administrative Services	BWAY Corporation, Calero Software, Kuck Baxter Immigration

All information as at 31 December 2021.

<sup>1</sup> Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.

<sup>2</sup> Latest valuation as at 31 December 2021 by JLL Valuation & Advisory Services, LLC.

<sup>3</sup> Maitland Promenade I & II were acquired on 16 January 2019 and 9 November 2017 respectively.

<sup>4</sup> Total number of distinct tenants as at 31 December 2021 was 429. Tenants located in more than one property are accounted as one tenant when computing the total number of tenants.



## PROPERTY PORTFOLIO

## THE PLAZA BUILDINGS, SEATTLE – BELLEVUE, WASHINGTON

Situated along one of the busiest corridors in the Bellevue CBD in Seattle, The Plaza Buildings comprises two Class A office buildings – Plaza Center and US Bank Plaza. The development is well-served by a wide array of retail amenities, dining options and parks. It also enjoys full-block frontage along NE 8th Street, the primary east-west arterial in downtown Bellevue that connects high-density commercial users to Interstate 405.

To meet the needs of high-quality tenants from diverse sectors, both buildings of the development have been extensively refurbished and a new amenity centre comprising a high-end coffee bar, lounge and patio was added in 2021. The buildings also have a LEED Gold certification from the US Green Building Council.



## KEY STATISTICS

as at 31 December 2021

**Location**  
10800 and 10900 NE 8th Street, Bellevue, King County, Washington

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

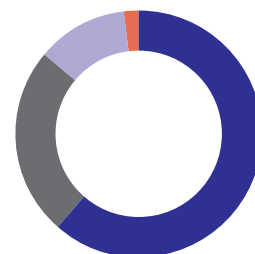
**Acquisition Date**  
9 November 2017

**Net Lettable Area (sf)**  
490,994

**Valuation (US\$ million)**  
339.0<sup>1</sup>

**Committed Occupancy**  
92.0%

**Number of Tenants**  
48

TRADE SECTOR BREAKDOWN BY NLA (%)  
as at 31 December 2021

TAMI	61.5
Finance & Insurance	24.7
Professional Services	12.0
Others	1.8
<b>Total</b>	<b>100.0</b>

TOP THREE TENANTS BY CRI  
as at 31 December 2021

	Sector	CRI (%)
Lear Corporation	Technology	16.9
Auth0	Technology	10.1
U.S. Bank National Association	Finance & Insurance	10.1

LEASE EXPIRY PROFILE BY CRI AND NLA (%)  
as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	6.2	6.3
2023	19.6	20.5
2024	36.6	37.2
2025	12.2	11.9
2026	6.3	8.2
2027 & beyond	19.1	15.9

■ By CRI ■ By NLA

<sup>1</sup> The valuation of The Plaza Buildings takes into account the value of the development air rights, which may be utilised.

## BELLEVUE TECHNOLOGY CENTER, SEATTLE – BELLEVUE, WASHINGTON

Strategically located in the Bellevue regional office market, Bellevue Technology Center is an office campus that is well-connected to Interstate Route 520, providing tenants with easy access to the greater Seattle region. The campus comprises nine buildings and has amenities that include a fitness centre, a café, basketball and volleyball courts, as well as extensive walking paths in a park setting. In 2022, the indoor amenity centre in Building C will be refurbished and the outdoor patio will be converted to an all-season space which the tenants' employees can utilise for work collaboration or entertainment activities.

The property is close to Microsoft Corporation's headquarters, positioning Bellevue Technology Center as a viable business address for companies in related sectors.



### KEY STATISTICS

as at 31 December 2021

**Location**  
15805 NE 24th Street, Bellevue, King County, Washington

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
9 November 2017

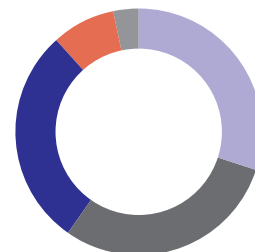
**Net Lettable Area (sf)**  
330,508

**Valuation (US\$ million)**  
151.0<sup>1</sup>

**Committed Occupancy**  
95.7%

**Number of Tenants**  
16

### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2021



Professional Services	30.1
Finance & Insurance	29.8
TAMI	28.5
Others	8.5
Medical & Healthcare	3.1
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2021

	Sector	CRI (%)
Regus	Professional Services	19.0
Trane U.S.	Professional Services	13.9
Wipro Limited	Technology	8.4

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	15.5	14.2
2023	21.9	21.6
2024	29.4	30.1
2025	28.0	29.3
2026	5.2	4.8
2027 & beyond	–	–

■ By CRI ■ By NLA

<sup>1</sup> The valuation of Bellevue Technology Center takes into account the value of the excess parcels, which may be developed as the property has unutilised plot ratio.



## PROPERTY PORTFOLIO

THE WESTPARK PORTFOLIO, SEATTLE –  
REDMOND, WASHINGTON

The Westpark Portfolio is a business campus comprising 19 office buildings and two industrial buildings. Located adjacent to downtown Redmond, the campus enjoys easy access to major transit routes including State Route 520 and Interstate 405, as well as key commercial areas in the Bellevue, Seattle area. The property has an amenity centre that includes a modern tenant lounge, conference facilities and a fitness centre. Lobby refurbishment for two of the buildings were completed in 2021 and electric vehicle charging stations will also be added in 2022 to better serve tenants' needs. The successful repositioning of the property into a modern business campus has resulted in strong leasing traction among technology and professional services companies.



## KEY STATISTICS

as at 31 December 2021

## Location

8200-8644 154th Avenue NE, Redmond, Washington

## Land Tenure

Freehold

## Ownership Interest

100%

## Acquisition Date

30 November 2018

## Net Lettable Area (sf)

782,185

## Valuation (US\$ million)

224.0

## Committed Occupancy

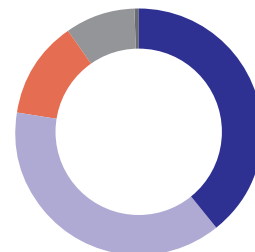
95.3%

## Number of Tenants

85

## TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



TAM	39.3
Professional Services	38.4
Others	12.8
Medical & Healthcare	9.1
Finance & Insurance	0.4
<b>Total</b>	<b>100.0</b>

## TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Oculus VR	Technology	17.2
Microsurgical Technology	Medical & Healthcare	5.9
Digital Intelligence Systems	Professional Services	3.8

## LEASE EXPIRY PROFILE BY CRI AND NLA (%)

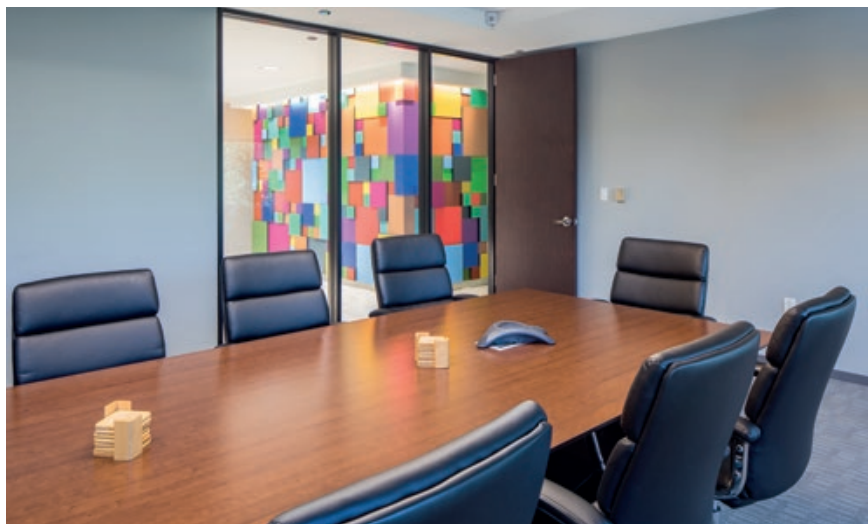
as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	12.2	13.2
2023	14.8	15.4
2024	6.8	7.7
2025	13.6	13.3
2026	33.4	31.9
2027 & beyond	19.2	18.5

■ By CRI ■ By NLA

## GREAT HILLS PLAZA, AUSTIN, TEXAS

Great Hills Plaza is a three-storey office building in Northwest Austin. Having undergone asset enhancement works over the years, Great Hills Plaza today features spacious and comfortable remodelled atriums. In 2021, further improvements were carried out to refresh the hallways and elevator lobbies. The property is located close to quality neighbourhoods and retail centres including the Arboretum – one of Austin's major retail centres. Situated just off Loop 360 and US Highway 183, the property offers tenants excellent access to the city of Austin and its suburban areas.



### KEY STATISTICS

as at 31 December 2021

**Location**  
9600 Great Hills Trail, Austin, Texas

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
9 November 2017

**Net Lettable Area (sf)**  
140,748

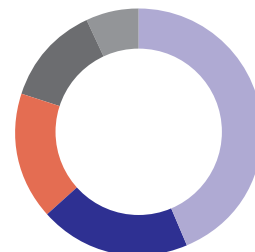
**Valuation (US\$ million)**  
42.7

**Committed Occupancy**  
100%

**Number of Tenants**  
14

### TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



Professional Services	43.8
TAMI	19.8
Others	16.6
Finance & Insurance	12.9
Medical & Healthcare	6.9
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
E2Open	Technology	15.9
Regus	Professional Services	14.9
Intera Incorporated	Professional Services	11.8

### LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

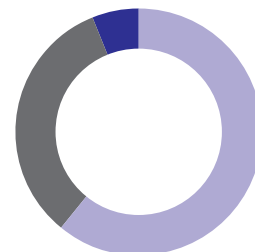
2022	5.6	4.7
2023	10.4	10.9
2024	18.5	20.3
2025	26.0	25.9
2026	–	–
2027 & beyond	39.5	38.2

■ By CRI    ■ By NLA

## PROPERTY PORTFOLIO

## WESTECH 360, AUSTIN, TEXAS

Located in Northwest Austin, Westech 360 is a business campus that features four three-storey office buildings. The property enjoys excellent accessibility to the major business centres around Austin, proximity to residential housing and retail centres and is well-served by two freeways. Significant asset improvements were carried out in the past few years including remodelled restrooms, modernised lobby areas, a new tenant lounge, a fitness centre and conference rooms. The property's signage and lighting were also extensively upgraded to enhance its visibility from Loop 360. The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label for two of its buildings.

TRADE SECTOR BREAKDOWN BY NLA (%)  
as at 31 December 2021

Professional Services	61.0
Finance & Insurance	33.0
TAMI	6.0
<b>Total</b>	<b>100.0</b>

TOP THREE TENANTS BY CRI  
as at 31 December 2021

	Sector	CRI (%)
Flahive, Ogden & Latson	Professional Services	12.2
Lockwood, Andrews & Newnam	Professional Services	9.0
Spearfish Investments	Professional Services	7.5

LEASE EXPIRY PROFILE BY CRI AND NLA (%)  
as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	10.2	11.7
2023	19.9	21.3
2024	9.4	8.6
2025	18.1	20.2
2026	19.4	18.3
2027 & beyond	23.0	19.9

## KEY STATISTICS

as at 31 December 2021

**Location**  
8911 N Capital of Texas Hwy, Austin, Texas

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
9 November 2017

**Net Lettable Area (sf)**  
175,529

**Valuation (US\$ million)**  
48.3

**Committed Occupancy**  
77.3%

**Number of Tenants**  
27



## WESTMOOR CENTER, DENVER, COLORADO

Situated in Northwest Denver, Westmoor Center is a business campus located between the key talent hubs of downtown Denver and Boulder, featuring six Class A office buildings. It is also situated near large retail centres and a variety of entertainment and recreational facilities. To enhance tenants' experience, asset enhancement works were carried out over the last two years to refresh the on-site amenities. This includes a modern café, a new outdoor seating area and a well-equipped fitness centre.

In 2021, the property obtained LEED certifications from the US Green Building Council for all the buildings, and this included one gold and two silver. Four of the campus buildings are also recipients of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



### KEY STATISTICS

as at 31 December 2021

**Location**  
10055-10385 Westmoor Drive, Westminster, Colorado

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
9 November 2017

**Net Lettable Area (sf)**  
612,890

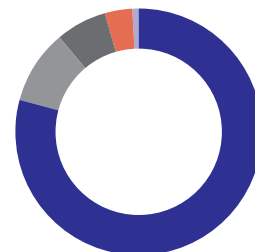
**Valuation (US\$ million)**  
130.0

**Committed Occupancy**  
97.6%

**Number of Tenants**  
17

### TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



● TAMU	79.4
● Medical & Healthcare	9.5
● Finance & Insurance	6.8
● Others	3.5
● Professional Services	0.8
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Ball Aerospace & Tech	Technology	33.2
Zimmer Biomet Spine	Technology	22.4
Reed Group	Technology	15.1

### LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	1.4	2.4
2023	19.3	20.9
2024	3.7	3.9
2025	18.0	17.1
2026	10.0	9.8
2027 & beyond	47.6	45.9

■ By CRI    ■ By NLA

## PROPERTY PORTFOLIO

## 105 EDGEVIEW, DENVER, COLORADO

105 Edgeview is a four-storey Class A office building situated in the Broomfield office submarket in Denver. Located within the Interlocken advance technology environment, a premier business park that houses several large technology firms such as Oracle and Ball Aerospace, the property is well-positioned to benefit from the inflow of firms that are attracted to the strong research and development community. The property is also close to the US Highway 36, providing convenient access to downtown Denver and Boulder.

105 Edgeview's on-site amenities include a fitness centre, conference facilities and electric vehicle charging stations. The property has been awarded the LEED gold certification from the US Green Building Council and is a recipient of the WELL Health-Safety rating from the International Well Building Institute.



## KEY STATISTICS

as at 31 December 2021

**Location**  
105 Edgeview Drive, Broomfield, Colorado

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
20 August 2021

**Net Lettable Area (sf)**  
186,231

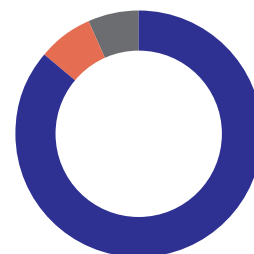
**Valuation (US\$ million)**  
60.0

**Committed Occupancy**  
100%

**Number of Tenants**  
7

## TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



TAM	86.2
Others	7.4
Finance & Insurance	6.4
<b>Total</b>	<b>100.0</b>

## TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Gogo Business Aviation	Technology	64.1
Blue Horseshoe Solutions	Technology	7.5
Cesiumastro	Technology	7.1

## LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

2022	—	—
2023	17.7	18.2
2024	1.0	1.0
2025	7.2	7.4
2026	6.9	7.2
2027 & beyond	67.2	66.2

■ By CRI    ■ By NLA



## BRIDGE CROSSING, NASHVILLE, TENNESSEE

Bridge Crossing is a three-storey office building located in the Brentwood submarket, a high-income and popular residential community. Situated within Nashville's most affluent neighbourhoods in Maryland Farm, the property is well served by myriad retail, dining and entertainment destinations such as Hill Center Brentwood and Brentwood Place Shopping Center. Tenants enjoy convenient access to the major interstate highway, I-65, and the area's main traffic arteries such as Franklin Road, Hillsboro Pike and Old Hickory Boulevard which allow for ease of mobility between Brentwood and other submarkets.

Recently, significant enhancement works were carried out by the previous owner. This includes the expansion of the parking lot and upgrading of the common areas, lobby, elevator and restrooms.



### KEY STATISTICS

as at 31 December 2021

#### Location

5301 Maryland Way, Brentwood, Tennessee

#### Land Tenure

Freehold

#### Ownership Interest

100%

#### Acquisition Date

20 August 2021

#### Net Lettable Area (sf)

199,194

#### Valuation (US\$ million)

46.6

#### Committed Occupancy

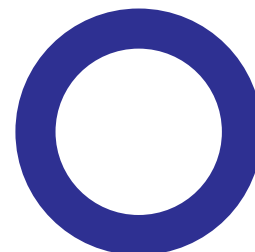
100%

#### Number of Tenants

2

### TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



● TAMI	100.0
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Comdata	Technology	90.2
Cognizant Technology	Technology	9.8

### LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

2022	—	—
2023	—	—
2024	—	—
2025	—	—
2026	■ 9.7	■ 6.8
2027 & beyond	■ 90.3	■ 93.2

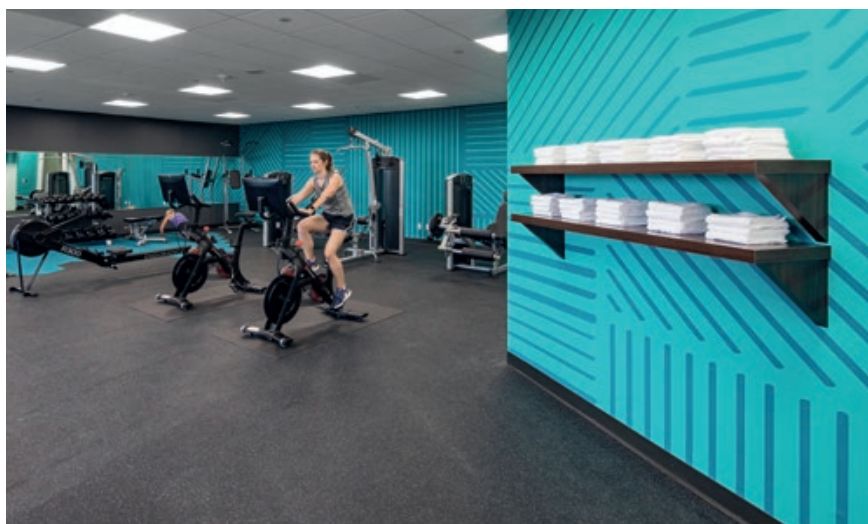
■ By CRI    ■ By NLA

## PROPERTY PORTFOLIO

## 1800 WEST LOOP SOUTH, HOUSTON, TEXAS

1800 West Loop South is a 21-storey Class A office tower located in Houston's amenity-rich Galleria submarket. The property had undergone significant improvements in recent years, with the addition of new conference rooms, a modern café and tenant lounge, as well as a new fitness centre. In addition, one of the floors has been transformed into a premium space overlooking the bustling Galleria with a 360-degree city view. The entire floor was remodelled into seven distinctive suites with amenities such as a high-end tenant lounge, a 21-foot host bar, a Grab-and-Go area and exclusive meeting spaces.

The property has obtained the LEED gold certification from the US Green Building Council.



## KEY STATISTICS

as at 31 December 2021

## Location

1800 West Loop South, Houston, Harris County, Texas

## Land Tenure

Freehold

## Ownership Interest

100%

## Acquisition Date

9 November 2017

## Net Lettable Area (sf)

400,101

## Valuation (US\$ million)

79.3

## Committed Occupancy

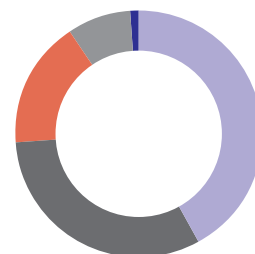
87.8%

## Number of Tenants

54

## TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



Professional Services	42.0
Finance & Insurance	31.9
Others	16.9
Medical & Healthcare	8.3
TAMI	0.9
<b>Total</b>	<b>100.0</b>

## TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Health Care Service Corp	Finance & Insurance	15.3
Quanex Building Products	Professional Services	10.3
General Service Administration	Others	6.2

## LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

2022	By CRI	13.3
	By NLA	12.7
2023	By CRI	18.1
	By NLA	15.6
2024	By CRI	9.1
	By NLA	9.2
2025	By CRI	9.9
	By NLA	10.1
2026	By CRI	18.6
	By NLA	19.1
2027 & beyond	By CRI	31.0
	By NLA	33.3

■ By CRI ■ By NLA

## BELLAIRE PARK, HOUSTON, TEXAS

Bellaire Park features two Class A office buildings located in Bellaire, an affluent residential suburb in Houston. The property is located near major thoroughfares and public transportation nodes and enjoys good accessibility to the Houston CBD. Its proximity to the Texas Medical Center, Houston's largest employment centre outside of the CBD and the largest medical centre in the US, has contributed to its high concentration of tenants from the healthcare sector. To better support the operation of its healthcare tenants, one of the buildings which has primarily medical tenants, is also equipped with a covered patient drop-off area.

One of its buildings is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



### KEY STATISTICS

as at 31 December 2021

**Location**  
6565 and 6575 West Loop South, Bellaire, Harris County, Texas

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
9 November 2017

**Net Lettable Area (sf)**  
313,873

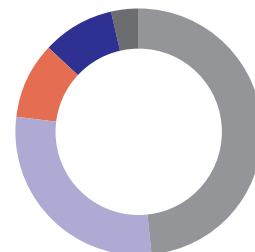
**Valuation (US\$ million)**  
51.5

**Committed Occupancy**  
90.5%

**Number of Tenants**  
54

### TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



Medical & Healthcare	48.5
Professional Services	28.5
Others	10.1
TAMI	9.3
Finance & Insurance	3.6
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
The Rand Group	Technology	9.9
Synergy Healthcare	Medical & Healthcare	8.9
Resource Environmental Solutions	Professional Services	8.2

### LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

2022		13.8 14.5
2023		13.1 14.1
2024		16.3 15.9
2025		21.6 21.3
2026		21.2 20.6
2027 & beyond		14.0 13.6

■ By CRI    ■ By NLA



## PROPERTY PORTFOLIO

## ONE TWENTY FIVE, DALLAS, TEXAS

One Twenty Five is an office complex comprising two Class A buildings situated in the heart of the Las Colinas urban core, a master planned mixed-use business and residential community surrounding Lake Carolyn. Located within walking distance to high-end hotels, Water Street's chef-driven restaurants and Toyota Music Factory's experiential retail and restaurant landscape, the property offers a desirable live-work-play environment. It is also easily accessible from State Highway 114 and the Dallas Area Rapid Transit Orange Line, which runs from the Dallas CBD to Dallas-Fort Worth International airport.

The office complex boasts on-site amenities which include a large fitness centre, a conference centre, a deli, a tenant lounge and a seven-storey parking garage.



## KEY STATISTICS

as at 31 December 2021

**Location**  
125 East John Carpenter Freeway, Irving, Dallas County, Texas

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

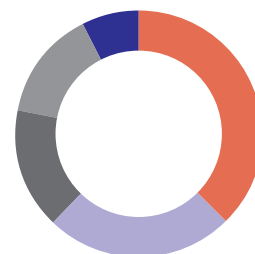
**Acquisition Date**  
1 November 2019

**Net Lettable Area (sf)**  
452,037

**Valuation (US\$ million)**  
106.6

**Committed Occupancy**  
90.6%

**Number of Tenants**  
19

TRADE SECTOR BREAKDOWN BY NLA (%)  
as at 31 December 2021

Others	37.7
Professional Services	24.6
Finance & Insurance	15.9
Medical & Healthcare	14.5
TAMI	7.3
<b>Total</b>	<b>100.0</b>

TOP THREE TENANTS BY CRI  
as at 31 December 2021

	Sector	CRI (%)
Bio Medical Applications of Texas	Medical & Healthcare	16.8
U.S. Homeland Security	Others	13.8
United Capital Financial Advisors	Finance & Insurance	11.8

LEASE EXPIRY PROFILE BY CRI AND NLA (%)  
as at 31 December 2021

2022	By CRI	5.9	By NLA	6.4
2023	By CRI	2.7	By NLA	2.8
2024	By CRI	—	By NLA	—
2025	By CRI	20.6	By NLA	25.7
2026	By CRI	8.0	By NLA	7.1
2027 & beyond	By CRI	62.8	By NLA	58.0

■ By CRI ■ By NLA

## MAITLAND PROMENADE I & II, ORLANDO, FLORIDA

Situated in the heart of Maitland Center, one of Orlando's largest office submarkets, Maitland Promenade I & II is a Class A office campus comprising two adjacent five-storey buildings. The office campus features on-site amenities that include a conference centre, a fully equipped fitness centre, two cafés and a pair of three-storey parking decks, which is considered a rare feature in this submarket. The property is located away from the CBD and is in proximity to primary office demand generators and area amenities. It also provides convenient access to destinations throughout the Orlando area and Interstate 4.



### KEY STATISTICS

as at 31 December 2021

**Location**  
485 and 495 N Keller Road, Maitland, Orange County, Florida

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
16 January 2019 and 9 November 2017<sup>1</sup>

**Net Lettable Area (sf)**  
460,737

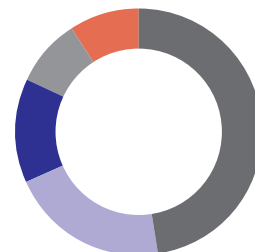
**Valuation (US\$ million)**  
97.3

**Committed Occupancy**  
88.0%

**Number of Tenants**  
29

### TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



● Finance & Insurance	47.6
● Professional Services	20.8
● TAMI	13.6
● Medical & Healthcare	9.0
● Others	9.0
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Spectrum	Media & Information	17.5
Taylor Morrison Home Funding	Finance & Insurance	11.5
Akerman, Senterfitt & Edison	Professional Services	7.6

### LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	12.6	13.7
2023	31.5	33.1
2024	30.7	27.7
2025	15.9	16.5
2026	7.1	6.9
2027 & beyond	2.2	2.1

■ By CRI    ■ By NLA

<sup>1</sup> Maitland Promenade I & II were acquired on 16 January 2019 and 9 November 2017 respectively.



## PROPERTY PORTFOLIO

## IRON POINT, SACRAMENTO, CALIFORNIA

Centrally located in Folsom, the preferred residence for many of Sacramento's higher income executives, Iron Point is a choice business address for corporates. The business campus, which features five Class A office buildings, is highly accessible via the US Highway 50 and is close to numerous retail and service amenities. It is also located directly across from Intel Corporation's Folsom Campus, one of Intel's four major US sites. Iron Point has myriad tenant amenities that include an outdoor walking and jogging track, a fitness centre and a tenant lounge. In 2021, remodelling works were carried out at two of the office buildings' lobbies.



## KEY STATISTICS

as at 31 December 2021

## Location

1110-1180 Iron Point Road, Folsom, Sacramento County, California

## Land Tenure

Freehold

## Ownership Interest

100%

## Acquisition Date

9 November 2017

## Net Lettable Area (sf)

211,887

## Valuation (US\$ million)

44.9

## Committed Occupancy

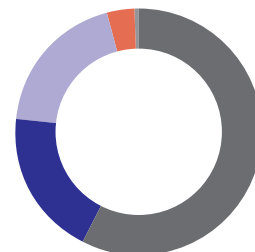
87.4%

## Number of Tenants

26

## TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



● Finance & Insurance	57.6
● TAMI	19.3
● Professional Services	19.1
● Others	3.5
● Medical & Healthcare	0.5
<b>Total</b>	<b>100.0</b>

## TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
Pro Unlimited	Technology	19.5
CorVel Healthcare Corporation	Finance & Insurance	16.1
Sierra Pacific Mortgage	Finance & Insurance	15.4

## LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

Year	By CRI (%)	By NLA (%)
2022	36.3	35.2
2023	29.6	32.1
2024	15.8	15.7
2025	4.3	4.0
2026	13.4	12.4
2027 & beyond	0.6	0.6

■ By CRI    ■ By NLA

## POWERS FERRY, ATLANTA, GEORGIA

Powers Ferry is a six-storey office building situated in the well-established Cumberland/I-75 submarket of Atlanta and is easily accessible via Interstates 285 and 75. The property is situated close to major Atlanta highways and easily accessible by potential tenants in the Atlanta metro area, which is seeing a steady rate of growth and expansion by businesses. Powers Ferry's on-site amenities include a conference facility and a fitness centre. The lobby was recently renovated to have a modern look.

The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



### KEY STATISTICS

as at 31 December 2021

**Location**  
6190 Powers Ferry Road, Atlanta, Fulton County, Georgia

**Land Tenure**  
Freehold

**Ownership Interest**  
100%

**Acquisition Date**  
9 November 2017

**Net Lettable Area (sf)**  
149,324

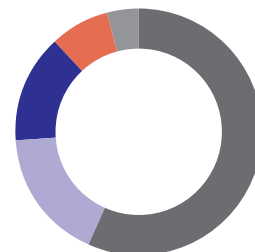
**Valuation (US\$ million)**  
15.7

**Committed Occupancy**  
84.2%

**Number of Tenants**  
15

### TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



● Finance & Insurance	56.8
● Professional Services	17.3
● TAMI	14.1
● Others	7.9
● Medical & Healthcare	3.9
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
LL Global	Finance & Insurance	26.6
Penton Business Media	Media & Information	12.9
ELCO Administrative Services	Finance & Insurance	8.1

### LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021

2022		30.9 31.0
2023		18.9 19.7
2024		5.6 5.6
2025		25.2 26.1
2026		12.7 11.7
2027 & beyond		6.7 5.9

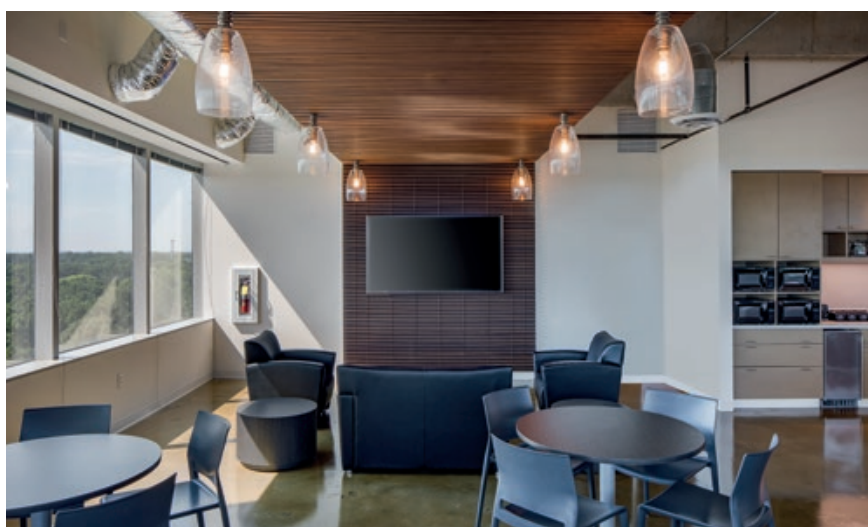
■ By CRI    ■ By NLA

## PROPERTY PORTFOLIO

## NORTHRIDGE CENTER I &amp; II, ATLANTA, GEORGIA

Northridge Center I & II comprises two office buildings located on the south side of Northridge Road in the Central Perimeter, one of the largest office submarkets in Atlanta. Tenants have easy access to the Georgia 400 – one of the largest and most important thoroughfares in the city, along with off-highway access to affluent neighbourhoods, retail and restaurant destinations, as well as the Metropolitan Atlanta Rapid Transport Authority Rail System via North Springs Station. Featuring ongoing landscape updates, modern lobbies and a remodelled fitness centre, the property continues to offer an environment that attracts talent from both the Central Perimeter and nearby Alpharetta submarkets.

One of the building is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



## KEY STATISTICS

as at 31 December 2021

## Location

365 and 375 Northridge Road, Atlanta, Fulton County, Georgia

## Land Tenure

Freehold

## Ownership Interest

100%

## Acquisition Date

9 November 2017

## Net Lettable Area (sf)

188,944

## Valuation (US\$ million)

18.9

## Committed Occupancy

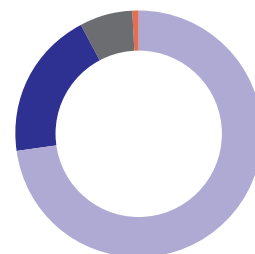
77.9%

## Number of Tenants

18

## TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2021



Professional Services	72.9
TAMI	19.4
Finance & Insurance	7.1
Others	0.6
<b>Total</b>	<b>100.0</b>

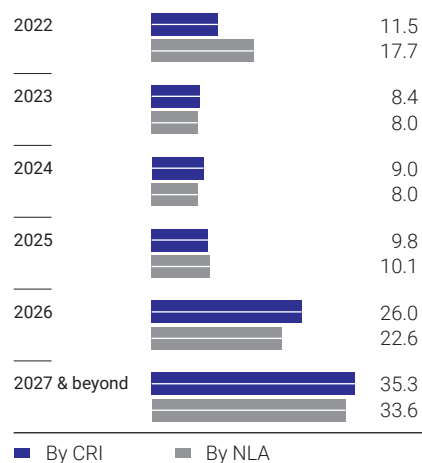
## TOP THREE TENANTS BY CRI

as at 31 December 2021

	Sector	CRI (%)
BWAY Corporation	Professional Services	22.6
Calero Software	Technology	11.3
Kuck Baxter Immigration	Professional Services	10.7

## LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2021







# FINANCIAL REVIEW

## » KORE CONTINUES TO MAINTAIN A STRONG AND FLEXIBLE BALANCE SHEET WITH SIGNIFICANT LIQUIDITY.

Keppel Pacific Oak US REIT (KORE) is a Singapore real estate investment trust constituted by the Trust Deed dated 22 September 2017 (as amended) between Keppel Pacific Oak US REIT Management Pte. Ltd., as the Manager of KORE, and Perpetual (Asia) Limited, as the Trustee of KORE. KORE is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017.

KORE's portfolio comprises 15 freehold office buildings and business campuses across nine key growth markets driven by technology (tech) and innovation in the United States (US). KORE's investment strategy is to principally invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets characterised by positive economic and office fundamentals that generally outpace the US national average and the average of the gateway cities.

In August 2021, KORE expanded and solidified its presence in the fast-growing 18-Hour Cities of Nashville and Denver with the acquisitions of Bridge Crossing and 105 Edgeview respectively, at a total acquisition value of approximately US\$105.1 million. With the addition of these two new assets, KORE ended FY2021 with a total assets under management of US\$1.46 billion and an aggregate net lettable area of over 5.1 million sf.

KORE's attractive freehold office buildings and business campuses remain popular especially among tenants in the technology hubs of Seattle – Bellevue/Redmond, Austin and Denver, which contributed approximately 62.3% of KORE's net property income as at FY2021.

KORE's unique value propositions include the fact that it has a highly diversified tenant base with low tenant concentration risks, with majority of the top 10 tenants from the growing and defensive sectors of tech, advertising, media and information (TAMI), as well as medical and healthcare, which will continue to support and drive growth for the REIT.

### INCOME AVAILABLE FOR DISTRIBUTION

Despite the challenging environment amidst the ongoing pandemic, KORE achieved a distributable income of US\$62.4 million for FY2021, 6.5% higher than the distributable income of US\$58.6 million for FY2020. This was mainly driven by the contributions from 105 Edgeview and Bridge Crossing, which were acquired on 20 August 2021, as well as built-in rental escalations and positive rental reversions across the portfolio.

Distribution per Unit (DPU) for FY2021 was 6.34 US cents, 1.8% higher than FY2020's DPU of 6.23 US cents. Based on the market closing price of US\$0.800 per Unit as at the

last trading day of 2021, KORE's distribution yield for FY2021 was 7.9%.

### GROSS REVENUE

KORE delivered a gross revenue of US\$141.3 million for FY2021, 1.2% higher than FY2020. The increase was mainly driven by The Westpark Portfolio and the additions of 105 Edgeview and Bridge Crossing, partially offset by lower revenue from The Plaza Buildings, Westech 360, Westmoor Center, Powers Ferry and Northridge Center I & II.

Rental income of US\$105.2 million for FY2021 was higher than FY2020 by 1.9%, largely due to contributions from 105 Edgeview and Bridge Crossing, which contributed approximately four months of revenue to FY2021 after their acquisitions.

The increase in rental and recoveries income was partially offset by lower non-cash straight-line rent, lease incentives and carpark income as fewer leases were signed and fewer cars were parked in the premises during the year as a result of the pandemic. Excluding the non-cash income adjustments, cash rental income for FY2021 was higher than FY2020 by 3.0%, attributable to contributions from the two new acquisitions in FY2021, as well as built-in rental escalations and positive rental reversions across the portfolio, partially offset by lower year-on-year (y-o-y) occupancy.

## FINANCIAL REVIEW

## OVERVIEW

	2021 US\$'000	2020 US\$'000	+ / (-) %
Rental income	105,194	103,186	1.9
Recoveries income	33,384	33,055	1.0
Other operating income	2,679	3,349	(20.0)
<b>Gross revenue</b>	<b>141,257</b>	<b>139,590</b>	<b>1.2</b>
Utilities	(8,251)	(7,899)	4.5
Repairs and maintenance	(6,738)	(6,376)	5.7
Property management fees	(7,136)	(7,063)	1.0
Property taxes	(17,178)	(16,715)	2.8
Other property expenses	(19,272)	(18,554)	3.9
<b>Property expenses</b>	<b>(58,575)</b>	<b>(56,607)</b>	<b>3.5</b>
<b>Net property income</b>	<b>82,682</b>	<b>82,983</b>	<b>(0.4)</b>
Finance income	74	46	60.9
Finance expenses	(14,680)	(15,857)	(7.4)
Manager's base fee	(6,252)	(5,931)	5.4
Manager's performance fee	(98)	(681)	(85.6)
Trustee's fee	(180)	(200)	(10.0)
Fair value change in derivatives	11,805	(8,594)	NM
Other trust expenses	(2,248)	(2,125)	5.8
<b>Net income for the year before tax and fair value change in investment properties</b>	<b>71,103</b>	<b>49,641</b>	<b>43.2</b>
Net fair value change in investment properties	19,208	19,731	(2.7)
<b>Net income for the year before tax</b>	<b>90,311</b>	<b>69,372</b>	<b>30.2</b>
Tax expense	(12,961)	(12,985)	(0.2)
<b>Net income for the year</b>	<b>77,350</b>	<b>56,387</b>	<b>37.2</b>
Distribution adjustments	(14,933)	2,241	NM
<b>Income available for distribution to Unitholders</b>	<b>62,417</b>	<b>58,628</b>	<b>6.5</b>

NM – Not meaningful

## NET PROPERTY INCOME (NPI)

NPI of US\$82.7 million for FY2021 was 0.4% lower than FY2020, primarily due to higher property expenses which more than offset the higher gross revenue mentioned earlier. Excluding the non-cash adjustments such as straight-line rent, lease incentives and amortisation of leasing commissions, which have no impact on distributable income, adjusted NPI was 3.6% higher y-o-y.

Property expenses of US\$58.6 million for FY2021 were higher than FY2020 by 3.5%, mainly due to the enlarged portfolio, as well as the higher y-o-y recoverable expenses which include utilities, repairs and maintenance for the existing portfolio. In addition, amortisation of leasing commission, which is a non-cash item and does not affect distribution, increased as a result of the leasing done in FY2021. These were mitigated by other lower property expenses for the existing portfolio, mainly due to the reversal of prior year provision for bad debt in the current year.

Lower NPI came mainly from The Plaza Buildings, Bellevue Technology Center,

Westech 360, Westmoor Center, Maitland Promenade I & II, Powers Ferry and Northridge Center I & II. This was partially offset by higher NPI from The Westpark Portfolio and 1800 West Loop South, as well as contributions from 105 Edgeview and Bridge Crossing.

## NET INCOME

As at 31 December 2021, net fair value gain in KORE's investment properties amounted to US\$19.2 million, largely driven by fair value gains from The Plaza Buildings, Westmoor Center, Maitland Promenade I & II and One Twenty Five, which more than offset the fair value loss mainly from 1800 West Loop South, The Westpark Portfolio, Bellevue Technology Center and Bellaire Park. This is in comparison to a net fair value gain of US\$19.7 million in FY2020.

For FY2021, mark-to-market interest rate swaps resulted in a net fair value gain in derivatives of US\$11.8 million due to movement in interest rates for the year.

Finance expenses of US\$14.7 million for FY2021 was 7.4% lower than FY2020, largely

due to the early refinance of a US\$114.7 million long-term loan in August 2020 at a lower rate, as well as lower interest rates on the unhedged portion of the loans in FY2021. This was partially offset by additional interest expense incurred on the loans taken up to partially finance the acquisitions of 105 Edgeview and Bridge Crossing, as well as the partial drawdown of revolving credit facilities during the year to fund the capital expenditures and tenant improvements.

Tax expense of US\$13.0 million, mainly relating to deferred tax expenses, was comparable to FY2020, due to lower deferred taxes recognised from the lower fair value gain of the investment properties offset by higher tax depreciation of the investment properties. Current tax was also lower as there was no Barbados corporate tax in FY2021, as compared to approximately 3.5 months of Barbados corporate tax in FY2020.

Due to the net effects of the variances discussed earlier, net income of US\$77.4 million for FY2021 was 37.2% higher than FY2020.



Excluding the fair value changes in derivatives and investment properties net of deferred tax, the adjusted net income for FY2021 would be US\$51.7 million, a 2.0% increase from the US\$50.7 million adjusted net income for FY2020. The increase was mainly due to lower finance expenses and the Manager's performance fee, partially offset by lower NPI, higher Manager's base fee and other trust expenses in FY2021.

## INVESTMENT PROPERTIES

As at 31 December 2021, assets under management amounted to approximately US\$1.46 billion as compared to US\$1.30 billion as at 31 December 2020. The increase of US\$0.16 billion or 11.6%<sup>1</sup> in FY2021 was mainly due to the acquisitions of 105 Edgeview and Bridge Crossing, amounting to US\$105.1 million. In addition, there was a net fair value gain in the investment properties of US\$19.2 million as well as capital expenditure, leasing costs and straight-line rent totalling US\$26.6 million capitalised during the year. The net fair value gain for FY2021 is indicative of the sound economic and office fundamentals in KORE's key growth markets, especially in the technology hubs of Seattle – Bellevue/Redmond, Austin and Denver which contributed more than half of KORE's net property income.

The COVID-19 pandemic remains an evolving situation and its impact on the economy and real estate market is driven by the scale and duration of the pandemic. Market activity and transactions have remained limited since the onset of the pandemic. As a result, there was a material uncertainty in the estimation to the valuations of the investment properties as compared to a standard market condition.

## NET ASSET VALUE (NAV) PER UNIT

As at 31 December 2021, NAV per Unit was US\$0.82 (31 December 2020: US\$0.82). Excluding the DPU declared for the period from 6 August 2021 to 31 December 2021 of 2.54 US cents (2020: DPU of 3.13 US cents for the period from 1 July 2020 to 31 December 2020), the adjusted NAV per Unit was US\$0.79 (31 December 2020: US\$0.79).

## FUNDING AND BORROWINGS

As at 31 December 2021, KORE's gross borrowings amounted to US\$563.4 million (31 December 2020: \$505.7 million). The y-o-y increase was mainly due to borrowings drawn to partially finance the acquisitions of 105 Edgeview and Bridge Crossing, as well as to fund the capital expenditures and tenant improvements during the year.

A new US\$44.2 million five-year term loan was obtained to partially finance the acquisitions of 105 Edgeview and Bridge Crossing. In addition, US\$13.5 million was drawn down from KORE's revolving credit facilities to fund capital expenditures,

tenant improvements and general working capital requirements, resulting in US\$61.3 million unutilised facilities available as at 31 December 2021, for future obligations.

On 19 January 2022, KORE obtained additional committed term loan facilities amounting to a total of US\$80.0 million. In February 2022, utilising these additional term loan facilities and existing revolving credit facilities, KORE early refinanced the loans that were originally due in November 2022.

All of KORE's borrowings are US dollar-denominated and 100% unsecured, providing a natural hedge for its US investments and income. Approximately 83.4% of KORE's

borrowings had been hedged from floating-to-fixed rates, significantly safeguarding distributions against interest rate volatility.

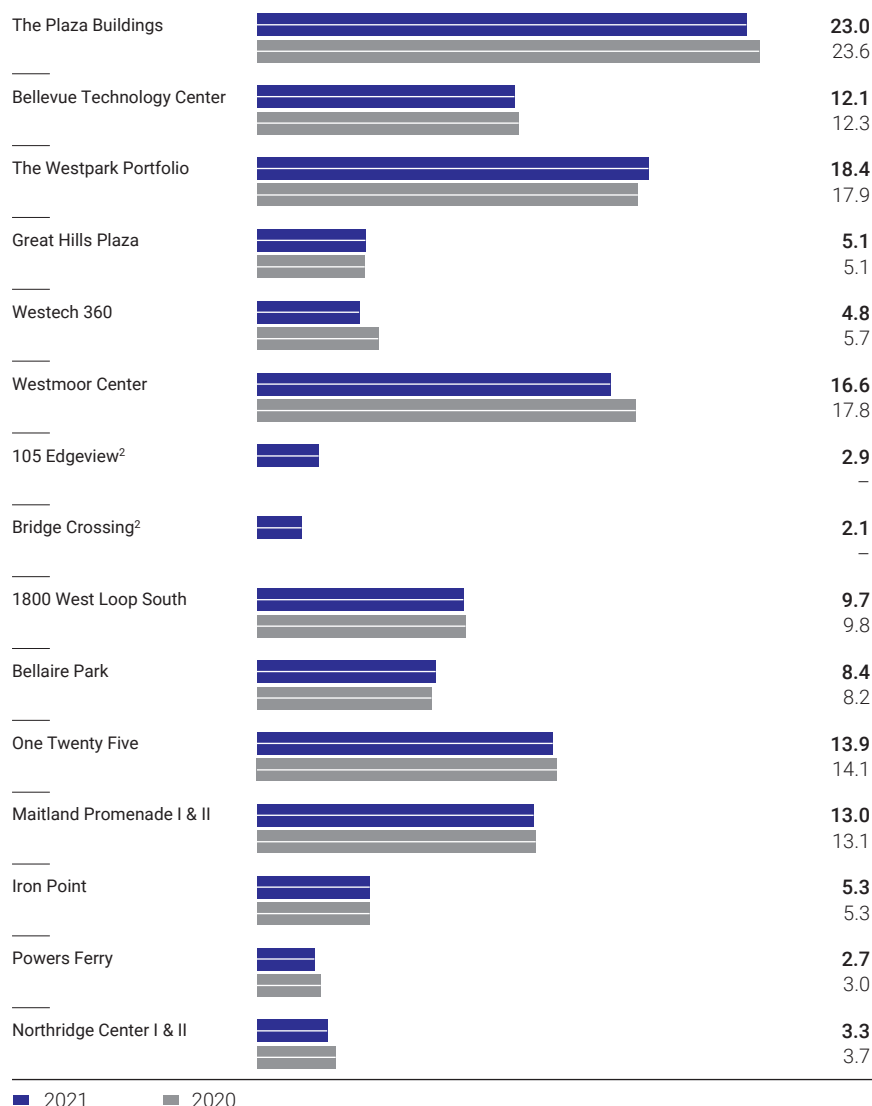
The Manager continues to adopt a prudent approach towards capital management by regularly assessing and forecasting KORE's expense requirements and potential funding needs. The Manager also closely monitors the REIT's cash flow position and working capital needs to ensure that there are adequate reserves in terms of cash and available credit facilities to meet short- to medium-term obligations.

As at 31 December 2021, the weighted average term to maturity of KORE's debt was 2.8 years (31 December 2020: 2.9 years).

<sup>1</sup> Calculated based on the actual investment properties' values in US\$'000.

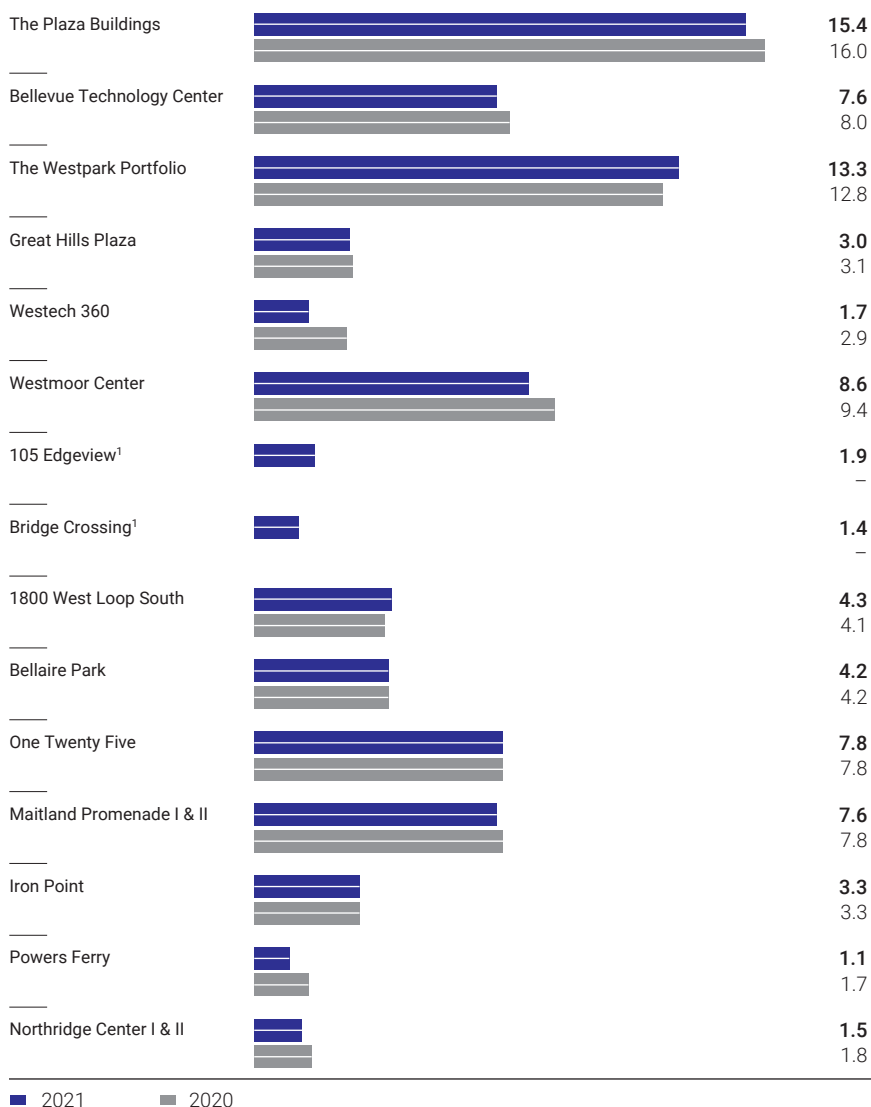
## GROSS REVENUE BY ASSET (US\$m)

for the financial year ended 31 December



<sup>2</sup> 105 Edgeview and Bridge Crossing were acquired on 20 August 2021 and contributed US\$2.9 million and US\$2.1 million respectively to gross revenue for FY2021.

## FINANCIAL REVIEW

NET PROPERTY INCOME CONTRIBUTION (US\$m)  
for the financial year ended 31 December

<sup>1</sup> 105 Edgeview and Bridge Crossing were acquired on 20 August 2021 and contributed US\$1.9 million and US\$1.4 million respectively to Net Property Income for FY2021.

## DEBT MATURITY PROFILE (%)

2022	21.9
2023	14.2
2024	22.2
2025	20.4
2026	-
2027	21.3

In February 2022, the loans due in November 2022 had been early refinanced and as such, KORE does not have any long-term debt refinancing requirements until November 2023. Weighted average all-in interest was 2.80% per annum (FY2020: 3.22% per annum) and interest coverage ratio was 5.1 times (FY2020: 4.7 times).

KORE's aggregate leverage was 37.2% as at 31 December 2021, as compared to 37.0% as at 31 December 2020. The minimal y-o-y increase in KORE's aggregate leverage as at the end of the financial year does not significantly impact the risk profile of KORE. The Manager will continue to assess its capital structure to maintain it at an optimal level for KORE.

## CASH FLOWS AND LIQUIDITY

As at 31 December 2021, KORE's cash and cash equivalents were US\$51.0 million.

Net cash generated from operating activities for FY2021 was US\$82.9 million. This was mainly due to higher operational cash inflow and lower working capital requirements.

Net cash used in investing activities for FY2021 amounted to US\$130.9 million. This was largely due to US\$103.5 million of net cash used to fund the acquisitions of 105 Edgeview and Bridge Crossing as well as funds utilised for capital expenditures and tenant improvements.

Net cash generated from financing activities amounted to US\$41.6 million. This comprised net proceeds of US\$63.7 million from the private placement (net of transaction costs), as well as net borrowings of US\$57.7 million obtained from external banks to partially finance the acquisitions of 105 Edgeview and Bridge Crossing as well as to fund the capital expenditures and tenant improvements during the year. During FY2021, interest expense paid to external banks and distributions to Unitholders were US\$14.0 million and US\$65.5 million respectively.

## CAPITAL MANAGEMENT

The Manager regularly reviews KORE's financial policy, as well as its debt and capital management structures to optimise

## KEY STATISTICS

	As at 31 December 2021	As at 31 December 2020
Aggregate leverage <sup>1</sup>	37.2%	37.0%
Weighted average all-in interest rate <sup>2</sup>	2.80% p.a.	3.22% p.a.
Interest coverage ratio <sup>3</sup>	5.1 times	4.7 times
Weighted average term to maturity	2.8 years	2.9 years

<sup>1</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by MAS.

<sup>2</sup> Weighted average all-in interest rate includes amortisation of upfront debt financing costs.

<sup>3</sup> Interest coverage ratio is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020.

KORE's funding sources. KORE's exposure to various risk elements is also closely monitored through clearly established management policies and procedures.

The Manager seeks to maintain an optimal combination of debt and equity in order to balance the cost of capital and maximise returns to Unitholders. The Manager also monitors externally imposed capital requirements closely and ensures KORE's adopted capital structure complies with these requirements.

Under the Property Funds Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS), the aggregate leverage should not exceed 50.0% of KORE's deposited properties. KORE has complied with this requirement for FY2021.

### FINANCIAL RISK MANAGEMENT

KORE is exposed to a variety of financial risks, including tax, credit, liquidity and market (mainly interest rate) risks. The Manager carries out financial risk management in accordance with its established policies and guidelines while achieving a balance between the costs of risks occurring and the costs of managing them. KORE's financial risk management is discussed in more detail in the notes to the financial statements.

The Manager continues to adopt appropriate hedging strategies to manage interest rate exposure for KORE. Interest rate swaps have been entered into to hedge interest rate exposure of long-term loans. As at 31 December 2021, 83.4% of KORE's loans had been hedged using floating-to-fixed interest rate swaps.

### ACCOUNTING POLICY

The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. KORE's significant policies are discussed in more detail in the notes to the financial statements.

The preparation of the financial statements in accordance with the International Financial Reporting Standards requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. In particular, the valuation of investment properties is one significant area which requires estimation and critical judgement in applying accounting policies. This has the most significant effect on the amounts recognised in the financial statements and is discussed in greater detail in the notes to the financial statements.

### INVESTMENT PROPERTIES (US\$m)

as at 31 December

The Plaza Buildings		<b>339.0</b> 312.0
Bellevue Technology Center		<b>151.0</b> 152.4
The Westpark Portfolio		<b>224.0</b> 224.0
Great Hills Plaza		<b>42.7</b> 42.1
Westech 360		<b>48.3</b> 49.2
Westmoor Center		<b>130.0</b> 121.4
105 Edgeview <sup>1</sup>		<b>60.0</b> —
Bridge Crossing <sup>1</sup>		<b>46.6</b> —
1800 West Loop South		<b>79.3</b> 79.9
Bellaire Park		<b>51.5</b> 52.9
One Twenty Five		<b>106.6</b> 102.0
Maitland Promenade I & II		<b>97.3</b> 92.3
Iron Point		<b>44.9</b> 42.3
Powers Ferry		<b>15.7</b> 16.4
Northridge Center I & II		<b>18.9</b> 18.0

■ 2021 ■ 2020

<sup>1</sup> 105 Edgeview and Bridge Crossing were acquired on 20 August 2021 for US\$60.0 million and US\$45.1 million respectively.

### USE OF PROCEEDS OF THE PRIVATE PLACEMENT

On 6 August 2021, KORE raised approximately US\$65.0 million of proceeds from the private placement of 88,676,000 new Units. The use of proceeds raised from the private placement is in accordance with the stated uses as disclosed in the launch of the private placement announcement dated 28 July 2021 and the completion of the acquisition announcement dated 20 August 2021. The latest available update on the use of proceeds is set out below:

	Intended use of proceeds US\$'000	Actual use of proceeds US\$'000	Balance of proceeds US\$'000
Partial funding of cash consideration for 105 Edgeview and Bridge Crossing <sup>1</sup>	62,300	<b>62,300</b>	—
Transaction costs	2,700	<b>2,700</b>	—
Total	65,000	<b>65,000</b>	—

<sup>1</sup> Agreed purchase consideration for 105 Edgeview and Bridge Crossing was US\$105.1 million with US\$62.3 million funded by the proceeds from the private placement and the remaining amount financed by external borrowings.

## SUSTAINABILITY REPORT

# SUSTAINABILITY FRAMEWORK

»» We place sustainability at the heart of our strategy, and are committed to generating stable and sustainable returns for Unitholders through environmental stewardship, responsible business practices, as well as nurturing our people and the communities.



## ENVIRONMENTAL STEWARDSHIP

We will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.

» For more information,  
go to: pages 74 to 77



## RESPONSIBLE BUSINESS

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

» For more information,  
go to: pages 78 to 81



## 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.

» For more information,  
go to: pages 82 to 88



## LETTER TO STAKEHOLDERS

GRI 102-14



» SUSTAINABILITY IS CENTRAL TO OUR BUSINESS, AND GUIDES OUR EFFORTS IN ENSURING THE WELFARE OF OUR EMPLOYEES AND TENANTS, AS WELL AS MAINTAINING THE HIGHEST STANDARDS OF BUILDING AND SERVICE QUALITY.

## DEAR STAKEHOLDERS,

Even as the world continues to grapple with the challenges brought about by the COVID-19 pandemic, the global economy has gradually been recovering in large part because of vaccine roll-outs. Amidst these extraordinary times, our business has remained resilient, owing to the unwavering dedication and steadfastness of our colleagues and teams on the ground who ensured business continuity, as well as the confidence of our tenants and business partners.

Sustainability has been and continues to be central to our business, and guides our efforts to maintain the highest standards of building and service quality. This report provides an account of KORE's sustainability performance to date and communicates our commitment to create long-term value for our stakeholders.

## SUPPORTING OUR PEOPLE THROUGH THE PANDEMIC

The health, safety and well-being of our people and tenants have always been a top priority. Since the onset of the pandemic, we have further amplified our efforts to ensure the welfare of our people and provide a safe work environment for tenants and staff. The measures we have put in place are aligned with health and safety advisories from the relevant authorities, and, in many cases, went well beyond advisories as in the case of the needlepoint bipolar ionisation systems we installed at our properties.

Recognising that people are our greatest asset, we have continued to invest in developing our talent for the future. A week-long virtual learning festival was held in August, during which, employees attended talks related to digitalisation and sustainability amidst work from home arrangements. Through the LinkedIn Learning platform, employees can access a digital library of over 16,000 courses to upskill, train and improve themselves. In 2021, each employee received an average of 18.7 training hours.

Furthermore, to boost employee morale, various activities were organised to promote work-life balance and encourage employees

to maintain their physical and mental well-being. Notwithstanding the pandemic and its restrictions on physical interactions, we continued to seek ways to uplift communities around us, including leveraging virtual platforms to conduct our corporate social responsibility activities.

## DRIVING ENVIRONMENTAL PERFORMANCE AND EFFICIENCY

With the global urgency to address climate change, we are committed to strengthen our management of climate-related risks and opportunities, and contribute to building a sustainable future for all.

Despite COVID-19-related operational and logistical challenges during the year, we continued to optimise the environmental performance of our properties, where feasible. Three of our properties maintained LEED Gold Status. Among these properties, 105 Edgeview in Denver, Colorado, also maintained the WELL Health-Safety Rating, a performance-based system that measures and monitors how a building's design and features impact human health and well-being.

On the reporting front, we have embarked on a journey to align our disclosures with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). This will allow us to effectively identify and mitigate any climate risks relevant for KORE's portfolio, as well as benefit from opportunities arising during the transition to a low-carbon economy. We believe this puts us in a strong position to meet the expectations of investors and stakeholders related to climate risk disclosures as we extend our reporting on climate change.

## FULFILLING OUR RESPONSIBILITIES AS A BUSINESS

Good corporate governance, ethics and integrity remain strong fundamentals of our business. We maintain an effective system of risk management and internal controls that enable us to respond promptly and effectively in the constantly evolving business landscape, including to emerging environmental, social and governance (ESG) risks and opportunities.

Beyond upholding responsible business practices, we have also continued to invest in programmes to create a positive impact on our local communities. As part of Keppel Capital, we continued supporting its adopted charity, the Muscular Dystrophy Association (Singapore) (MDAS), and, together with Keppel Capital colleagues, dedicated more than 630 volunteering hours in 2021 to engaging with its beneficiaries, alongside other community activities. Throughout the year, we also supported various social and environmental activities at our properties to raise awareness and engage the tenant community, including recycling campaigns and donation drives for local charities.

## ADVANCING SUSTAINABILITY

In 2021, we reviewed the material ESG issues for KORE's business to stay abreast of developments in our operating context. In assessing our material issues, we engaged our Directors, staff, asset and property managers, as well as key stakeholders, including tenants and business partners, to gather a balance of internal and external perspectives. This helped us prioritise the ESG factors with the most significant impact on KORE, and identify those which are the most important in our drive for long-term value creation. As a result of this assessment, we have refreshed and improved our sustainability plans and management approach, including setting targets and commitments to manage these issues and drive performance across our portfolio.

As we continue advancing sustainability while building a successful business, I would like to thank our valued stakeholders for their contributions and support.

Yours sincerely,

**DAVID SNYDER**  
Chief Executive Officer  
2 March 2022

## ABOUT THIS REPORT

GRI 102-46 | 102-50 | 102-52 | 102-53 | 102-54 | 102-56

This sustainability report (the Report) outlines Keppel Pacific Oak US REIT Management's (the Manager) strategy and approach towards sustainability. It also provides a summary of KORE's performance and progress in managing environmental, social and governance (ESG) issues.

### GLOBAL REPORTING INITIATIVE STANDARDS

This Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The scope and content of the Report reflect the Manager's strategy in managing ESG issues and driving sustainable growth. The Report was developed in accordance with Reporting Principles from the GRI Standards on Defining Report Content: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. For a full list of disclosures reported, please refer to the GRI Content Index on pages 89 to 91.

### REPORTING PERIOD AND SCOPE

This is KORE's fourth annual sustainability report. The information and metrics in the Report are based on the financial year from 1 January to 31 December 2021. The Report covers the ESG issues identified through a comprehensive materiality assessment as most relevant to KORE's business, operations and key stakeholders, as well as describes the Manager's approach to managing these ESG issues, including targets and metrics used to measure and track performance.

The scope of the Report is based on KORE's 100% ownership of The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio in Seattle – Bellevue/Redmond, Washington; Great Hills Plaza and Westech 360 in Austin, Texas; Westmoor Center in Denver, Colorado; 1800 West Loop South and Bellaire Park in Houston, Texas; One Twenty Five in Dallas, Texas; Maitland Promenade I & II in Orlando, Florida; Iron Point in Sacramento, California, as well as Powers Ferry and Northridge Center I & II in Atlanta, Georgia. In August 2021, KORE added two office buildings – Bridge Crossing in Nashville, Tennessee, and 105 Edgeview in Denver. The data for these two new acquisitions are excluded from this report. Other exclusions of data where relevant have been specified in the respective sections. Social and governance performance data in this Report covers primarily employees of the Manager.

The data in this report has undergone a rigorous internal review. While the report has not been through external verification, the Manager will review the need for external assurance in the future.

### Contact

The Manager welcomes feedback from its stakeholders to help improve and progress in its approach to sustainability and sustainability communication.

Please contact us at:  
enquiries@koreusreit.com



◀ The Manager is committed to improve the sustainability performance of its properties, including The Plaza Buildings (pictured) in Seattle – Redmond.

MANAGING SUSTAINABILITY

» THE MANAGER IS COMMITTED TO IMPROVE RESOURCE EFFICIENCY WHILE REDUCING ITS ENVIRONMENTAL IMPACT. IT HAS SET ESG TARGETS TO GUIDE ITS BUSINESS STRATEGY AND OPERATIONS.

KORE is a technology-focused office REIT comprising a balanced mix of freehold office buildings and business campuses across key growth markets in the technology hubs of Seattle – Bellevue/Redmond, Austin and Denver. As companies increasingly embrace sustainability in their choice of commercial property, it is essential for the Manager to demonstrate its commitment to integrating ESG considerations within its business strategy and day-to-day operations to create and safeguard long-term value for the REIT and its stakeholders.

SUSTAINABILITY FRAMEWORK

KORE’s sustainability strategy focuses on key material ESG issues which have been identified through stakeholder engagement and a materiality assessment. ESG issues have been and remain key considerations in the Board’s strategy formulation and in KORE’s business operations.

The Manager’s approach to sustainability is guided by the three thrusts of Environmental Stewardship, Responsible Business, and People and Community. The Manager is committed to minimising KORE’s environmental impact, upholding strong corporate governance, as well as creating positive impact and value for all its stakeholders.

Some of the key policies that guide the Manager in its business operations include the Employee Code of Conduct, Anti-Bribery Policy, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Compliance Manual, as well as policies on environmental, health and safety matters.

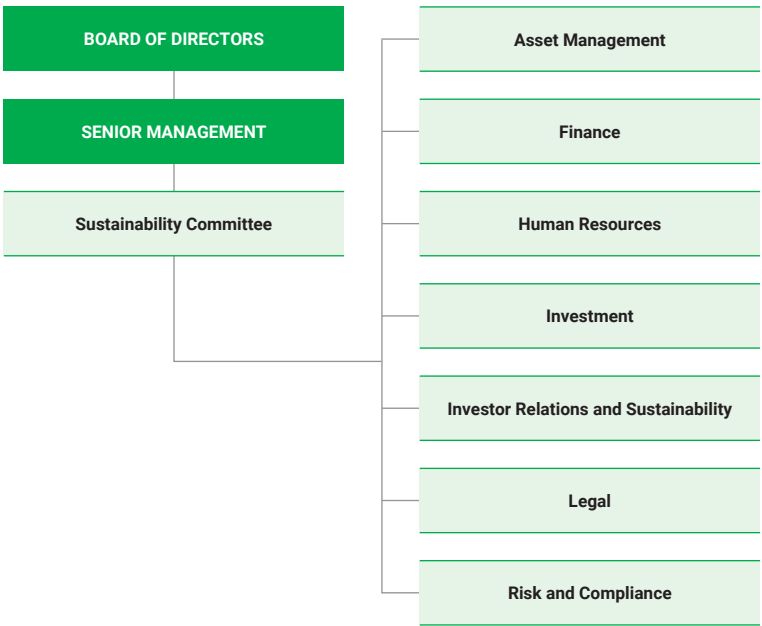
SUSTAINABILITY GOVERNANCE

GRI 102-18 | 102-20

The Board is committed to integrate ESG considerations into KORE’s business and strategy to create and safeguard long-term value for the REIT and its stakeholders. The Board determines, reviews and monitors KORE’s material ESG factors and progress periodically, with inputs from the Sustainability Committee and its engagement with key stakeholders.

The Manager’s Sustainability Committee considers and integrates ESG aspects across KORE’s business operations, monitors, and measures KORE’s ESG performance, as well as ensures continual improvement through periodic reviews of progress towards its goals. Led by the CEO, the Sustainability Committee comprises members from various functions, including asset management, finance, human resources, investment, investor relations and sustainability, legal, as well as risk and compliance.

SUSTAINABILITY COMMITTEE STRUCTURE



## MANAGING SUSTAINABILITY

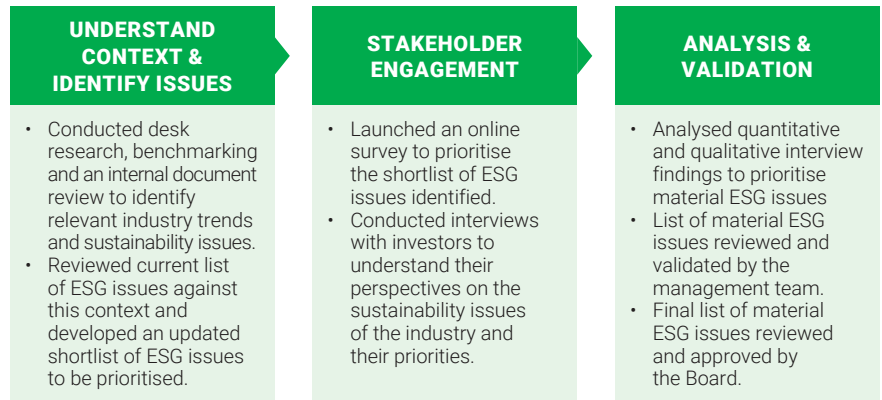
### MATERIALITY ASSESSMENT

GRI 102-46 | 102-47 | 102-49

Materiality is key to understanding the significant ESG issues that impact KORE's business, and which can be significantly impacted by its activities. In 2021, the Manager worked with a sustainability consultant to review KORE's most material and relevant ESG issues, building on the previous assessment, to account for changes in the impacts as they evolve, and as new ones arise. The review seeks to ensure that the material ESG issues continue to reflect KORE's most significant impacts on the economy, environment and people, and that the Manager actively assesses, monitors and manages them.

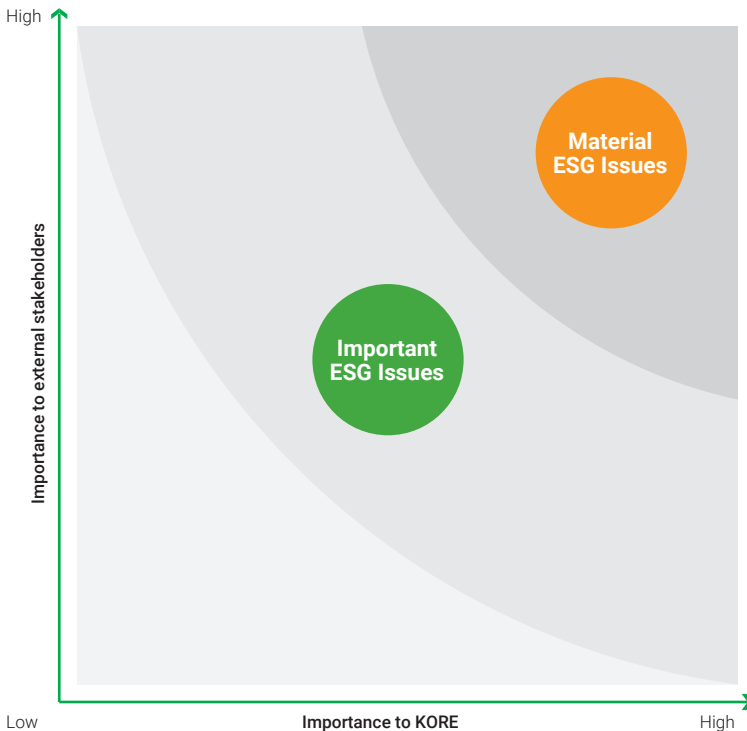
The materiality assessment was conducted based on a systematic process, with in-depth engagement with both internal and key external stakeholders including Board members as well as employees of the Manager, investors, building tenants, suppliers and business partners.

### MATERIALITY ASSESSMENT PROCESS



The prioritised list of ESG issues is presented in the chart below, categorised by material and important ESG issues (in alphabetical order), representing their level of materiality as determined through the assessment process. In line with the GRI's Reporting Principle of materiality for

defining report content, the material issues are covered within this Report to the extent that it reflects their relative priority. The Manager will continue to review these issues regularly to ensure it is able to determine and respond to any shift in the impact and importance of issues currently identified.



#### Material ESG Issues

Issues of very high importance to KORE and its key stakeholders, and considered most material and of top priority. These form the focus of its sustainability strategy and reporting, for which it aims to disclose goals, targets and performance.

- Building and Service Quality
- Climate Change Adaptation
- Corporate Governance
- Economic Sustainability
- Emissions
- Employee Health and Well-Being
- Energy
- Ethics and Integrity
- Human Capital Management
- Tenant Health and Safety

#### Important ESG Issues

Issues of moderate to high importance to KORE and its key stakeholders. These are actively monitored and managed, and will be included in external reporting as relevant, based on the sustainability context and stakeholder interest.

- Community Development and Engagement
- Cybersecurity and Data Privacy
- Diversity and Inclusion
- Sustainable Supply Chain Management
- Waste Management
- Water

\* The issues within each tier are in alphabetical order.



## ESG TARGETS AND COMMITMENTS

The Manager has set out targets and commitments to drive performance and manage KORE's material ESG issues. This section summarises the key targets and commitments, which the Manager will track and report its progress on in subsequent reports.



### ENVIRONMENTAL STEWARDSHIP

#### Climate Change Adaptation

- To align with and report based on the recommendations of the Taskforce on Climate-related Financial Disclosures

#### Emissions

- Achieve 30% reduction for Scopes 1 and 2 emissions by 2030, from a 2019 base year

#### Energy

- Implement energy-saving initiatives through utilising LED light bulbs and reducing the use of energy-intensive equipment across the portfolio

#### Waste and Water Management

- Continue to improve water conservation efforts, and increase waste recycling rate across the portfolio



### RESPONSIBLE BUSINESS

#### Building and Service Quality

- Zero incidents of non-compliance with laws, regulations and voluntary codes pertaining to the provision, use, health and safety of its products and services

#### Corporate Governance

- Uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders

#### Cybersecurity and Data Privacy

- Uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure, with zero incidents of data breaches and non-compliance with data privacy laws

#### Economic Sustainability

- Execute a sound fiscal and asset management strategy to drive growth and long-term value for Unitholders

#### Ethics and Integrity

- Maintain high standards of ethical business conduct and compliance best practices, with zero incidents of fraud, corruption, bribery and non-compliance with laws and regulations

#### Sustainable Supply Chain Management

- Encourage the adoption of sustainability principles throughout the supply chain



### PEOPLE AND COMMUNITY

#### Community Development and Engagement

- Engage with local communities and contribute to Keppel Capital's target of more than 500 hours of staff volunteerism in 2022

#### Diversity and Inclusion

- Maintain at least one-third female representation on the Board

#### Employee Health and Well-being/ Tenant Health and Safety

- Provide a safe and healthy environment for all stakeholders, adopting the Keppel Zero Fatality Strategy to achieve a zero-fatality workplace

#### Human Capital Management



- Achieve at least 20 training hours on average per employee in 2022
- Achieve at least 75% in employee engagement score in 2022

## SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations (UN) Sustainable Development Goals (SDGs) provide a common global platform and language to communicate and act on the most pressing challenges

facing the world today. The Manager is committed to advancing sustainable development by focusing on the SDGs which it can contribute most meaningfully to build a more sustainable future. The Manager has identified eight SDGs that are most aligned

with KORE's business and where it can best contribute directly or indirectly to address. These SDGs also represent the greatest opportunities to partner with other stakeholders and work together on sustainable development, in support of SDG 17.

SDG	MATERIAL ISSUES	CONTRIBUTION TO SDG
 <b>3 GOOD HEALTH AND WELL-BEING</b>	<b>Employee Health and Well-being</b>	<ul style="list-style-type: none"> <li>• The Manager adheres to industry best practices and complies with all relevant regulations to provide a safe work environment for all its stakeholders.</li> <li>• The Manager adopts the Keppel Zero Fatality Strategy, which outlines actionable measures to prevent workplace fatalities.</li> <li>• In 2021, in view of the ongoing pandemic, the Manager implemented safe management measures and provided support to ensure the physical and mental well-being of employees.</li> </ul> <p>➡ Read more on pages 85 and 86.</p>
 <b>6 CLEAN WATER AND SANITATION</b>	<b>Water</b>	<ul style="list-style-type: none"> <li>• The Manager has and will continue to implement measures to reduce water consumption through water conservation efforts and adoption of water-efficient technologies and equipment to optimise the use of water.</li> <li>• In 2021, this included the use of water-efficient fittings and fixtures, installation of automatic sensors in restrooms to reduce wastage and the use of non-potable water for irrigation.</li> </ul> <p>➡ Read more on page 77.</p>

## MANAGING SUSTAINABILITY

SDG	MATERIAL ISSUES	CONTRIBUTION TO SDG
	Human Capital Management	<ul style="list-style-type: none"> <li>The Manager adheres to Singapore's Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers' Pledge of Fair Employment Practices.</li> <li>It seeks to provide training and development opportunities to employees, even throughout the pandemic, through digital learning platforms.</li> <li>The Manager provides an employee development scheme that supports employees who aspire to upgrade themselves with a higher professional certification.</li> <li>The Manager has zero tolerance for discrimination of any kind, which is reinforced by its Corporate Statement on Human Rights and Corporate Statement on Diversity and Inclusion. Both statements articulate the Manager's stance on human rights, diversity and inclusion.</li> </ul> <p>Read more on pages 82 to 84.</p>
	Diversity and Inclusion	
	Sustainable Supply Chain Management	<ul style="list-style-type: none"> <li>The Manager encourages the adoption of Keppel's sustainability principles throughout the supply chain. It also references the Keppel Supplier Code of Conduct, which reinforces the principles of responsible business practices between employees and suppliers.</li> </ul> <p>Read more on page 81.</p>
	Building and Service Quality	<ul style="list-style-type: none"> <li>The Manager strives to maintain high standards of building and service quality in its assets to attract and retain a well-diversified, quality tenant profile and maintain high committed portfolio occupancy, ensuring the resiliency and sustainability of the REIT.</li> <li>KORE's assets have achieved various sustainability certifications and awards.</li> </ul> <p>Read more on pages 80 to 81.</p>
	Building and Service Quality	<ul style="list-style-type: none"> <li>The Manager strives to maintain high standards of building and service quality. KORE's assets have achieved various sustainability certifications and awards indicating the attainment of nationally and internationally recognised standards of management.</li> <li>The Manager deploys energy optimisation strategies for emissions reduction. Its energy optimisation measures involve operational improvements, the adoption of energy-efficient equipment and technologies, as well as sustainable building designs and materials.</li> <li>Several of KORE's assets were included in a preliminary risk assessment conducted by Keppel Corporation to understand the impact of exposure to seven climate-related hazards, namely sea level rise, heatwave, water stress, flood, wildfire, cold wave and hurricane.</li> <li>In 2021, KORE also conducted a high-level exercise to identify the climate-related risks and opportunities facing the business and its assets. It will conduct a more detailed scenario analysis in 2022 to better understand the impact of the identified risks and opportunities.</li> </ul> <p>Read more on pages 74 to 76, 80 to 81.</p>
	Climate Change Adaptation	
	Emissions	
	Energy	
	Sustainable Supply Chain Management	<ul style="list-style-type: none"> <li>The Manager encourages the adoption of sustainability principles throughout the supply chain, pertaining to areas like business conduct, labour practices, safety and health, as well as environmental management.</li> <li>The Manager seeks to minimise waste generation by increasing waste recycling rate. It also works with tenants to promote responsible waste management, by encouraging them to reduce, reuse and recycle.</li> </ul> <p>Read more on pages 77 and 81.</p>
	Waste Management	
	Corporate Governance	<ul style="list-style-type: none"> <li>The Manager adopts the Code of Corporate Governance 2018 (the Code) issued by the Monetary Authority of Singapore (MAS) as its benchmark for corporate governance policies and practices.</li> <li>It also maintains a sound and effective system of risk management and internal controls through its Enterprise Risk Management Framework.</li> <li>All of KORE's employees are required to adhere to the Employee Code of Conduct, which aims to establish and reinforce the highest standards of integrity and ethical business practices.</li> <li>In 2021, there was no confirmed incident of corruption, bribery or fraud, nor any non-compliance with laws or regulations.</li> </ul> <p>Read more on pages 78 to 80.</p>
	Ethics and Integrity	
	Community Development and Engagement	<ul style="list-style-type: none"> <li>The Manager, together with Keppel Capital, is committed to uplifting communities wherever it operates and improving the lives of the less privileged.</li> <li>Beyond monetary contributions, employees are encouraged to give back by participating in community outreach efforts. All employees have two days of paid volunteerism leave each year to participate in community initiatives organised by the Keppel Group.</li> <li>In 2021, KORE, together with Keppel Capital, committed more than 630 volunteerism hours to support community outreach and engagement initiatives.</li> </ul> <p>Read more on pages 87 to 88.</p>

## EXTERNAL MEMBERSHIPS, INITIATIVES AND CERTIFICATIONS

GRI 102-12 | 102-13

The Manager upholds best practices in sustainability and benchmarks itself against high industry standards. KORE participates in and is a member of key external industry associations and initiatives, green certification and award schemes.

The Manager, through Keppel Capital, is also a signatory of the United Nations Global Compact and is committed to the Global Compact's 10 universal principles. These include human rights, labour, environment and anti-corruption, among others.

KORE's properties have received certifications for their superior environmental performance, such as the Leadership in Energy and Environmental Design (LEED) by the US Green Building Council, as well as the US Environmental Protection Agency's ENERGY STAR® label. Refer to page 81 for the full list of sustainability certifications and awards received by its properties.

## EXTERNAL MEMBERSHIPS



KORE is a member of the REIT Association of Singapore (REITAS), an organisation that aims to strengthen and promote the Singapore REIT industry through education, research, and professional development.



The Manager, through Keppel Group, supports the Securities Investors Association (Singapore) (SIAS) in its efforts to empower the investment community through continuous investor education.

## STAKEHOLDER ENGAGEMENT

GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager engages its key stakeholders regularly to understand their needs, concerns and expectations, in order to refine its sustainable business strategies and operations in its drive towards continual improvements in ESG performance. KORE's stakeholder engagement framework is developed in accordance with the GRI Standards and the AccountAbility AA1000 Stakeholder Engagement Standard. Key stakeholder groups are identified based on their impact on, or potential to be

impacted by KORE's operations and ESG performance.

The Manager addresses the issues that are most important to KORE's stakeholders by measuring associated performance metrics, communicating its performance against material ESG issues in sustainability reporting, as well as adopting a management approach that integrates material ESG issues into decision-making processes.

The table below outlines the modes of engagement and key topics of concern of KORE's key stakeholder groups.



### EMPLOYEES

#### Modes of Engagement

Dialogue sessions with senior leaders; employee engagement surveys; appreciation month; physical well-being month; staff communication sessions; leadership programmes; team building activities; involvement in different employees' interest groups.

#### Key Topics

Providing platforms for employees to contribute and share ideas; building a culture of recognition and appreciation; enhancing careers through self-directed learning; inspiring others through leading by example.

#### Frequency of Engagement

Ongoing regular engagement.



### TENANTS

#### Modes of Engagement

Meetings and feedback sessions; tenant engagement activities.

#### Key Topics

Building and service quality; health, safety and environmental matters.

#### Frequency of Engagement

Ongoing regular engagement.



### INVESTORS

#### Modes of Engagement

General meetings; media releases; investor presentations; SGX announcements; annual reports; results briefings; conference calls; non-deal roadshows and conferences.

#### Key Topics

Business strategy and corporate developments; financial and portfolio performance; ESG strategy and performance.

#### Frequency of Engagement

Ongoing regular engagement.



### BUSINESS PARTNERS

#### Modes of Engagement

Dialogue sessions; regular meetings with business partners including external property managers, key subcontractors and suppliers; networking events.

#### Key Topics

Compliance; collaboration; health, safety and environmental matters.

#### Frequency of Engagement

Ongoing regular engagement.



### REGULATORY AUTHORITIES

#### Modes of Engagement

Visits and meetings.

#### Key Topics

Adherence to rules and regulations, consultation on policies regarding the REIT sector and communication on industry or sector trends including sustainability.

#### Frequency of Engagement

Ongoing regular engagement.



### LOCAL COMMUNITIES

#### Modes of Engagement

Community outreach activities, promoting and organising community-related activities, as well as participation in industry events and talks.

#### Key Topics

Community engagement, as well as sharing of industry insights and knowledge.

#### Frequency of Engagement

Ongoing regular engagement.

## ENVIRONMENTAL STEWARDSHIP



Where feasible, the Manager leverages renewable sources of energy. Pictured is an assembly of photovoltaic panels atop 105 Edgeview in Denver, Colorado.

## THE MANAGER IS COMMITTED TO CLIMATE ACTION AND REDUCING ITS ENVIRONMENTAL FOOTPRINT.

The Manager continually seeks to enhance the environmental performance of its buildings through the adoption of new technologies, as well as implementing emissions reduction and energy-saving initiatives.

### EMISSIONS & ENERGY

GRI 103-1 | 103-2 | 103-3 | 302-1 | 302-2 | 302-3 | 305-1 | 305-2 | 305-3 | 305-4

### MANAGEMENT APPROACH

In managing its GHG emissions, the Manager focuses on optimising the energy consumption of its buildings across the portfolio, as well as tapping on renewable energy, where feasible. KORE's energy optimisation strategies involve operational improvements, the adoption of energy-efficient equipment and technologies, as well as the use of sustainable building designs and materials.

### PERFORMANCE AND PROGRESS

#### GHG Emissions

KORE's GHG emissions comprise Scope 1 emissions from the use of natural gas and diesel for the buildings' generators, Scope 2 emissions from electricity use and Scope 3 value chain emissions. In 2021, the Manager commenced a Scope 3 emissions screening exercise to better understand its GHG footprint and determine opportunities for reduction, as well as support target setting. It also expanded its Scope 3 reporting beyond

business travel and waste generated to cover three more categories of employee commuting, fuel- and energy-related activities, and downstream leased assets in this report, and will cover the remaining relevant categories progressively by 2023.

KORE's total GHG emissions for 2021 was 27,678 tCO<sub>2</sub>e. The inclusion of additional Scope 3 categories in 2021's performance data accounted for most of the total GHG emissions in 2021 as compared to 2020, which included only business air travel and waste generated.

#### TOTAL GHG EMISSIONS (tCO<sub>2</sub>e)

Scope 1 (Direct) Emissions <sup>1</sup>	590
Scope 2 (Indirect) Emissions <sup>2</sup>	3,606
Scope 3 (Indirect) Emissions <sup>3</sup>	23,482
<b>Total</b>	<b>27,678</b>

<sup>1</sup> Natural gas, diesel.

<sup>2</sup> Electricity.

<sup>3</sup> Business travel, employee commuting, waste generated in operations, fuel- and energy-related activities, downstream leased assets.

Scope 3 Categories	Emissions in 2021 (tCO <sub>2</sub> e)
Business travel	5
Employee commuting	7
Waste generated in operations	532
Fuel- and energy-related activities	1,310
Downstream leased assets	21,628



Energy consumption by tenants was the main contributor to Scope 3 emissions.

Scopes 1 and 2 emissions totalled 4,196 tCO<sub>2</sub>e in 2021, which was an 8.1% decrease from 2020, and GHG emissions intensity also fell slightly to 0.081 tCO<sub>2</sub>e/m<sup>2</sup>. This can mainly be attributed to increased telecommuting during the pandemic due to workplace restrictions resulting in lower physical occupancy and usage of the properties.

The majority of the GHG emissions are derived from energy consumption, hence the Manager's GHG reduction strategy focuses on optimising energy performance. The Manager's continuous process of monitoring, assessing and reporting helps the Manager achieve its objective of continual improvement. Measures to optimise energy usage and improve energy efficiency are being progressively implemented at the properties.

#### Energy optimisation initiatives

- Energy-efficient LED lighting retrofits;
- Replacement of heating, ventilation and air conditioning (HVAC) units to energy-saving models;
- Upgrade of chiller systems to improve energy efficiency.

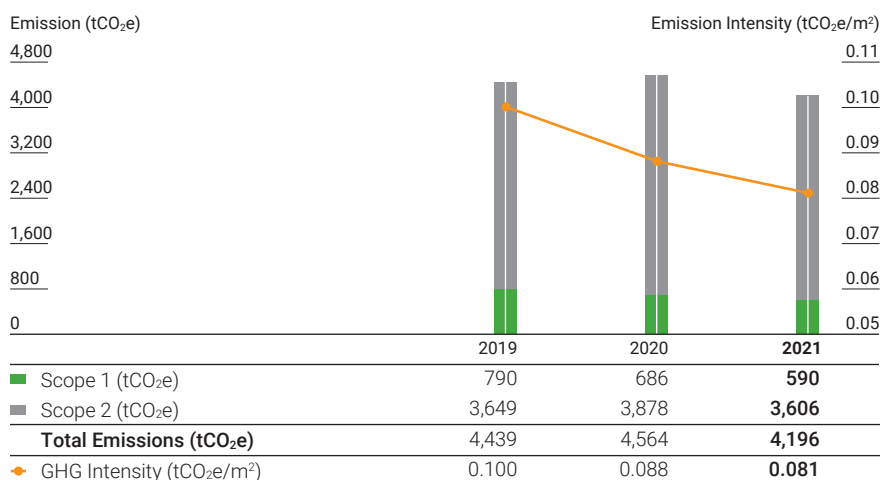
#### Energy Consumption

KORE's energy demand comprises a mix of direct and indirect sources of energy. Direct energy refers to primary sources of energy consumed on-site by its operations, whereas indirect energy refers to electricity purchased from external suppliers.

In 2021, KORE's total energy consumption was 238,227 GJ, a decrease of 2.3% as compared to 2020. The decrease was attributed to reduced physical occupancy at its properties during the pandemic. KORE's energy intensity (by gross floor area) stayed constant at 0.63 GJ/m<sup>2</sup>. Its energy consumption comprised mainly electricity consumption, making up 95.1% of the total, and the remaining 4.9% came from natural gas and diesel consumption for backup generators.

The Manager has committed to achieve a 30% reduction for Scopes 1 and 2 emissions by 2030, from a 2019 base year, with an initial focus on reducing emissions from electricity consumption. It will continue to embark on energy-saving initiatives across the portfolio such as reducing the use of energy intensive equipment, and exploring the use of renewable energy sources where feasible.

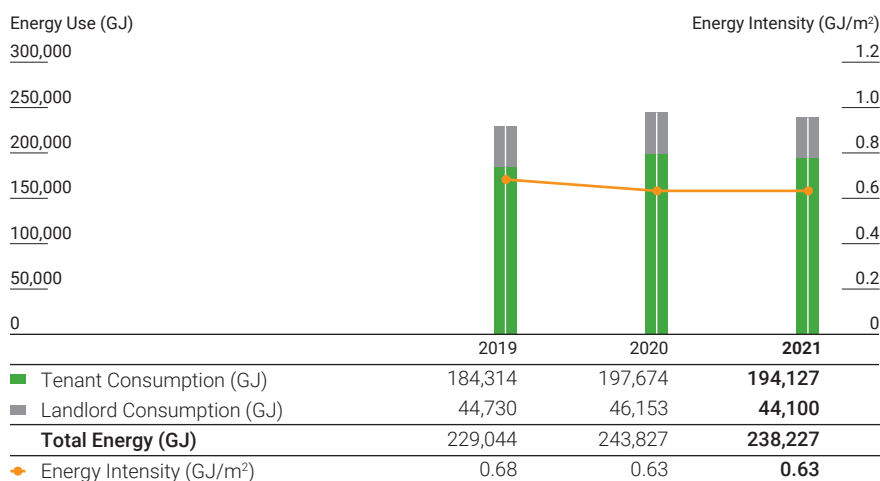
#### TOTAL SCOPES 1 AND 2 GHG EMISSIONS



##### Notes:

- GHG emissions are calculated in accordance with the operational control approach of the GHG Protocol standard – the most widely accepted international standard for GHG accounting. Gases included in the calculation are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).
- Conversion factors for Scope 1 and Scope 2 (location-based) GHG emissions were referenced from the United States Environmental Protection Agency: [www.epa.gov](http://www.epa.gov). Scope 3 emission factors are referenced from the UK Department of Environment, Food & Rural Affairs (DEFRA) and International Energy Agency (IEA) for waste, fuel and energy, and from the International Civil Aviation Organisation for business air travel. Employee commuting emissions are estimated based on the Singapore Census of Population 2020 survey with emission factors provided by SMRT Corporation and Land Transport Authority.
- Scope 2 emissions have been restated for 2019 and 2020 due to reclassification of tenants' emissions under the Scope 3 category of downstream leased assets.
- GHG intensity calculation includes Scopes 1 and 2 emissions and is based on landlord controlled gross floor area in square metres.
- The Westpark Portfolio Scopes 1 and 2 emissions data is excluded due to unavailability of data at time of publication.
- One Twenty Five Scopes 1 and 2 emissions data is excluded in 2019 due to unavailability of data.

#### TOTAL ENERGY CONSUMPTION



##### Notes:

- Energy intensity calculation is based on total energy consumption in gigajoules (GJ) of both landlord and tenants and total gross floor area in square metres.
- Energy consumption within the organisation (now indicated as landlord consumption) for 2019 and 2020 have been restated due to reclassification of tenants' consumption as energy consumption outside of the organisation in 2021.
- The Westpark Portfolio energy data is excluded due to unavailability of data at time of publication.
- One Twenty Five energy data is excluded in 2019 due to unavailability of data.

## ENVIRONMENTAL STEWARDSHIP

## CLIMATE CHANGE ADAPTATION

GRI 102-11 | 102-12 | 103-1 | 103-2 | 103-3

## MANAGEMENT APPROACH

In working towards a low-carbon future, the Manager recognises the need to strengthen the resilience of KORE's portfolio and its operations against climate change risks.

The Manager supports the Taskforce on Climate-related Financial Disclosures (TCFD) and seeks to align its approach

with the recommendations of TCFD, as well as best practices. It recognises that aligning with this framework and strengthening its management of climate-related risks and opportunities is a long-term commitment.

In 2021, the Manager embarked on aligning KORE's sustainability reporting disclosures with the TCFD recommendations. Through the assessment, the Manager developed

a roadmap which builds on its current efforts to implement the recommendations provided by the TCFD framework. In addition, a preliminary exercise was also conducted to identify the risks and opportunities that KORE faces. In 2022, it will conduct a more detailed scenario analysis, including understanding the financial impact of climate-related risks and opportunities on its business and assets.

## PERFORMANCE AND PROGRESS

The Manager discloses its approach in four key pillars as recommended by the TCFD.

TCFD Recommended Disclosure	Approach
<b>GOVERNANCE</b> Governance around climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>The Board considers climate-related issues in KORE's strategy and operations. The Board also reviews and approves the ESG strategy, roadmap and targets, which include climate-related targets on emissions and energy, as well as climate change adaptation as a material issue.</li> <li>The Sustainability Committee comprises members of senior management. The Committee assesses and manages ESG matters, as well as provides updates and recommendations to the Board regularly, including topics such as emissions performance, climate-related risk assessments, and actions to mitigate risks, among others.</li> <li>KORE's asset management team works closely with the property managers to oversee the management and monitoring of climate-related issues and carbon emissions of the assets.</li> </ul>
<b>STRATEGY</b> Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	<ul style="list-style-type: none"> <li>Climate-related issues that KORE faces include physical risks from extreme weather events or long-term changes in climate, as well as transition risks and opportunities from global decarbonisation efforts.</li> <li>In 2022, KORE will conduct a more detailed scenario analysis to better understand the impacts of the identified climate-related risks and opportunities, including financial impacts.</li> <li>Together, the Board and management develop strategies that integrate ESG considerations into key business practices and decision-making processes.</li> <li>The asset management team constantly reviews the performance of the assets and puts in place initiatives to enhance asset performance. The team also works with a consultant to monitor asset performance against the set targets and reports to the Board at quarterly meetings.</li> </ul>
<b>RISK MANAGEMENT</b> Processes used to identify, assess, and manage climate-related risks	<ul style="list-style-type: none"> <li>In 2020, Keppel Corporation initiated a high-level risk assessment to understand the impact of exposure of selected assets to seven climate-related hazards, namely, sea level rise, heatwave, water stress, flood, wildfire, cold wave and hurricane. Several assets under KORE were included in this study. Based on the findings of the assessment, the respective assets will be assessed on the resilience of existing measures and further mitigation or adaptive actions to be taken, where necessary, will be considered.</li> <li>In 2021, the Manager conducted a materiality assessment where both climate change adaptation and emissions were identified as material topics. The Manager also conducted a high-level exercise to identify the climate-related risks and opportunities that KORE's business faces.</li> <li>As part of Enterprise Risk Management (ERM), climate change and sustainability-related matters are areas of risks identified.</li> <li>There are plans for a separate sustainability risk register to be implemented to enable the Board to monitor climate-related or sustainability issues.</li> <li>Together, the Board, the Audit and Risk Committee (ARC), guided by the ERM framework helps to ensure that KORE identifies and manages all ESG-related risks that have the potential to impact long-term Unitholder value, responsible business practices and/or operational continuity.</li> </ul>
<b>METRICS AND TARGETS</b> Metrics and targets used to assess and manage climate-related risks and opportunities that are material to its business.	<ul style="list-style-type: none"> <li>The Manager has committed to achieve 30% reduction for Scopes 1 and 2 emissions by 2030, from a 2019 base year.</li> <li>The Manager has been tracking KORE's Scopes 1 and 2 emissions since 2018 and has started tracking Scope 3 emissions since 2020. It expanded its Scope 3 reporting beyond business air travel and waste generated to cover three more categories of employee commuting, fuel- and energy-related activities and downstream assets in this report and will cover the remaining relevant categories progressively by 2023.</li> <li>KORE's GHG emissions are tracked and calculated following the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard, using the operational control approach in accounting for its emissions.</li> </ul>

## WASTE MANAGEMENT

GRI 103-1 | 103-2 | 103-3 | 306-1 | 306-2 | 306-3 | 306-4 | 306-5

### MANAGEMENT APPROACH

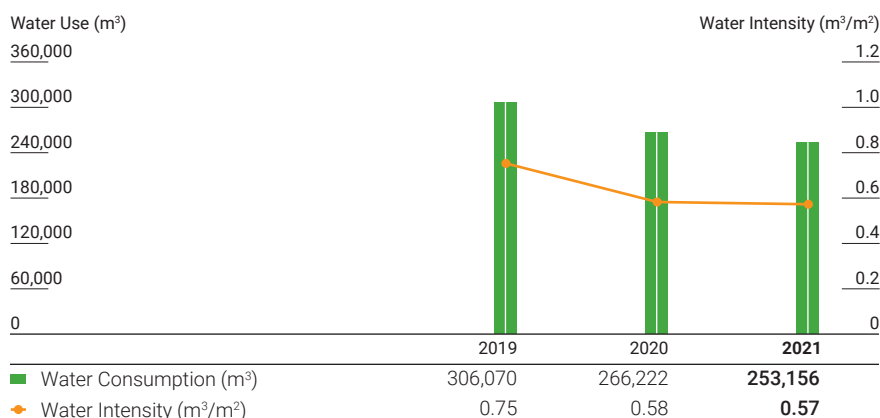
The Manager is committed to the responsible management of waste and minimising waste generation at its properties. General waste at each property is generated mainly from the business operations of tenants and is collected via disposal and recycling bins situated on-site, and handled by a licensed third-party waste collector. Waste and recycling data is consolidated by the third party and shared with the Manager.

The Manager works with tenants to promote responsible waste management by encouraging them to reduce, reuse and recycle. For example, recycling bins are made available at the properties and recycling events are held to raise awareness.

### PERFORMANCE AND PROGRESS

KORE's properties generated a total of 1,802 tonnes of non-hazardous waste in 2021, a reduction of 2.1% from 2020. 1,110 tonnes of non-hazardous waste were disposed in a landfill, while 692 tonnes were recycled or composted. The decrease in waste generation can be largely attributed to tenants' adoption of telecommuting during the pandemic. The Manager intends to push on with efforts to increase the rate of recycling as tenants progressively return to their offices in 2022.

## TOTAL WATER CONSUMPTION



## WATER MANAGEMENT

GRI 103-1 | 103-2 | 103-3 | 303-1 | 303-2 | 303-5

### MANAGEMENT APPROACH

All of KORE's assets utilise municipal water supplies, and consumption is measured through direct metering. The Manager is committed to reducing water consumption through water conservation efforts and adoption of water-efficient technologies and equipment to optimise the use of water. Water management initiatives include the use of water-efficient fittings and fixtures, the installation of auto sensors in restrooms to reduce wastage and the use of non-potable water for irrigation.

### PERFORMANCE AND PROGRESS

Total water consumption in 2021 was 253,156m³, which is a decrease of 4.9% from 2020, continuing the downtrend from 2019 as physical occupancy at offices were reduced due to the pandemic. Water usage intensity was 0.57m³/m².

The Manager seeks to maintain the downtrend in water consumption by continuing to implement water efficiency measures, tracking water consumption and increasing water recycling and reuse.

## Spotlight

# Precision irrigation for water conservation

Iron Point in Sacramento, California, boasts lush greenery surrounding an extensive walking trail. An underground irrigation monitoring system was installed in May 2021 to better manage the property's landscaping and irrigation needs. The data collected from the sensors that measure soil moisture and temperature at the roots are transmitted to an irrigation controller, which will then control the system to irrigate

only the zones where moisture levels are low.

The system is expected to result in cost savings of about 35% in the first year. At the same time, to reduce water wastage, an irrigation drip system was implemented in September 2021 to replace the overhead rotor spray during the renovation of the property's walking trail, thereby reducing overall water consumption at the property.



## RESPONSIBLE BUSINESS



◀ Tenant surveys are conducted yearly to gauge satisfaction levels across KORE's portfolio, including at Powers Ferry (pictured).

### » THE MANAGER IS COMMITTED TO CONDUCT KORE'S BUSINESS AND OPERATIONS RESPONSIBLY.

Responsible and sustainable business practices form the cornerstone of how the Manager seeks to deliver long-term value to stakeholders, resulting in trust and confidence.

#### ECONOMIC SUSTAINABILITY

GRI 103-1 | 103-2 | 103-3 | 201-1

##### MANAGEMENT APPROACH

The Manager creates stable and sustainable value through its portfolio optimisation strategy and is focused on driving operational excellence in its asset and capital management efforts. It is committed to building a resilient portfolio that delivers long-term sustainable growth and Unitholder value.

Incorporating ESG considerations into KORE's corporate strategy and business operations ensure sustainable business performance and accountability to investors, tenants, workforce, and communities. The Manager foresees ESG performance playing a bigger role in driving returns on investment and will increasingly and proactively integrate ESG practices to build resilience, manage risk and strengthen its financial performance.

##### PERFORMANCE AND PROGRESS

KORE's economic performance is measured through key metrics such as distributable income and distribution per Unit. Results of KORE's financial performance are communicated through

the half- and full-year results announcements, quarterly key business and operational updates, as well as annual reports.

More information on KORE's strategic direction and financial performance can be found on pages 3, 6 and 7 of the Annual Report.

#### CORPORATE GOVERNANCE

GRI 103-1 | 103-2 | 103-3 | 102-16

##### MANAGEMENT APPROACH

Strong corporate governance and robust risk management are key to safeguarding the interests of KORE's stakeholders and achieving long-term value creation.

The Manager adopts and aligns its corporate governance policies and practices with the Code of Corporate Governance 2018 (the Code) issued by the Monetary Authority of Singapore (MAS). By observing and complying with the Code, the Manager upholds high standards of corporate governance, including accountability, transparency and sustainability in its business practices.

One of the core tenets of the Code pertains to the centrality of good corporate governance to the Board. The Code sets out how the Board should conduct its affairs and the appropriate level of independence and diversity in its composition. The majority of KORE's Board consists of Independent Directors.



ESG factors are also incorporated into the Manager's corporate scorecard and remuneration.

The Manager also maintains a sound and effective system of risk management and internal controls. KORE's Enterprise Risk Management (ERM) Framework provides a holistic and systematic approach to risk management, outlining the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as KORE's policies and limits in addressing and managing key risks identified. The ERM Framework provides guidance in assessing key risks (including their likelihood and impact) and identifying mitigating actions in response to these risk drivers. The effectiveness of mitigating actions is evaluated on an ongoing basis. This allows the Manager to respond promptly and effectively in the ever-evolving business landscape, that includes emerging ESG risks and opportunities.

Together, the Board and the Audit and Risk Committee (ARC), guided by the ERM framework, ensure that KORE identifies and manages all ESG-related risks that have the potential to impact long-term Unitholder value, responsible business practices and operational continuity. The risk management process also ensures the adequacy and effectiveness of KORE's ERM framework.

More information on KORE's corporate governance guidelines and practices can be found on pages 131 to 153 of the Annual Report, and more information on

its risk management strategy and processes can be found on pages 154 and 155 of the Annual Report.

### ETHICS AND INTEGRITY

GRI 103-1 | 103-2 | 103-3 | 102-16 | 102-17 | 205-2 | 205-3 | 419-1

#### MANAGEMENT APPROACH

The Manager has zero tolerance for corruption, bribery, fraud and unethical business practices. The Manager has in place the Employee Code of Conduct and the Anti-Bribery Policy which set out the principles of conduct that guide Directors and employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with competitors, customers, suppliers, other employees and key stakeholders. See page 144 of the Annual Report for more details.

All of KORE's employees are required to adhere to the Employee Code of Conduct, which aims to establish and reinforce the highest standards of integrity and ethical business practices. The Employee Code of Conduct outlines the responsibilities of all employees to uphold anti-corruption and anti-bribery principles, and has defined ethical business standards for conflict of interest, the offering and receiving of gifts, as well as hospitality and promotional expenditures. All employees are required to declare any potential conflict of interest and avoid any conflict of interest in their dealings with suppliers, customers and other third parties. The Manager provides training and guidance

on how to pre-emptively identify and avoid instances of corruption through regular communication and mandatory training.

Third party associates (TPAs) of KORE are required to acknowledge the Employee Code of Conduct, which includes anti-bribery and anti-corruption sections.

The Regulatory Compliance Governance Structure is in place to enhance overall corporate governance and manage anti-corruption efforts. The Board regularly reviews anti-corruption policies, updating, revising and implementing corrective measures where necessary. The ARC supports the Board in its oversight of regulatory compliance, in addition to implementing effective compliance and governance mechanisms.

KORE has a Whistle-Blower Policy that provides the mechanisms by which employees, customers, suppliers, and other stakeholders may raise concerns or report in good faith, incidents of actual or suspected illegal and unethical conduct and violation of laws and regulations, without fear of reprisal. Any concerns or issues can be reported through the whistle-blower reporting channel operated by an independent third party. Matters under the policy are reported directly to the ARC Chairman. The ARC reviews the Whistle-Blower Policy annually to ensure a proper process for investigation and follow-up of any incident. See pages 148 and 149 of the Annual Report for more details on the Whistle-Blower Policy.



◀ The Manager ensures business and operational continuity at its properties, including Bellaire Park (pictured).

## Spotlight

# Enhancing KORE's portfolio with best-in-class green buildings

In August 2021, KORE acquired 105 Edgeview in the fast-growing technology (tech) hub of Denver, Colorado.

Located in the heart of the high-tech US 36 creative corridor, 105 Edgeview is one of the newest and highest quality Class A buildings in Northwest Denver. It is fully leased to tenants, mainly in the tech sector.

Notably, it features sustainable design elements that earned the LEED Gold certification, a globally recognised symbol of sustainability achievement and leadership in the built environment.

For example, large floor-to-ceiling windows allow maximum daylight penetration, reducing the need for lighting during the day. Mechanical systems and building standards reduce overall energy consumption. Solar panels cover more than half of the roof, and are capable of producing up to 10% of the building's

electrical power needs and improve energy savings. In addition, 35% of the building materials are made of recycled content, over 24% of building materials are locally sourced, and over 29% of installed wood was sustainably harvested.

In addition to its sustainable design, 105 Edgeview boasts a plethora of on-site amenities. This includes a state-of-the-art fitness centre, a large conference room, an on-site management office and electric vehicle charging stations (pictured). The building also achieved the WELL Health-Safety Rating, a mark of validation that it has consistently met high standards of health and safety, which is a critical factor for operating during the COVID-19 pandemic.

The acquisition of 105 Edgeview exemplifies KORE's strategy to embed sustainability into its business and achieve an environment-friendly portfolio, while delivering building excellence.



The Competition Law Compliance Manual provides guidelines for the Manager and its employees to avoid anti-competitive behaviour in its business activities.

The Manager has a formal Insider Trading Policy on dealings in the securities of KORE, which sets out the implications of insider trading and guidance on such dealings. This policy is applicable to all the Directors and officers of KORE. See page 144 of the Annual Report for more details on the Insider Trading Policy.

## PERFORMANCE AND PROGRESS

All Directors and staff of the Manager received mandatory training on anti-corruption policies and procedures in 2021, as part of an annual training on key policies and procedures and regular compliance trainings. In 2021, there were no incidents relating to corruption, bribery or fraud, nor any non-compliance with laws or regulations.

## BUILDING AND SERVICE QUALITY

GRI 103-1 | 103-2 | 103-3

### MANAGEMENT APPROACH

The Manager's approach towards building and service quality has a direct influence on the quality of KORE's portfolio and its tenant base. The Manager is committed to ensuring high standards of building quality and service levels to attract and retain a well-diversified, quality tenant profile, and maintain high committed portfolio occupancy rates.

Each asset is managed by a team of property managers on-site that operates, repairs, maintains and services the building as well as handles tenant related feedback as per contractual obligations to ensure long-term and consistent building and service quality. The Manager works with the respective property managers to continually improve KORE's properties by ensuring regular building maintenance and the implementation of asset enhancement initiatives.

Notwithstanding lower physical occupancy as a result of the pandemic, the Manager continued to ensure high levels of service by keeping buildings operational so that tenants had the flexibility to access their offices as and when required. Buildings are equipped with stable broadband network infrastructure, which is especially important to support tenants' video conferencing requirements during the pandemic.

Another key aspect of the Manager's approach to service quality is the provision of a clean,

safe and secure working environment for tenants and building occupants. Read more about how KORE manages tenant health and safety matters on pages 86 and 87.

## PERFORMANCE AND PROGRESS

KORE's assets have achieved various sustainability certifications and awards, indicating the attainment of nationally and internationally recognised standards of management.

In 2021, KORE received a rating of 'BBB' in the MSCI ESG Ratings assessment.

Each year, an external consultant conducts a survey among tenants to gauge satisfaction levels across KORE's portfolio on areas such as property management, cleanliness, security and amenities. Results and findings from the surveys are evaluated and used to improve performance. Through this, KORE aims to increase tenant retention, maximising the value of the portfolio and achieving operational excellence. The last customer satisfaction survey was done in 2019 with an average response rate of 91.4% and an average satisfaction score of 90%. In 2020 and 2021, the survey could not be conducted due to the ongoing pandemic. The Manager plans to conduct the next survey in 2022 once the situation improves.

## CYBERSECURITY AND DATA PRIVACY

GRI 103-1 | 103-2 | 103-3 | 418-1

### MANAGEMENT APPROACH

With widespread digitalisation and the growing reliance on virtual work and collaboration platforms triggered by the pandemic, it is increasingly important to ensure systems are safeguarded against cyber threats. This is in addition to ensuring data protection and privacy for all personal and sensitive information by establishing robust cybersecurity measures.

Cybersecurity and data privacy are managed by the Keppel Group Cybersecurity and Keppel Capital's IT teams. KORE adopts the Keppel Group Technology and Data Risk Management (TDRM) standards and framework, which provides guidance on risk management practices and controls to achieve data confidentiality and integrity, system security and reliability, as well as stability and resilience of the IT operating environment.

The TDRM framework assesses the risks of information technology and operational technology systems, including technology,

## SUSTAINABILITY CERTIFICATIONS AND AWARDS

Property	Certification/Award
The Plaza Buildings	LEED Gold status 2017
Westech 360	Energy Star rating (Buildings 1,3)
Westmoor Center	LEED status (1 Gold, 2 Silver & 3 Certified)
	Energy Star rating (Buildings 1,3,4,5)
105 Edgeview	LEED Gold status 2019
	WELL Health-Safety rating
1800 West Loop South	LEED Gold status 2019
Bellaire Park	Energy Star rating (Building 6575)
Powers Ferry	Energy Star rating
Northridge Center I & II	Energy Star rating (Building 375)

data and cyber risks, and provides guidance to develop and implement risk mitigation and control measures that commensurate with the criticality of the information assets. Policies and procedures governing the monitoring and management of cybersecurity incidents from preparation, identification, tracking and closure are established and reviewed on an annual basis for effectiveness.

The policies in place cover the following:

- Cybersecurity incidents must be assigned to the cybersecurity incident response team.
- All risks including technology, data and cyber risks must be considered in the annual assessment of risk.
- Compliance with cybersecurity is documented in agreements with vendors.
- For projects, system security requirements should be identified based on applicable compliance requirements and cybersecurity risk profile of the systems.

Cybersecurity trainings are conducted annually and are mandatory for all staff.

## PERFORMANCE AND PROGRESS

In 2021, the Keppel Group conducted a series of cybersecurity trainings and awareness sessions for all employees, including the Manager's staff. The trainings covered awareness of cybersecurity threats and timely reporting and resolution of potential security incidents.

There were no substantiated complaints received concerning breaches of customer privacy, nor any leaks, thefts, or losses of customer data identified in 2021.

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

GRI 103-1 | 103-2 | 103-3 | 102-9

### MANAGEMENT APPROACH

KORE's supply chain comprises suppliers and providers such as electricity retailers, security, building material suppliers, professional services providers (such as building consultants, banking, audit and tax services), as well as contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling. The majority of KORE's supply chain is located in the US and Singapore.

The Manager encourages the adoption of sustainability principles throughout its supply chain. It references the Keppel Supplier Code of Conduct, which reinforces the principles of responsible business practices between the Manager and its suppliers. The Keppel Supplier Code of Conduct covers areas pertaining to business conduct, labour practices, safety and health, as well as environmental management.

The Manager also considers track records of dependability, sustainability policies, procedures and accreditations, where applicable, when selecting suppliers.

## PERFORMANCE AND PROGRESS

There were no known instances of non-compliance with any applicable regulations regarding human rights and labour practices throughout KORE's supply chain. There were no operations or suppliers with significant risks of forced or compulsory labour practices that KORE is aware of.



## PEOPLE AND COMMUNITY

## » THE MANAGER INVESTS IN ITS PEOPLE AND SEEKS TO CREATE A POSITIVE IMPACT ON THE COMMUNITIES WHERE IT OPERATES.

The Manager invests in the development and well-being of its people and the communities wherever it operates, believing it has the responsibility to support and enhance their lives and livelihoods, to create a positive impact on society.

### HUMAN CAPITAL MANAGEMENT

GRI 102-41 | 103-1 | 103-2 | 103-3 | 102-8 | 401-1 | 401-2 | 404-1 | 404-2 | 404-3

### MANAGEMENT APPROACH

A talented and engaged workforce is key to KORE's continued growth and success. The Manager is committed to building its human capital by attracting, developing and retaining a talented and engaged workforce with fair employment practices, as well as providing them with learning and development opportunities. The Manager also seeks to provide a conducive environment for its people to collaborate, innovate and share ideas amidst a culture of recognition and appreciation.

This is accomplished through five key focus areas:



### FIVE KEY AREAS FOR BUILDING HUMAN CAPITAL

#### Making a Difference

Provide platforms for employees to contribute to the communities

#### Having a Voice

Encourage employees to engage in company conversations and sharing of ideas for improvement

#### Feeling Valued

Foster a culture of recognition, appreciation and emphasis on employee well-being

#### Growing a Career

Enhance career development by providing pathways for skills acquisition and mentorship

#### Inspiring Growth

Provide platforms for leadership development and encouraging employees to lead by example

### PERFORMANCE AND PROGRESS

#### Employee Profile

As at end-2021, the Manager's workforce comprised seven full-time employees, comprising six permanent and one contract staff. Of the seven, three are female and four are male employees. Six employees are based in Singapore and one is based in the US.

In the US, the Manager is supported by Pacific Oak Capital Advisors in the areas of investment and asset management. In Singapore, Keppel Capital provides centralised support functions including but not limited to investor relations, risk and compliance, human resources, information technology, as well as legal and corporate secretarial. More information on KORE's Board of Directors and management team is available on pages 13 to 15.

None of the Manager's employees are currently covered under any collective bargaining agreements.

#### Investing in Talent

To attract and retain talent, the Manager offers competitive compensation and comprehensive benefits to all Singapore-based full-time employees. These benefits include life insurance, healthcare benefits, annual, medical and parental leave entitlements, as well as contributions to the local pension fund i.e. the Central Provident Fund in Singapore.

Employees are rewarded through a merit-based approach. The Manager's robust performance management framework supports career planning and development through regular performance reviews that serve as a platform for employees to have a dialogue about their career goals, work satisfaction and developmental needs with their supervisors. Goals and targets are set around four key

areas of financial, process, customers and stakeholders, and people. These reviews help determine development opportunities, training, promotion, and compensation for employees. All eligible employees received annual performance and career development reviews in 2021.

To identify and build talent early, Keppel Capital participated in programmes such as Keppel Group's internship programme, which provides hands-on training and business experience for young budding talent.

The Manager also seeks to develop talent from within by identifying talented and high-potential employees for internal opportunities. Its talent management framework puts in place a process for developing and preparing potential successors for leadership responsibilities. The Manager benefits from Keppel Group's centralised talent management unit, which coordinates talent management information across all business units to optimise human capital management, as well as offers leadership and executive development programmes.

#### Developing People

Employees are provided with training and development opportunities that enable them to stay ahead of industry trends, gain essential knowledge and develop the skills to advance their careers and meet the future needs of the REIT. They can discuss their training needs with their supervisors and identify skills gaps with a skills navigation tool adopted by the human resources department.

In 2021, as telecommuting remained the norm due to the pandemic, employees continued to upskill through digital learning. A week-long learning festival was virtually conducted to provide opportunities for employees to attend talks relating to digitalisation and sustainability, ensuring employees are kept up to date on key industry trends. There were also hands-on programmes such as Visual Basic for Application and Introduction to Python Programming, that were held to equip employees with skills for the digital economy.

### NEW HIRES AND TURNOVER BY GENDER AND AGE GROUP

	New Hire		Turnover	
	No. of Employees	Rate (%)	No. of Employees	Rate (%)
<b>By Gender</b>				
Male	2	29.0	2	29.0
Female	0	0.0	0	0.0
<b>By Age Group</b>				
<30 years old	0	0.0	0	0.0
30 to 50 years old	2	29.0	2	29.0
50 years old & above	0	0.0	0	0.0





⬆ The Manager recognises that a talented and engaged workforce is key to KORE's long-term success.

#### TRAINING HOURS

# 18.7 hrs

Average number of training hours per employee in 2021

Additionally, employees were also provided access to the LinkedIn Learning platform, an easily-accessible digital library with over 16,000 courses covering a wide range of topics.

The Manager also has an employee development scheme in place, to support permanent employees who aspire to upgrade themselves with a higher professional certification that will aid in their career progression. Eligible employees are able to apply up to seven working days of examination leave in each calendar year for both company-sponsored and work related self-sponsored courses.

Many training programmes that were held before the COVID-19 pandemic continued to be put on hold due to restrictions on physical meetings resulting in lower training hours in

2021. As digital learning opportunities are increasingly made available, and the pandemic situation improves, the Manager will work towards reactivating these training programmes in 2022 to reach its target of 20 training hours on average per employee.

#### Talent Management and Succession Planning

Continuous development of existing and future leaders is critical to business continuity. This ensures a pipeline of talent for succession planning. The Manager's succession planning and talent management framework identifies and develops future leaders. The succession plan for the CEO is discussed and reviewed with the Board on an annual basis. Succession plans and targets are also incorporated into the senior management's goals.

The Manager benefits from being part of the Keppel Group, to leverage centralised talent management platforms, programmes and resources to further support its efforts to drive leadership and executive development. The Keppel Young Leaders Programme is one example, where high-potential employees across all business units in the Keppel Group can learn through projects and knowledge sharing sessions to prepare them for greater responsibilities, as well as obtain mentoring and guidance from senior management. The Keppel Leadership Institute also helps identify and develop future leaders from within by preparing them for leadership responsibilities and business challenges of the future.

The Emerging Leaders Programme organised by the Keppel Group for mid-level managers garnered good feedback and

#### TRAINING HOURS PER EMPLOYEE BY GENDER

Female	<div style="width: 60%;"></div>	14.0
Male	<div style="width: 85%;"></div>	21.0

#### TRAINING HOURS PER EMPLOYEE BY EMPLOYEE CATEGORY

Managerial <sup>1</sup>	<div style="width: 90%;"></div>	23.5
Executive	<div style="width: 80%;"></div>	19.2
Non-Executive	<div style="width: 25%;"></div>	6.0

<sup>1</sup> Managerial includes Senior Management and Heads of Department.

## BOARD DIVERSITY

33.3%

Female Directors on the Board  
as at end-2021

provided opportunities for networking with leaders from other business units.

## Engaging Employees

Amidst intermittent lockdowns and evolving safety advisories from authorities, it was important to engage employees on their views and needs.

Several activities were organised to encourage employees to remain resilient and keep their morale high. One such activity was the celebration of Keppel Appreciation Month in August where Keppel Capital organised a virtual amazing race for staff to bond and unwind. Fruit baskets were also delivered to staff to show appreciation for their resilience in adjusting to the challenges caused by the pandemic. Additionally, the Keppel Group coordinated a global virtual musical event where a Singaporean duo was invited to perform song requests, and employees could dedicate songs to one another to show their appreciation.

The Keppel Group 2021 Employee Engagement Survey was conducted by an independent third party. This survey helped to gauge engagement levels as well as the efficacy of the Manager's employee engagement initiatives. The results of the survey provided insights for the Manager to refine its strategies on innovation & growth, people development, collaboration, agility, sustainability, employee engagement and execution.

Following the 2021 Employee Engagement Survey, focus groups were organised with employees to better understand the data and gather their feedback on

areas to focus on for further improvement. The feedback collected was used as inputs to implement follow-up initiatives that will be rolled out in 2022. In addition, virtual townhalls were held to ensure that the company's direction and plans were communicated to employees.

## DIVERSITY AND INCLUSION

GRI 103-1 | 103-2 | 103-3 | 405-1 | 406-1

## MANAGEMENT APPROACH

The Manager is committed to fostering an inclusive workplace and believes that a diversity of cultures and perspectives help drive value and innovation.

The Manager ensures equal opportunities in hiring, career development opportunities, promotion and compensation, regardless of race, gender, religion, marital status or age. To demonstrate its commitment to non-discrimination and equal opportunities, the Manager adheres to the Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers' Pledge of Fair Employment Practices, which is guided by the following five principles:

1. Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability;
2. Treat employees fairly and with respect, as well as implement progressive human resources management systems;
3. Provide employees with fair opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential;
4. Reward employees fairly based on their ability, performance, contribution and experience; and
5. Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

The Manager has zero tolerance for discrimination of any kind. Principles of human rights and anti-discrimination are further reinforced by the Employee Code of Conduct, which outlines rules of conduct for all employees. The Corporate Statement on Human Rights and Corporate Statement on Diversity and Inclusion articulate the Manager's stance on human rights, diversity and inclusion. These statements, as well as the code of conduct, are available on KORE's corporate website.

The Manager has effective procedures and processes in place for the reporting of incidents of discrimination and responds to all reports in a timely manner.



In August 2021, employees of the Manager, together with other colleagues from Keppel Capital, participated in a virtual amazing race that was organised to promote team bonding.

## PERFORMANCE AND PROGRESS

The Manager continues to promote diversity and inclusion at the workplace. This includes providing parental leave to encourage gender equality in parental responsibilities, as well as supporting diversity on the Board and senior management. In particular, it made strides in increasing female representation on the Board with the addition of two female Directors in 2021.

The learning festival held in 2021 also featured a talk on how employees can contribute to a culture of inclusion in the workplace and thrive through diversity.

In 2021, there were no incidents of discrimination reported.

## EMPLOYEE HEALTH AND WELL-BEING

GRI 103-1 | 103-2 | 103-3 | 403-1 | 403-2 | 403-5 | 403-6 | 403-9

### MANAGEMENT APPROACH

The Manager is committed to ensuring the health, safety and well-being of its employees as a top priority. Its health and safety management practices focus on identification and elimination of hazards and minimisation of risks. Annual health and safety audits are conducted at selected properties on a rotational basis to ensure adherence to industry best practices and compliance with all relevant regulations. If any health and safety issues are identified, corrective action is taken, and safety policies and procedures will be updated. This will lead to the introduction of new measures where necessary.

KORE adopts the Keppel Zero Fatality Strategy, which outlines actionable

measures to prevent workplace fatalities through five strategic thrusts, namely, building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonising global safety practices and competency, as well as streamlining learning from incidents.

Every Keppel employee is expected to comply with the relevant safety policies and procedures. To prevent or mitigate

safety incidents, employees are encouraged to remain proactive and report any safety issues encountered. Various platforms are available to employees to facilitate learning about best practices in health and safety, as well as for employees, contractors and partners to share knowledge and experiences regarding health and safety. These include the annual Keppel Group Safety Convention and Global Safety Time-Out that reinforce a strong culture of safety.



## PERCENTAGE BY MALES AND FEMALES PER EMPLOYEE CATEGORY

	2021		2020		2019	
	Male	Female	Male	Female	Male	Female
Board	66.7	33.3	100.0	0	100.0	0
Managerial <sup>1</sup>	100.0	0	100.0	0	100.0	0
Executive	50.0	50.0	50.0	50.0	50.0	50.0
Non-executive	0	100.0	0	100.0	0	100.0

## PERCENTAGE BY AGE GROUP PER EMPLOYEE CATEGORY

	2021			2020			2019		
	<30 years old	30 to 50 years old	50 years old & above	<30 years old	30 to 50 years old	50 years old & above	<30 years old	30 to 50 years old	50 years old & above
Board	0	33.3	66.7	0	40.0	60.0	0	40.0	60.0
Managerial <sup>1</sup>	0	100.0	0	0	100.0	0	0	100.0	0
Executive	0	100.0	0	0	100.0	0	25.0	75.0	0
Non-executive	0	100.0	0	0	100.0	0	0	100.0	0

<sup>1</sup> Managerial includes Senior Management and Heads of Department.



As part of its commitment to providing a safe and healthy environment for its tenants, especially in the midst of the COVID-19 pandemic, the Manager has increased the cleaning and disinfection measures at its properties.

### PERFORMANCE AND PROGRESS

In 2021, there were no fatality, work-related injuries or safety incidents reported. The Manager remains committed to fostering a culture of safety and upholding high safety standards and industry best practices.

#### Supporting Health and Well-being During the Pandemic

The Manager adopted flexible, hybrid work arrangements during the pandemic, where staff were able to work from home and head into the office during staggered hours, when required. Safe management measures were also enforced to provide employees with the assurance to be able to return to the workplace safely. These include mandatory mask wearing in the office, safe distancing between persons at workstations, regular cleaning and sanitising of common, high-touch areas, among others.

As the pandemic continued to strain work-life balance, employees' physical and mental well-being became matters of concern. The Employee Assistance Programme was rolled out in 2020 to provide employees and their families with support as they coped with the challenges of working from home and juggling family responsibilities. Employees and their dependents are able to access licensed counsellors from the Singapore Counselling Centre for face-to-face or video counselling sessions on a confidential basis.

In addition, amidst other virtual activities that were organised to support the mental well-being of employees, October was dedicated as the Mental Well-being Month to spotlight the importance of mental health. This included talks that aimed to create a more resilient and productive workforce

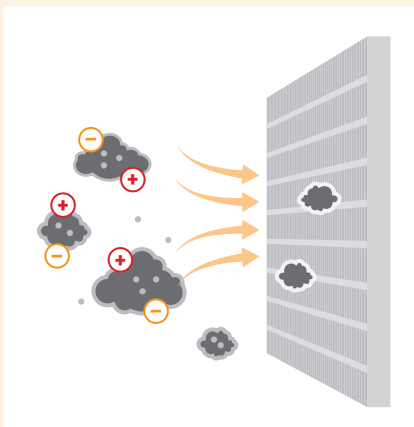
by learning to handle stress at the workplace, and also provide peer psychological support. Physical Well-being Month was held in June, and employees participated in a global steps challenge organised by the Keppel Group to help them keep fit and stay healthy.

### TENANT HEALTH AND SAFETY

GRI 103-1 | 103-2 | 103-3 | 403-7

#### MANAGEMENT APPROACH

Providing a safe and healthy environment for building occupants is a top priority and a key part of upholding high service levels for tenants. KORE's health and safety management practices apply similarly to the operation of its buildings, with processes in place to identify potential health and safety concerns, which enables it to take measures to improve health and safety performance throughout the portfolio and building life cycles.



### Spotlight

## Needlepoint bipolar ionisation systems

Needlepoint bipolar ionisation systems produce positive and negative ions which are dispersed through the HVAC units to the building areas. These ions, combined with particles such as dust, virus and bacteria, that are not visible to the naked eye, makes them larger, increasing the effectiveness of

the filtration process. The ions are also able to deactivate pathogens and breakdown odorous gases.

The systems are being progressively installed within the HVAC units of KORE's buildings.



Annual health and safety audits at selected properties are performed to ensure adherence to industry best practices in health and safety management, and compliance with all relevant regulations and company policies. Any health and safety incident that occurs within the asset will be reported by the property manager to the Manager.

On-site staff and tenants at all of KORE's properties participate in annual exercises on safety procedures, such as emergency evacuation drills, to familiarise building occupants with safety, fire hazards, use of protective gears and emergency exit routes. Due to the pandemic, these exercises were not conducted in 2020 but were resumed in 2021 for selected properties where tenants had returned to the workplace.

#### PERFORMANCE AND PROGRESS

The Manager continued to adopt measures in line with health and safety advisories from the authorities to ensure a safe environment for tenants and on-site staff.

Safety measures that have been put in place to prevent the spread of COVID-19 include:

- Social distancing protocols.
- Enhanced cleaning measures and disinfection of high-contact surfaces.
- Self-cleaning elevator buttons and door handle wraps across its properties, as well as the use of an ultraviolet disinfecting robot at The Plaza Buildings.
- Needlepoint bipolar ionisation systems within the HVAC units of KORE's buildings deactivate pathogens and pollutants at a molecular level.

There were zero cases of customer health and safety incidents, nor violation of laws, regulations or voluntary codes concerning tenant health and safety during the year.

#### COMMUNITY DEVELOPMENT AND ENGAGEMENT

GRI 103-1 | 103-2 | 103-3

##### MANAGEMENT APPROACH

The Manager believes in uplifting communities wherever it operates by supporting initiatives that build lasting positive relationships, as well as through conducting its business responsibly.

Through Keppel Capital's corporate social responsibility initiatives, the Manager seeks to make a positive difference in the local communities. Employees are encouraged to give back to society by participating in community outreach efforts. All employees are given two days of paid volunteerism leave each year to participate in community initiatives by the Keppel Group.

» A big thank you to the team for delivering this festive care package that includes personal care items to keep us safe during this pandemic.

MELDIP KAUR D/O PARAMJIT SINGH, MDAS beneficiary

Some of the community engagement activities during the year include:



#### VIRTUAL MOSS ART ACTIVITY

Virtual get-together where volunteers and MDAS beneficiaries created art pieces from mosses that have been carefully preserved for decorative purposes through an eco-friendly process.

#### EDUCATIONAL SESSION ON ECO-ENZYMES

Volunteers, together with MDAS beneficiaries, attended a virtual workshop on eco-enzymes to learn about the benefits of enzymes and how everyday food waste such as orange peels can be repurposed into useful products, such as washing detergent.



#### HUMAN LIBRARY SESSION ON MUSCULAR DYSTROPHY

MDAS beneficiaries shared with employees what living with muscular dystrophy is like, and the challenges they encounter in their day-to-day lives.

#### FESTIVE CARE PACKAGE DISTRIBUTION

Volunteers distributed care packages to MDAS beneficiaries to equip them with essential items during the pandemic.



◀ Cookies were presented to frontliners at the National Kidney Foundation as a token of appreciation for their efforts as part of Keppel Community Month in August 2021.

» It was a fun and rewarding experience to design birthday cards for NKF patients with the volunteers. This activity provided me the opportunity to utilise my skills in design for a good cause and at the same time interact and brainstorm with the patients and volunteers.

**TIMOTHY CHAN YI JUN, MDAS beneficiary**

The Manager also engages its tenant community proactively through activities such as electronic waste recycling events, virtual food drives, toy drives, blood donation drives and Earth Day celebration events to raise awareness of important social and environmental issues.

Keppel Capital takes guidance from the Business for Societal Impact (B4SI) (formerly known as LBG) community investment framework, which is the global standard for measuring and reporting on corporate community investment. It has also obtained verification for the reporting of its community outreach efforts in 2021. The verification statement for 2021 can be found on page 92.

#### PERFORMANCE AND PROGRESS

The Manager, together with Keppel Capital, continued to partner and support its adopted charity, the Muscular Dystrophy Association (Singapore) (MDAS) in 2021. During the year, volunteers leveraged technology to organise a series of interactive games and craft sessions that brought cheer to the beneficiaries, many of whom were isolated due to the COVID-19 pandemic. In 2021, the Manager, together with Keppel Capital, dedicated more than 630 volunteerism hours to worthy causes.

To mark Keppel Community Month in August, employee volunteers across Keppel Capital partnered with beneficiaries

from MDAS to design birthday cards for patients of The National Kidney Foundation (NKF). A total of 250 birthday cards in five different designs, each bearing the name of the MDAS beneficiary who had designed the cards, were printed and delivered to NKF. Keppel Capital volunteers also prepared 100 cookie bags for frontliners at NKF as a token of appreciation for their efforts.

Throughout the year, the Manager also supported various social and environmental causes by hosting activities at its properties to raise awareness and engage the tenant community.

#### Celebrating Earth Day

The Manager raised awareness for environmental issues throughout the week of Earth Day across various properties, with e-recycling events, seed planting activities and sharing sessions on the recycling process.

#### Virtual Fundraising for Local Food Bank

A virtual Holiday Food Drive was organised by the Manager for all Seattle properties benefitting Northwest Harvest, Washington's leading hunger relief agency.

Northwest Harvest provides an average of two million meals each month through their statewide network of 375 food banks, meal programmes and high-need schools.

## GRI CONTENT INDEX

GRI 102-55

GRI Standard	Disclosure Number	Disclosure Title	Page References	Connections to UN Initiatives
<b>GENERAL DISCLOSURE</b>				
GRI 101: Foundation 2016				
<b>Organisational Profile</b>				
GRI 102: General Disclosures 2016	102-1	Name of the organisation	3	
	102-2	Activities, brands, products, and services	3 to 5	
	102-3	Location of headquarters	3	
	102-4	Location of operations	3 to 5	
	102-5	Ownership and legal form	3,12	
	102-6	Markets served	3 to 5	
	102-7	Scale of the organisation	4 to 7	
	102-8	Information on employees and other workers	82	
	102-9	Supply chain	81	
	102-10	Significant changes to the organisation and its supply chain	There are no significant changes to the organisation and its supply chain.	
	102-11	Precautionary Principle or approach	76	
	102-12	External initiatives	73, 76	
	102-13	Membership of associations	73	
<b>Strategy</b>				
	102-14	Statement from senior decision-maker	67	
<b>Ethics and Integrity</b>				
	102-16	Values, principles, standards, and norms of behaviour	78, 79	
	102-17	Mechanisms for advice and concerns about ethics	79	
<b>Governance</b>				
	102-18	Governance structure	69	
	102-20	Executive-level responsibility for economic, environmental and social topics	69	
<b>Stakeholder Engagement</b>				
	102-40	List of stakeholder groups engaged	73	
	102-41	Collective bargaining agreements	82	
	102-42	Identifying and selecting stakeholders	73	
	102-43	Approach to stakeholder engagement	73	
	102-44	Key topics and concerns raised	73	
<b>Reporting Practice</b>				
	102-45	Entities included in the consolidated financial statements	4 to 5, 43 to 45	
	102-46	Defining report content and topic Boundaries	68, 70	
	102-47	List of material topics	70	
	102-48	Restatements of information	75	
	102-49	Changes in reporting	70	
	102-50	Reporting period	68	
	102-51	Date of most recent report	The 2020 sustainability report was published in April 2021.	
	102-52	Reporting cycle	68	
	102-53	Contact point for questions regarding the report	68	
	102-54	Claims of reporting in accordance with the GRI Standards	68	
	102-55	GRI content index	89	
	102-56	External assurance	68	
<b>TOPIC SPECIFIC DISCLOSURES</b>				
<b>ENVIRONMENTAL STEWARDSHIP</b>				
<b>Energy</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	74	SDG 11 UNGC Principles 7, 8, 9
	103-2	The management approach and its components	74	
	103-3	Evaluation of the management approach	74	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	75	
	302-2	Energy consumption outside of the organisation	75	
	302-3	Energy intensity	75	
<b>Emissions</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	74 to 75	SDG 11 UNGC Principles 7, 8, 9
	103-2	The management approach and its components	74 to 75	
	103-3	Evaluation of the management approach	74 to 75	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	74 to 75	
	305-2	Energy indirect (Scope 2) GHG emissions	74 to 75	
	305-3	Other indirect (Scope 3) GHG emissions	74 to 75	
	305-4	GHG emissions intensity	75	

## GRI CONTENT INDEX

GRI 102-55

GRI Standard	Disclosure Number	Disclosure Title	Page References	Connections to UN Initiatives
		Climate Change Adaptation		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	76	SDG 11 UNGC Principles 7,8,9
	103-2	The management approach and its components	76	
	103-3	Evaluation of the management approach	76	
		Waste Management		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	77	SDG 12
	103-2	The management approach and its components	77	
	103-3	Evaluation of the management approach	77	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	77	
	306-2	Management of significant waste-related impacts	77	
	306-3	Waste generated	77	
	306-4	Waste diverted from disposal	77	
	306-5	Waste directed to disposal	77	
		Water Management		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	77	SDG 6
	103-2	The management approach and its components	77	
	103-3	Evaluation of the management approach	77	
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	77	
	303-2	Management of water discharge-related impacts	77	
	303-5	Water consumption	77	
		RESPONSIBLE BUSINESS		
		Economic Sustainability		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	78	
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	78	
		Corporate Governance		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	78	SDG 16
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
		Ethics and Integrity		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	79	SDG 16 UNGC Principle 10
	103-2	The management approach and its components	79	
	103-3	Evaluation of the management approach	79	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	79	
	205-3	Confirmed incidents of corruption and actions taken	79	
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	79	
		Building and Service Quality		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	80	SDGs 9, 11
	103-2	The management approach and its components	80	
	103-3	Evaluation of the management approach	80	
		Cybersecurity and Data Privacy		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	81	
	103-2	The management approach and its components	81	
	103-3	Evaluation of the management approach	81	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	81	
		Sustainable Supply Chain Management		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	81	SDGs 8, 12 UNGC Principles 1, 2, 4, 5
	103-2	The management approach and its components	81	
	103-3	Evaluation of the management approach	81	



GRI Standard	Disclosure Number	Disclosure Title	Page References	Connections to UN Initiatives
		PEOPLE AND COMMUNITY		
		Human Capital Management		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	82	SDG 8 UNGC Principles 3, 4, 5, 6
	103-2	The management approach and its components	82	
	103-3	Evaluation of the management approach	82	
GRI 401: Employment	401-1	New employee hires and employee turnover	82	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	82	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	83	
	404-2	Programs for upgrading employee skills and transition assistance programs	82	
	404-3	Percentage of employees receiving regular performance and career development reviews	82	
		Diversity and Inclusion		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	84	SDG 8 UNGC Principles 1, 2
	103-2	The management approach and its components	84	
	103-3	Evaluation of the management approach	84	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	85	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	84	
		Employee Health and Well-being		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	85	SDG 3
	103-2	The management approach and its components	85	
	103-3	Evaluation of the management approach	85	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	85	
	403-2	Hazard identification, risk assessment, and incident investigation	85	
	403-5	Worker training on occupational health and safety	85	
	403-6	Promotion of worker health	85	
	403-9	Work-related injuries	85	
		Tenant Health and Safety		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	86	SDG 3
	103-2	The management approach and its components	86	
	103-3	Evaluation of the management approach	86	
GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86	
		Community Development and Engagement		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	87	SDG 17
	103-2	The management approach and its components	87	
	103-3	Evaluation of the management approach	87	

## BUSINESS FOR SOCIETAL IMPACT (B4SI) VERIFICATION 2021



Corporate Citizenship is a global consulting firm which specialises in responsible and sustainable business, as well as manages the Business for Societal Impact (B4SI) Framework (formerly known as LBG).

Corporate Citizenship conducted a verification of the use of the B4SI framework by Keppel Capital – a member of the B4SI network – to measure and report on its corporate community investment (CCI) activities across its entities including Keppel Pacific Oak US REIT (KORE), occurring between 1 January to 31 December 2021.

The B4SI Framework helps businesses to measure, manage and report on their CCI activities. It moves beyond charitable donations to include the full range of contributions, or inputs, made to community causes. It also assesses the actual results for the community and for the business, which are known as outputs and impacts.

The purpose of the verification has been to assess whether the B4SI Framework, and its guidance, are correctly and consistently applied by KORE in its reporting.

The scope of the B4SI verification covers the information presented in the Community Development section of KORE's Sustainability Report for 2021, on pages 87 to 88.

This includes the following data:

- Cash
- Time
- In-kind donations

Corporate Citizenship is satisfied, based on the limited scope described above, that KORE has sufficiently applied the guidance set out in the B4SI Manual for Corporate Community Investment. Verification has not extended to an independent audit of the data presented in this report.

For more information on B4SI, please visit: <https://b4si.net/>

## FINANCIAL STATEMENTS

Report of the Trustee	94
Statement by the Manager	95
Independent Auditor's Report	96
Statements of Financial Position	99
Consolidated Statement of Comprehensive Income	100
Distribution Statement	101
Statements of Changes in Unitholders' Funds	102
Consolidated Statement of Cash Flows	104
Portfolio Statement	105
Notes to the Financial Statements	106

## GOVERNANCE

Corporate Governance	131
Risk Management	154

## OTHER INFORMATION

Additional Information	156
Unit Price Performance	157
Statistics of Unitholdings	159
Corporate Information	161
Notice of Annual General Meeting	162
Proxy Form	

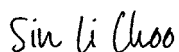
**REPORT OF THE TRUSTEE**

For the financial year ended 31 December 2021

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel Pacific Oak US REIT (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of the units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel Pacific Oak US REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 22 September 2017 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements, set out on pages 99 to 130, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,  
**Perpetual (Asia) Limited**



**Sin Li Choo**  
Director

Singapore  
22 February 2022



**STATEMENT BY THE MANAGER**

For the financial year ended 31 December 2021

In the opinion of the directors of Keppel Pacific Oak US REIT Management Pte. Ltd. (the "Manager"), the Manager of Keppel Pacific Oak US REIT (the "Trust"), the accompanying financial statements set out on pages 99 to 130 comprising the Statements of Financial Position of the Group and the Trust as at 31 December 2021, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial year ended 31 December 2021, Consolidated Portfolio Statement of the Group as at 31 December 2021 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2021, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows and consolidated portfolio holdings of the Group and changes in unitholders' funds of the Trust for the financial year ended 31 December 2021, are in accordance with the International Financial Reporting Standards and the relevant provisions of the Trust Deed between Perpetual (Asia) Limited and the Manager dated 22 September 2017 (as amended) and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,

**Keppel Pacific Oak US REIT Management Pte. Ltd.***Soong Hee Sang***Soong Hee Sang**

Director

Singapore

22 February 2022

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL PACIFIC OAK US REIT

(Constituted under a Trust Deed dated 22 September 2017 (as amended) in the Republic of Singapore)  
For the financial year ended 31 December 2021

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Keppel Pacific Oak US REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2021, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial year ended to 31 December 2021, Consolidated Portfolio Statement of the Group as at 31 December 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Changes in Unitholders' Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2021, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows and consolidated portfolio holdings of the Group, and changes in unitholders' funds of the Trust for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and ACRA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Valuation of investment properties

As at 31 December 2021, the carrying amount of investment properties was US\$1,455.8 million (2020: US\$1,304.9 million) which accounted for 96.2% (2020: 95.5%) of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of estimates made by the Manager and the external appraisers engaged by the Manager. In addition, there was estimation uncertainty and judgement required in determining the valuation of investment properties arising from the changes in market and economic conditions brought on by the ongoing COVID-19 pandemic. As disclosed in Note 24(d), valuations of investment properties are highly sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates, capitalisation rates and terminal yield. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external valuers, the determination of the scope of work of the external valuers, and a review of the valuation reports issued by the external valuers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation model and the reasonableness of the significant assumptions by reference to historical rates and benchmark market data. Our procedures also included validating the reliability of property related data used by the external appraisers. In addition, we discussed with the external appraisers and obtained explanations to support the selection of the valuation techniques and basis for the significant assumptions used, including key valuation adjustments made in response to the market and economic conditions brought on by the ongoing COVID-19 pandemic. Significant assumptions and inputs evaluated include projected rental and occupancy rate, capitalisation rates, discount rates and terminal yield rates. We assessed the overall appropriateness of the movements in fair value of the investment properties and the associated deferred tax consequences arising from the fair value gains. We also assessed the adequacy of disclosures in Note 24(d) to the consolidated financial statements.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRSs, relevant provisions of the Trust Deed and relevant requirements of the CIS Code issued by the Monetary Authority of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**FINANCIAL STATEMENTS****INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF KEPPEL PACIFIC OAK US REIT**

(Constituted under a Trust Deed dated 22 September 2017 (as amended) in the Republic of Singapore)  
For the financial year ended 31 December 2021

**Auditor's Responsibilities for the Audit of the Financial Statements** (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

**Ernst & Young LLP**

Public Accountants and  
Chartered Accountants

Singapore  
22 February 2022



## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Trust	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Current assets</b>					
Cash and cash equivalents	4	50,977	57,324	8,841	18,289
Trade and other receivables	5	3,988	4,194	32,274	27,920
Prepaid expenses		215	236	33	106
		<b>55,180</b>	<b>61,754</b>	<b>41,148</b>	<b>46,315</b>
<b>Non-current assets</b>					
Derivative asset	6	2,558	98	2,558	98
Investment properties	7	1,455,830	1,304,900	–	–
Investment in subsidiaries	8	–	–	1,240,559	1,138,298
		<b>1,458,388</b>	<b>1,304,998</b>	<b>1,243,117</b>	<b>1,138,396</b>
<b>Total assets</b>		<b>1,513,568</b>	<b>1,366,752</b>	<b>1,284,265</b>	<b>1,184,711</b>
<b>Current liabilities</b>					
Trade and other payables	9	24,092	20,038	2,915	3,592
Loans and borrowings	10	123,175	41,000	123,175	41,000
Rental security deposits		788	1,061	–	–
Rent received in advance		6,466	7,441	–	–
		<b>154,521</b>	<b>69,540</b>	<b>126,090</b>	<b>44,592</b>
<b>Non-current liabilities</b>					
Loans and borrowings	10	438,429	462,872	438,429	462,872
Rental security deposits		5,636	5,170	–	–
Derivative liability	6	5,805	15,150	5,805	15,150
Preferred units	11	500	125	–	–
Deferred tax liabilities	12	54,783	41,825	–	–
		<b>505,153</b>	<b>525,142</b>	<b>444,234</b>	<b>478,022</b>
<b>Total liabilities</b>		<b>659,674</b>	<b>594,682</b>	<b>570,324</b>	<b>522,614</b>
<b>Net assets attributable to Unitholders</b>		<b>853,894</b>	<b>772,070</b>	<b>713,941</b>	<b>662,097</b>
<b>Represented by:</b>					
Unitholders' funds		<b>853,894</b>	<b>772,070</b>	<b>713,941</b>	<b>662,097</b>
<b>Units in issue and to be issued ('000)</b>	13	<b>1,042,144</b>	<b>945,265</b>	<b>1,042,144</b>	<b>945,265</b>
<b>Net asset value per Unit (US\$) attributable to Unitholders</b>	14	<b>0.82</b>	<b>0.82</b>	<b>0.69</b>	<b>0.70</b>

The accompanying notes form an integral part of the financial statements.

## FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2021

	Note	Group	
		2021 US\$'000	2020 US\$'000
Gross revenue	15	141,257	139,590
Property expenses	16	(58,575)	(56,607)
<b>Net property income</b>		<b>82,682</b>	82,983
Finance income		74	46
Finance expenses	17	(14,680)	(15,857)
Manager's base fees		(6,252)	(5,931)
Manager's performance fees		(98)	(681)
Trustee's fee		(180)	(200)
Net change in fair value of derivatives	6	11,805	(8,594)
Other trust expenses	18	(2,248)	(2,125)
<b>Net income before tax and fair value change in investment properties</b>		<b>71,103</b>	49,641
Net change in fair value of investment properties	7	19,208	19,731
<b>Net income for the year before tax</b>		<b>90,311</b>	69,372
Tax expense	19	(12,961)	(12,985)
<b>Net income for the year attributable to Unitholders</b>		<b>77,350</b>	56,387
<b>Earnings per Unit (US cents)</b>			
Basic and diluted	20	7.86	6.00

The accompanying notes form an integral part of the financial statements.

**DISTRIBUTION STATEMENT**

For the financial year ended 31 December 2021

	<b>Group</b>	
	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>
Income available for distribution to Unitholders at the beginning of the year	<b>29,519</b>	9,901
Net income for the year	<b>77,350</b>	56,387
Distribution adjustments (Note A)	<b>(14,933)</b>	2,241
<b>Income available for distribution to Unitholders</b>	<b>91,936</b>	68,529
Distribution to Unitholders during the year		
– Distribution of 1.06 US cents per Unit for the period 29 October 2019 to 31 December 2019	–	(9,901)
– Distribution of 3.10 US cents per Unit for the period 1 January 2020 to 30 June 2020	–	(29,109)
– Distribution of 3.13 US cents per Unit for the period 1 July 2020 to 31 December 2020	<b>(29,519)</b>	–
– Distribution of 3.16 US cents per Unit for the period 1 January 2021 to 30 June 2021	<b>(29,937)</b>	–
– Distribution of 0.64 US cents per Unit for the period 1 July 2021 to 5 August 2021	<b>(6,063)</b>	–
Income available for distribution to Unitholders at the end of the year	<b>26,417</b>	29,519
Distribution per Unit (DPU) (US cents):	<b>6.34</b>	6.23
<b>Note A – Distribution adjustments comprise:</b>		
Property related non-cash items <sup>(1)</sup>	<b>870</b>	(2,341)
Manager's base fee paid/payable in Units	<b>6,252</b>	5,931
Trustee's fee	<b>180</b>	200
Amortisation of upfront debt-related transaction costs <sup>(2)</sup>	<b>692</b>	1,183
Deferred tax expense	<b>12,958</b>	12,557
Net change in fair value of derivatives	<b>(11,805)</b>	8,594
Net change in fair value of investment properties	<b>(19,208)</b>	(19,731)
Others <sup>(3)</sup>	<b>(4,872)</b>	(4,152)
Net distribution adjustments	<b>(14,933)</b>	2,241

<sup>(1)</sup> These mainly comprise straight-line rent adjustments and amortisation of lease incentives.<sup>(2)</sup> Upfront debt-related transaction costs are amortised over the life of the borrowings.<sup>(3)</sup> This includes non tax-deductible items and other adjustments.

## FINANCIAL STATEMENTS

## STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2021

Group	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
<b>At 1 January 2021</b>		<b>677,012</b>	<b>95,058</b>	<b>772,070</b>
Net income for the year		–	77,350	77,350
<b>Net increase in net assets resulting from operations</b>		<b>–</b>	<b>77,350</b>	<b>77,350</b>
<b>Unitholders' transactions</b>				
Issue of new Units:				
– Private placement	13	65,000	–	65,000
– Issue costs	13	(1,259)	–	(1,259)
– Manager's base fee paid/payable in Units	13	6,252	–	6,252
Distribution to Unitholders	13	(25,537)	(39,982)	(65,519)
<b>Net increase/(decrease) in net assets resulting from Unitholders' transactions</b>		<b>44,456</b>	<b>(39,982)</b>	<b>4,474</b>
<b>At 31 December 2021</b>		<b>721,468</b>	<b>132,426</b>	<b>853,894</b>
<b>At 1 January 2020</b>		<b>685,218</b>	<b>63,333</b>	<b>748,551</b>
Net income for the year		–	56,387	56,387
<b>Net increase in net assets resulting from operations</b>		<b>–</b>	<b>56,387</b>	<b>56,387</b>
<b>Unitholders' transactions</b>				
Issue of new Units:				
– Issue costs	13	211	–	211
– Manager's base fee paid/payable in Units	13	5,931	–	5,931
Distribution to Unitholders	13	(14,348)	(24,662)	(39,010)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(8,206)</b>	<b>(24,662)</b>	<b>(32,868)</b>
<b>At 31 December 2020</b>		<b>677,012</b>	<b>95,058</b>	<b>772,070</b>

The accompanying notes form an integral part of the financial statements.



		Attributable to Unitholders		
	Note	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
Trust				
At 1 January 2021		677,012	(14,915)	662,097
Net income for the year		–	47,370	47,370
Net increase in net assets resulting from operations		–	47,370	47,370
Unitholders' transactions				
Issue of new Units:				
– Private placement	13	65,000	–	65,000
– Issue costs	13	(1,259)	–	(1,259)
– Manager's base fee paid/payable in Units	13	6,252	–	6,252
Distribution to Unitholders	13	(25,537)	(39,982)	(65,519)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		44,456	(39,982)	4,474
At 31 December 2021		721,468	(7,527)	713,941
At 1 January 2020		685,218	(12,754)	672,464
Net income for the year		–	22,501	22,501
Net increase in net assets resulting from operations		–	22,501	22,501
Unitholders' transactions				
Issue of new Units:				
– Issue costs	13	211	–	211
– Manager's base fee paid/payable in Units	13	5,931	–	5,931
Distribution to Unitholders	13	(14,348)	(24,662)	(39,010)
Net decrease in net assets resulting from Unitholders' transactions		(8,206)	(24,662)	(32,868)
At 31 December 2020		677,012	(14,915)	662,097

The accompanying notes form an integral part of the financial statements.

## FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	Group	
		2021 US\$'000	2020 US\$'000
<b>Operating activities</b>			
Net income before tax		90,311	69,372
Adjustments for:			
Property related non-cash items		870	(2,341)
Manager's fee paid/payable in Units		6,252	5,931
Interest income		(74)	(46)
Provision for expected credit losses	5	167	267
Finance expenses	17	14,680	15,857
Fair value change in derivatives	6	(11,805)	8,594
Fair value change in investment properties	7	(19,208)	(19,731)
		81,193	77,903
<b>Changes in working capital</b>			
Trade and other receivables		123	830
Trade and other payables		2,631	(2,886)
Rental security deposits		31	(138)
Rent received in advance		(1,013)	83
		82,965	75,792
<b>Cash generated from operations</b>			
Tax paid		(46)	(1,184)
		82,919	74,608
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Acquisition of investment properties and related assets and liabilities		(103,475)	–
Payment for capital expenditure relating to investment properties		(27,490)	(26,328)
Interest received		74	46
		(130,891)	(26,282)
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Units	13	65,000	–
Payment of transaction costs relating to issuance of Units	13	(1,259)	–
Proceeds from issuance of preferred units	11	375	–
Proceeds from new loans		133,500	140,000
Repayment of loan		(75,800)	(114,720)
Payment of debt related transaction costs		(660)	(575)
Financing expense paid on loans and borrowings		(13,965)	(14,887)
Financing expense paid on preferred units		(47)	(36)
Distribution to Unitholders		(65,519)	(39,010)
		41,625	(29,228)
<b>Net cash generated from/(used in) financing activities</b>			
<b>Net (decrease) /increase in cash and cash equivalents</b>		(6,347)	19,098
Cash and cash equivalents at beginning of the year		57,324	38,226
<b>Cash and cash equivalents at end of the year</b>		50,977	57,324

The accompanying notes form an integral part of the financial statements.

## PORTFOLIO STATEMENT

As at 31 December 2021

Description of property	Location	Tenure of land	Fair value as at 31 December 2021 US\$'000	Fair Value as at 31 December 2020 US\$'000	Percentage of total net assets as at 31 December 2021 %	Percentage of total net assets as at 31 December 2020 %
The Plaza Buildings	Seattle, Washington, US	Freehold	339,000	312,000	39.7	40.4
Bellevue Technology Center	Seattle, Washington, US	Freehold	151,000	152,400	17.7	19.7
The Westpark Portfolio	Seattle, Washington, US	Freehold	224,000	224,000	26.2	29.0
Great Hills Plaza	Austin, Texas, US	Freehold	42,700	42,100	5.0	5.5
Westech 360	Austin, Texas, US	Freehold	48,300	49,200	5.7	6.4
Westmoor Center	Denver, Colorado, US	Freehold	130,000	121,400	15.2	15.7
105 Edgeview <sup>1</sup>	Denver, Colorado, US	Freehold	60,030	–	7.0	–
Bridge Crossing <sup>1</sup>	Nashville, Tennessee, US	Freehold	46,600	–	5.5	–
1800 West Loop South	Houston, Texas, US	Freehold	79,300	79,900	9.3	10.3
Bellaire Park	Houston, Texas, US	Freehold	51,500	52,900	6.0	6.9
One Twenty Five	Dallas, Texas, US	Freehold	106,600	102,000	12.5	13.2
Maitland Promenade I & II	Orlando, Florida, US	Freehold	97,300	92,300	11.4	12.0
Iron Point	Sacramento, California, US	Freehold	44,900	42,300	5.3	5.5
Powers Ferry	Atlanta, Georgia, US	Freehold	15,700	16,400	1.8	2.1
Northridge Center I & II	Atlanta, Georgia, US	Freehold	18,900	18,000	2.2	2.3
<b>Total investment properties</b>			<b>1,455,830</b>	<b>1,304,900</b>	<b>170.5</b>	<b>169.0</b>
Other assets and liabilities (net)			<b>(601,936)</b>	<b>(532,830)</b>	<b>(70.5)</b>	<b>(69.0)</b>
<b>Net assets</b>			<b>853,894</b>	<b>772,070</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> 105 Edgeview and Bridge Crossing were acquired on 20 August 2021.

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. General

Keppel Pacific Oak US REIT (the "Trust") is a Singapore real estate investment trust constituted pursuant to the trust deed (the "Trust Deed") dated 22 September 2017 (as amended) between Keppel Pacific Oak US REIT Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust.

The Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 9 November 2017.

The registered office and principal place of business of the Trustee is located at 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981 and 16 Collyer Quay, #07-01, Singapore 049318 respectively.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The Group's key objectives are to provide sustainable distribution and strong total returns for Unitholders.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fees structures of these services are as follows:

### (a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

#### Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of the Trust's annual distributable income (calculated before accounting for the base fee and performance fee, if any). The base fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

For the financial year ended 31 December 2021, the Manager has elected to receive 100.0% (2020:100.0%) of its base fee in the form of Units.

The base fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the base fee is payable in Units, the Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

#### Performance fee

Pursuant to the Trust Deed, the Manager is entitled to an annual performance fee of 25.0% per annum of the difference in Distribution Per Unit ("DPU") in a period with the DPU in the preceding period (calculated before accounting for performance fee but after accounting for the base fee in each period) multiplied by the weighted average number of Units in issue for such period. The performance fee is payable if the DPU in any period exceeds the DPU in the preceding period, notwithstanding that the DPU in the period where the performance fee is payable may be less than the DPU in any preceding period.

The performance fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% (2020: 100.0%) of its performance fee in the form of cash for the financial year ended 31 December 2021.

#### Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to an acquisition fee of 1.0% of the purchase price of investment property acquired, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion. The acquisition fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

#### Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of investment property sold or divested, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion.

The divestment fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.



**(b) Trustee's fees**

The Trustee fees are charged on a scaled basis of up to 0.015% per annum of the value of all the gross assets of the Group ("Deposited Property"), subject to a minimum of S\$14,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time.

**(c) Development management fee**

Pursuant to the Trust Deed, the Manager is entitled to a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Manager on behalf of the Trust. When the estimated total project costs are above US\$100.0 million, the Manager will be entitled to receive a development fee equivalent to 3.0% for the first US\$100.0 million. For the remaining total project costs in excess of US\$100.0 million, the independent directors will first review and approve the quantum of the remaining development management fee, whereupon the Manager may be directed by the independent directors to reduce the remaining development management fee. The development management fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Any increase in the rate or any change in the structure of the Manager's fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

**2. Basis of preparation****2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the relevant provisions of the Trust Deed.

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

As at 31 December 2021, the Group's current liabilities exceed its current assets by US\$99.3 million (2020: current liabilities exceed its current assets by US\$7.8 million) and the Trust's current liabilities exceed its current assets by US\$84.9 million (2020: current assets exceed its current liabilities by US\$1.7 million) respectively. Notwithstanding the net current liability position, based on the Group and Trust's existing financial resources, the Manager is of the opinion that the Group and the Trust will be able to refinance its borrowings and meet its current obligations as and when they fall due.

**2.3 Functional and presentation currency**

The financial statements are presented in United States dollars ("US\$"), which is the functional currency of the Trust. All financial information presented in United States dollars has been rounded to the nearest thousand (US\$'000), unless otherwise stated.

**2.4 Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses at the end of each reporting period. Actual results may defer from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are disclosed in Note 23 (tax risk) and Note 24(d) (Valuation of investment properties).

**Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms to perform valuations. The Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as per Note 24(a).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 3. Significant accounting policies

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

### 3.1 Basis of consolidation

#### Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values as at acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. Any excess of the sum of fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as a fair value adjustment to investment properties as incurred.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The financial statements of the subsidiaries are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 3.2 Foreign currency

#### Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The Manager has determined the currency of the primary economic environment in which the Group operates, i.e. the functional currency, to be the US\$.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

#### Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to functional currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

### 3.3 Investment properties

Investment properties are properties that are held to earn rental income or for capital appreciation, or for both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in profit or loss. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognised in profit or loss.

### 3.4 Financial instruments

#### Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's non-derivative financial assets comprise of cash and cash equivalents and trade and other receivables ("Loans and receivables"). Loans and receivables are classified in the amortised cost measurement category.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

#### Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using effective interest method and are subject to impairment. Financial assets measured at amortised cost are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

#### Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the sum of the consideration received is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as financial liabilities measured at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

Other financial liabilities comprise other payables, rental security deposits and loans and borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

**3. Significant accounting policies (continued)****3.4 Financial instruments (continued)****Preferred units**

Preferred units are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expenses in profit or loss as accrued.

**Derivative financial instruments**

The Group holds derivative financial instruments to hedge its interest rate risk exposures. The Group elects not to adopt hedge accounting.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised in profit or loss.

**3.5 Impairment of financial assets****Non-derivative financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a prior loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

**3.6 Unitholders' funds**

Unitholders' funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

**3.7 Revenue recognition**

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**Rental income from operating leases**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change in investment properties recognised in profit or loss. Tenant lease incentives are included in the cost basis of the investment property and recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

### Recoveries income

Recoveries from tenants are recognised as revenue in the period in which the applicable costs are incurred. The operating lease agreements include certain services to tenants comprising the overall property management, including common area maintenance services (such as cleaning, security, landscaping, utilities, and repairs and maintenance) as well as other administrative and support services. These services are specified in the lease agreements and separately invoiced. The Group has determined that these services constitute distinct non-lease components and are within the scope of IFRS 15 Revenue from Contracts with Customers. The Group has allocated the consideration in the contract to the separate lease and non-lease components on a relative basis. These services, which are provided to tenant in exchange for operating cost recoveries, are considered to be a single performance obligation delivered to tenants over time. Under IFRS 15, service component within leasing contracts is accounted for separately from rental income. The pattern of revenue recognition has however remained unchanged.

### Other operating income

Other operating income comprise car park income and other non-rental income recognised as earned. Car park income consists of contractual and transient car park income, which is recognised upon utilisation of parking facilities. In addition, car park income paid by tenants represents the right to park in pre-determined parking stalls on certain tenant leases.

### Finance income

Interest income is recognised as it accrues, using the effective interest method.

## 3.8 Finance expenses

Finance expenses comprise interest expense on borrowings, amortisation of borrowing-related transaction costs and commitment fees incurred on the borrowings and dividends on preferred units that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

## 3.9 Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the United States, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3.10 Distribution policy

Keppel Pacific Oak US REIT's distribution policy is to distribute at least 90.0% of the taxable income available for distribution to Unitholders for each financial year. The actual distribution will be determined at the discretion of the Board of Directors of the Manager.

## 3.11 Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.7.

## 3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

**3. Significant accounting policies (continued)****3.13 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group's investment properties are primarily commercial office properties and are located in the United States. Therefore, the directors consider that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in the financial statement.

**3.14 New standards effective 1 January 2021**

The accounting policies adopted are consistent with those previously applied under IFRS except that in the current financial year, the Group has adopted all the IFRSs which are effective for annual financial period beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes requires by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**Effect of IBOR reform**

Following the global financial crisis, the reform and replacement IBOR has become a priority for global regulators. The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the London Interbank Offered Rate ("LIBOR"). The interest rate risk of floating rate borrowings are managed using interest rate swaps, LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Secured Overnight Financing Rate ("SOFR"). The Group has a variable rate borrowing which references to LIBOR and matures after 30 June 2023.

The following table contains details of all the financial instruments that the Group and Trust holds as at 31 December 2021:

	Group and Trust	
	Borrowings US\$'000	Derivatives US\$'000
Transited to SOFR during the year	(220,200)	(1,747)
New borrowings/derivatives entered during the year in SOFR	(133,500)	909
Lapsed before June 2023	(84,720)	(1,905)
Not yet transited to SOFR	(125,000)	(504)
<b>Gross carrying amount as at 31 December 2021</b>	<b>(563,420)</b>	<b>(3,247)</b>

The expected transition from LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years. For the financial instruments that had been transited from LIBOR to SOFR during the year, the transition had no material effect on the amounts reported for the current and prior financial year.

### 3.15 New standards issued but not yet effective

The Group has not adopted the following standards as applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Costs of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I) 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Group expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

## 4. Cash and cash equivalents

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Cash at bank	50,977	57,324	8,841	18,289

Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 5. Trade and other receivables

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade receivables	3,880	4,188	–	–
Less: Allowance for impairment of receivables	(510)	(343)	–	–
Trade receivables – Net	3,370	3,845	–	–
Other receivables	618	349	607	223
Amounts due from subsidiaries	–	–	31,667	27,697
	3,988	4,194	32,274	27,920

Other receivables and amounts due from subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

### Receivables that are past due but not impaired

The Group has trade receivables amounting to US\$1.0 million as at 31 December 2021 (2020: US\$0.9 million) that are past due at the end of the reporting period but not impaired. The analysis of their aging at the end of the reporting period is as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Past due 0 to 1 month	550	615
Past due 1 to 3 months	346	211
Past due 3 to 6 months	131	111
	1,027	937

The Manager believes that no impairment loss is necessary in respect of these trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantee, insurance bonds or cash security deposits.

## FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 5. Trade and other receivables (continued)

**Expected credit loss**

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Movement in allowance accounts		
At 1 January	343	76
Charge for the year	388	773
Written off	(221)	(506)
At 31 December	510	343

## 6. Derivative financial instruments

	Group and Trust		
	Contract/ Nominal amount US\$'000	Assets US\$'000	Liabilities US\$'000
<b>2021</b>			
Interest rate swaps	437,740	2,558	(5,805)
Derivative financial instruments as a percentage of the Group's net assets			(0.38%)
Derivative financial instruments as a percentage of the Trust's net assets			(0.45%)
<b>2020</b>			
Interest rate swaps	393,540	98	(15,150)
Derivative financial instruments as a percentage of the Group's net assets			(1.95%)
Derivative financial instruments as a percentage of the Trust's net assets			(2.27%)

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps to provide fixed rate funding for terms of 3 to 6 years (2020: 3 to 5 years).

The changes in fair value of the interest rate swaps are recognised in the profit or loss.

## 7. Investment properties

	Group	
	2021 US\$'000	2020 US\$'000
<b>Consolidated Statement of Financial Position</b>		
As at 1 January	1,304,900	1,256,500
Acquisitions (including acquisition costs)	105,101	–
Capital expenditure capitalised	27,491	26,328
Fair value changes in investment properties	18,338	22,072
As at 31 December	1,455,830	1,304,900
<b>Consolidated Statement of Comprehensive Income</b>		
Fair value changes in investment properties	18,338	22,072
Net effect of amortisation and straight lining <sup>(1)</sup>	870	(2,341)
Net fair value change recognised in the Statement of Comprehensive Income	19,208	19,731

Investment properties comprise commercial office properties which are leased to external tenants.

<sup>(1)</sup> Arising from accounting for rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flow is included in the carrying values of the investment properties and subsequently adjusted to the fair value changes in investment properties recognised in profit or loss.

### Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2021. The valuations were performed by Cushman and Wakefield for all properties except for 105 Edgeview and Bridge Crossing, which was undertaken by Jones Lang LaSalle. The independent valuers have the relevant professional qualification and recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in Note 24 (d).

Independent valuations for the prior year ended 31 December 2020 were all performed by Jones Lang LaSalle.

## 8. Investment in subsidiaries

	Trust	
	2021 US\$'000	2020 US\$'000
Unquoted equity investment at cost		
At 1 January	1,138,298	1,138,584
Incorporation of subsidiary	84,090	–
Capital injection/(reduction)	18,171	(286)
At 31 December	1,240,559	1,138,298

Details of the subsidiaries of the Trust are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust	
			2021 %	2020 %
Direct subsidiaries:				
KORE S1 Pte Ltd*	Investment holding	Singapore	100	100
KORE S2 Pte Ltd*	Investment holding	Singapore	100	100
KORE S3 Pte Ltd*	Investment holding	Singapore	100	100
KORE S4 Pte Ltd*	Investment holding	Singapore	100	100
KORE S5 Pte Ltd*®	Investment holding	Singapore	100	–
Indirect subsidiaries:				
KORE US Parent REIT, INC^	Investment holding	United States	100	100
KORE US Properties REIT, INC^	Investment holding	United States	100	100
KORE Bellevue Technology Center, INC^	Investment in real estate properties	United States	100	100
KORE Plaza Buildings, INC^	Investment in real estate properties	United States	100	100
KORE Iron Point, INC^	Investment in real estate properties	United States	100	100
KORE Westmoor Center, INC^	Investment in real estate properties	United States	100	100
KORE Great Hills Plaza, INC^	Investment in real estate properties	United States	100	100

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 8. Investment in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust	
			2021 %	2020 %
Indirect subsidiaries (continued):				
KORE Westech 360, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE 1800 West Loop, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE West Loop I and II, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Powers Ferry Landing, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Northridge Center, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Maitland Promenade, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Westpark, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Maitland Promenade I, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE 125 John Carpenter, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE 105 Edgeview LLC <sup>^</sup> @(1)	Investment in real estate properties	United States	100	–
KORE Bridge Crossing LLC <sup>^</sup> @(1)	Investment in real estate properties	United States	100	–
KORE Bellevue Plaza Apartments, LLC <sup>^</sup> @(2)	Investment in real estate properties	United States	100	–
KORE US TRS, LLC <sup>^</sup>	Provision of non-customary property services	United States	100	100
Keppel-KBS US REIT B1 SRL <sup>#</sup>	Dormant	Barbados	100	100
Keppel-KBS US REIT B2 SRL <sup>#</sup>	Dormant	Barbados	100	100
Keppel-KBS H1 KFT <sup>#</sup>	Dormant	Hungary	100	100

\* Audited by Ernst &amp; Young LLP Singapore.

<sup>^</sup> Audited by Ernst & Young LLP United States for group consolidation purpose.<sup>#</sup> Undergoing liquidation and exempted from statutory audit.<sup>@</sup> Incorporated during the financial year.

(1) The Group incorporated KORE 105 Edgeview LLC on 23 July 2021 and KORE Bridge Crossing LLC on 26 July 2021 for the acquisitions of 105 Edgeview and Bridge Crossing. Both acquisitions were completed on 20 August 2021.

(2) On 15 March 2021, the Group incorporated KORE Bellevue Plaza Apartments, LLC, a holding company for the proposed development of the multifamily residential housing project.



## 9. Trade and other payables

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade payables	35	22	–	–
Other payables	79	66	56	12
Amounts due to related companies	201	1,049	200	1,048
Accrued expenses	23,777	18,901	2,659	2,532
	<b>24,092</b>	<b>20,038</b>	<b>2,915</b>	<b>3,592</b>

Amounts due to related companies are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

## 10. Loans and borrowings

		Group and Trust	
	Maturity	2021 US\$'000	2020 US\$'000
<b>Current</b>			
Revolving credit facility (unsecured)	2022	38,700	41,000
USD term loan at LIBOR + 1.19% (unsecured)	2022	84,720	–
		123,420	41,000
Less: Unamortised transaction costs		(245)	–
Total current loans and borrowings		123,175	41,000
<b>Non-current</b>			
Revolving credit facility (unsecured)	2024	75,000	75,000
USD term loan at LIBOR + 1.19% (unsecured)	2022	–	144,720
USD term loan at SOFR + 1.19% (unsecured)	2023	80,000	80,000
USD term loan at LIBOR + 1.30% (unsecured)	2024	50,000	50,000
USD term loan at SOFR + 1.66% (unsecured)	2025	115,000	115,000
USD term loan at SOFR + 1.60% (unsecured)	2027	120,000	–
		440,000	464,720
Less: Unamortised transaction costs		(1,571)	(1,848)
Total non-current loans and borrowings		438,429	462,872
Total loans and borrowings		561,604	503,872

As at 31 December 2021, the Group has US\$61.3 million (2020: US\$59.0 million) of unutilised facilities. On 19 January 2022, the Group has obtained committed term loan facilities amounting to a total of US\$80.0 million.

Including the new term loan facilities of US\$80.0 million obtained on 19 January 2022, the Group will have total unutilised facilities of US\$141.3 million to meet its future obligations.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 10. Loans and borrowings (continued)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 January US\$'000	Net proceeds from/repayment of loans and borrowings US\$'000	Transaction costs US\$'000	31 December US\$'000
<b>Group and Trust</b>				
<b>2021</b>				
Loans and borrowings	503,872	57,700	32	561,604
<b>2020</b>				
Loans and borrowings	477,984	25,280	608	503,872

## 11. Preferred units issued

	Group	
	2021 US\$'000	2020 US\$'000
At 1 January	125	125
Issuance of preferred units	375	–
At 31 December	500	125

The preferred units rank senior to all units of the indirect subsidiaries. Each holder of the preferred units is entitled to receive cumulative preferential cash dividends (recorded as finance expense) at a rate of 12.0% – 12.5% (2020: 12.5%) per annum on the subscription price of US\$1,000 per unit plus all accrued and unpaid dividends which is payable annually in arrears.

The preferred units are not convertible or exchangeable for any other property or securities of the subsidiaries. The Board of Directors of the subsidiaries may, in its sole and absolute discretion, cause the subsidiaries to redeem units of the preferred units at US\$1,000 per unit plus all accrued and unpaid dividends.

The preferred units have been classified as financial liabilities in accordance with IFRS 9.

## 12. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2021 US\$'000	2020 US\$'000
Investment properties	54,783	41,825

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 January 2020 US\$'000	Statement of Comprehensive Income (Note 19) US\$'000	At 31 December 2020 US\$'000	Statement of Comprehensive Income (Note 19) US\$'000	At 31 December 2021 US\$'000
<b>Deferred tax liabilities</b>					
Investment properties					
– Change in fair values of investment properties	17,625	5,475	23,100	5,331	28,431
– Tax depreciation	11,643	7,082	18,725	7,627	26,352
	29,268	12,557	41,825	12,958	54,783

### 13. Units in issue and to be issued

	Group and Trust			
	2021		2020	
	No. of Units '000	US\$'000	No. of Units '000	US\$'000
<b>Units issued</b>				
As at 1 January	943,056	675,460	934,149	683,856
Issue of new Units:				
– Private placement	88,676	65,000	–	–
– Management fees paid in Units	8,320	6,137	8,907	5,741
– Issue costs	–	(1,259)	–	211
– Capital distribution	–	(25,537)	–	(14,348)
As at 31 December	1,040,052	719,801	943,056	675,460
<b>Units to be issued</b>				
Management fee payable in Units	2,092	1,667	2,209	1,552
<b>Total Units issued and to be issued</b>				
as at 31 December	1,042,144	721,468	945,265	677,012

During the financial year ended 31 December 2021, the following Units were issued and to be issued:

- On 6 August 2021, 88,676,000 new Units were issued for the Private Placement to raise US\$65.0 million of proceeds to partially fund the acquisitions of 105 Edgeview and Bridge Crossing.
- For the financial year ended 31 December 2021, the Trust issued 8,320,381 new Units to the Manager as payment of 100% of the Manager's base fees for the period from 1 October 2020 to 30 September 2021.
- 2,092,008 new Units to be issued as payment of management fees in units for the period from 1 October 2021 to 31 December 2021.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- Have the right to receive notice of, attend and one vote per Unit at any meeting of the Unitholders.

The Unitholders are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the Unitholders are entitled to a return of capital based on the asset value per Unit of the Trust.

The restriction on Unitholders include the following:

- A Unitholder's right is limited to the right to acquire due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provision of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units for the Private Placement.

## FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 14. Net asset value per Unit

		Group		Trust	
	Note	2021	2020	2021	2020
Net asset value per Unit is based on:					
– Net assets (US\$'000)		853,894	772,070	713,941	662,097
– Total Units issued and to be issued at 31 December ('000)	13	1,042,144	945,265	1,042,144	945,265

## 15. Gross revenue

	Group	
	2021 US\$'000	2020 US\$'000
Rental income	105,194	103,186
Recoveries income	33,384	33,055
Other operating income	2,679	3,349
	141,257	139,590

Recoveries income includes, amongst others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

## 16. Property expenses

	Group	
	2021 US\$'000	2020 US\$'000
Utilities	8,251	7,899
Repair and maintenance expenses	6,738	6,376
Property management fees	7,136	7,063
Property taxes	17,178	16,715
Other property expenses	19,272	18,554
	58,575	56,607

## 17. Finance expenses

	Group	
	2021 US\$'000	2020 US\$'000
Effective interest expense on borrowings	14,507	15,687
Dividends on preferred units	47	36
Commitment fees	126	134
	14,680	15,857

## 18. Other trust expenses

Included in other trust expenses are the following:

	Group	
	2021 US\$'000	2020 US\$'000
Audit fees paid/payable to auditors of the Group for the financial year	479	485
Non-audit fees paid/payable to auditors of the Group	252	184
Internal audit fees paid to a related company	26	14
Valuation fees	163	117
Other expenses	1,328	1,325
	<b>2,248</b>	<b>2,125</b>

Other expenses include legal fees, investor relations and miscellaneous expenses.

## 19. Tax expense

The major components of tax expense for the year ended 31 December 2021 and 31 December 2020 are:

	Group	
	2021 US\$'000	2020 US\$'000
<b>Current tax expense</b>		
Withholding tax	–	10
Income tax	3	418
<b>Deferred tax expense</b>		
Movement in temporary differences	12,958	12,557
<b>Tax expense</b>	<b>12,961</b>	<b>12,985</b>
<b>Reconciliation of effective tax rate</b>		
Net income for the year before tax	90,311	69,372
Tax calculated using Singapore tax rate of 17% (2020: 17%)	15,353	11,793
Income not subject to taxation	(12,088)	(8,437)
Different tax rate in foreign jurisdictions	9,696	9,629
	<b>12,961</b>	<b>12,985</b>

## 20. Earnings per Unit

Basic earnings per Unit is based on:

	Group	
	2021 US\$'000	2020 US\$'000
Net income for the year	77,350	56,387

	Group	
	2021 No. of Units '000	2020 No. of Units '000
Weighted average number of Units:	983,533	939,017



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

**20. Earnings per Unit (continued)**

Basic EPS is calculated based on the weighted average number of Units for the year. This comprises:

- (i) The weighted average number of Units in issue for the year; and
- (ii) The estimated weighted average number of Units to be issued as payment of Manager's base fees for the year.

Diluted earnings per Unit is equivalent to the basic earnings per Unit as there were no dilutive instruments in issue during the year.

**21. Significant related party transactions**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the period, in addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	2021 US\$'000	2020 US\$'000
Manager's base fees paid/payable to the Manager	6,252	5,931
Manager's performance fee paid/payable to the Manager	98	681
Acquisition fee paid to the Manager	1,051	–
Trustee fees paid/payable	180	200

**22. Financial ratios**

	Group	
	2021 %	2020 %
Ratio of expenses to weighted average net assets <sup>(1)</sup>		
– Including performance component of the Manager's management fees	1.10	1.18
– Excluding performance component of the Manager's management fees	1.08	1.09
Portfolio turnover rate <sup>(2)</sup>	–	–

<sup>(1)</sup> The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance expenses, net foreign exchange differences and income tax expense. The Group incurred performance fee of US\$0.1 million (2020: US\$0.7 million) for the financial year ended 31 December 2021.

<sup>(2)</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value in accordance with the formula stated in the CIS Code.

**23. Financial risk management objectives and policies**

The Group's activities expose it to tax risk, market risk, interest rate risk, credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### Tax risk

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect the Group.

Any change in the tax status of the Group, or change in taxation legislation, administrative guidance, or regulation (or any disagreement as to the interpretation thereof) that applies to the Group, could adversely affect the distribution paid by the Group.

In addition, any such tax changes could adversely affect the value of the Group's investments, and/or increase the U.S. and non-U.S. tax liabilities of the Group and/or affect the Group's ability to achieve its investment objectives. Such changes could have a significant negative impact on the Group and its unitholders.

For example, in late 2017, the enactment of Section 267A of the United States Internal Revenue Code potentially affected the deductibility of certain interest expenses for taxable years beginning after 31 December 2017. As a result, the Group restructured certain subsidiaries (the "Barbados Restructuring") on 1 January 2018 to comply specifically with the interpretations of Section 267A enacted then.

On 20 December 2018, the United States Department of the Treasury released proposed regulations under Section 267A (the "Proposed 267A Regulations") and subsequently on 7 April 2020, the final regulations under Section 267A (the "Final Regulations") were released. Pursuant to the Final Regulations, the Manager had completed the restructuring of the Group on 16 April 2020 to a structure which does not involve the Barbados entities, largely following the structure which KORE used when it was initially listed, and which was disclosed in its Prospectus dated 2 November 2017.

### Market risk

#### Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's business is not exposed to significant currency risk as the portfolio of properties are located in the US and the cash flows from the operations of the properties are denominated in US\$. The Group also borrows in the same currency as the assets in order to manage the foreign currency risk. The Trust will receive US\$ distributions from the investment properties which will be passed to the Unitholders, either in US\$ or converted to Singapore Dollar ("S\$") at the spot foreign exchange rate. The Trust is exposed to fluctuations in the cross-currency rates of the US\$ and S\$ for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk. The Group has minimal exposure to currency risk.

#### Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. The Manager will actively monitor and manage the Group's net exposure to interest rate risk through the use of interest rate hedging instruments and/or fixed rate borrowings, where applicable.

As at 31 December 2021, the Group had US\$437.7 million (2020: US\$393.5 million) of variable rate interest borrowings which are hedged with interest rate swaps, and US\$125.7 million (2020: US\$112.2 million) of unhedged variable rate interest loans and borrowings. The Group had not been exposed to significant cash flow risk.

#### Sensitivity analysis for interest rate risk

At the reporting date, if the interest rates of borrowings had been 1.0% (2020: 1.0%) per annum higher/lower with all other variables constant, the Group's net profit before tax would have been US\$1.3 million (2020: US\$1.1 million) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements.

The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes too significant a percentage of the Group's gross revenue and obtaining security deposits or letter of credits from the tenants, where applicable. At the end of the reporting period, approximately 49.2% (2020: 40.2%) of the Group's trade receivables were due from 4 (2020: 4) major tenants.

In measuring the lifetime expected credit loss allowance for trade and other receivables, debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables. Impaired receivables (net of security deposits and bank guarantees) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where such receivables are provided for, the Manager continues to engage in enforcement activity to attempt to recover these receivables due. Where recoveries are made, these are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 23. Financial risk management objectives and policies (continued)

**Credit risk** (continued)

Cash and cash equivalents are placed and derivative instruments are entered into with banks and financial institution counterparties which are of good ratings.

As at the reporting date, the Group believes that there is little or no credit risk inherent in the Group's trade and other receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

There were no significant trade and other receivables that are past due but not impaired.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
			Within 1 year US\$'000	After 1 year but within 5 years US\$'000	After 5 years US\$'000
<b>Group</b>					
<b>2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	24,092	24,092	24,092	–	–
Loans and borrowings	561,604	588,398	131,419	336,721	120,258
Rental security deposits	6,424	6,424	788	4,177	1,459
Preferred units	500	804	61	243	500
	<b>592,620</b>	<b>619,718</b>	<b>156,360</b>	<b>341,141</b>	<b>122,217</b>
<b>Derivatives</b>					
Interest rate swaps (net-settled)	3,247	11,944	6,157	5,752	35
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	20,038	20,038	20,038	–	–
Loans and borrowings	503,872	528,302	47,910	480,392	–
Rental security deposits	6,231	6,231	1,061	3,443	1,727
Preferred units	125	204	16	63	125
	<b>530,266</b>	<b>554,775</b>	<b>69,025</b>	<b>483,898</b>	<b>1,852</b>
<b>Derivatives</b>					
Interest rate swaps (net-settled)	15,052	16,343	6,135	10,208	–

	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
Within 1 year US\$'000			After 1 year but within 5 years US\$'000	After 5 years US\$'000	
<b>Trust</b>					
<b>2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	2,915	2,915	2,915	–	–
Loans and borrowings	561,604	588,398	131,419	336,721	120,258
	564,519	591,313	134,334	336,721	120,258
<b>Derivatives</b>					
Interest rate swaps (net-settled)	3,247	11,944	6,157	5,752	35
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	3,592	3,592	3,592	–	–
Loans and borrowings	503,872	528,302	47,910	480,392	–
	507,464	531,894	51,502	480,392	–
<b>Derivatives</b>					
Interest rate swaps (net-settled)	15,052	16,343	6,135	10,208	–

### Capital management

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits as set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Group's properties. To maintain and achieve an optimal capital structure, the Manager may issue new units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as the net property income from the property divided by the latest valuation of the property, on the properties acquired. The Manager also monitors the level of distribution to Unitholders.

The Group is subjected to the aggregate leverage limits as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 50.0% of the fund's deposited property.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

The aggregate leverage ratio is calculated as the total borrowings and deferred payments divided by the total assets. The aggregate leverage ratio is 37.2% (31 December 2020: 37.0%) as at 31 December 2021. The Group has complied with the Aggregate Leverage limit of 50.0% (2020: 50.0%) during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 24. Fair value of assets and liabilities

## (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## (b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the financial year:

	2021 US\$'000		
	Fair value measured at the end of the financial year using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)
			Total
<b>Group</b>			
<b>Assets measured at fair value</b>			
<b>Financial assets</b>			
Derivative assets			
– Interest rate swap	–	2,558	–
<b>Total financial assets</b>	–	2,558	–
<b>Non-financial assets</b>			
Investment properties			
– Commercial	–	–	1,455,830
<b>Total non-financial assets</b>	–	–	1,455,830
<b>Liabilities measured at fair value</b>			
<b>Financial liabilities</b>			
Derivative liabilities			
– Interest rate swap	–	5,805	–
<b>Total financial liabilities</b>	–	5,805	–
<b>Trust</b>			
<b>Assets measured at fair value</b>			
<b>Financial assets</b>			
Derivative assets			
– Interest rate swap	–	2,558	–
<b>Total financial assets</b>	–	2,558	–
<b>Liabilities measured at fair value</b>			
<b>Financial liabilities</b>			
Derivative liabilities			
– Interest rate swap	–	5,805	–
<b>Total financial liabilities</b>	–	5,805	–



	2020 US\$'000			
	Fair value measured at the end of the financial year using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Group</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
Derivative assets				
– <i>Interest rate swap</i>	–	98	–	98
<b>Total financial assets</b>	–	98	–	98
<b>Non-financial assets</b>				
Investment properties				
– <i>Commercial</i>	–	–	1,304,900	1,304,900
<b>Total non-financial assets</b>	–	–	1,304,900	1,304,900
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative liabilities				
– <i>Interest rate swap</i>	–	15,150	–	15,150
<b>Total financial liabilities</b>	–	15,150	–	15,150
<b>Trust</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
Derivative assets				
– <i>Interest rate swap</i>	–	98	–	98
<b>Total financial assets</b>	–	98	–	98
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative liabilities				
– <i>Interest rate swap</i>	–	15,150	–	15,150
<b>Total financial liabilities</b>	–	15,150	–	15,150

(c) **Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

**Derivatives**

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 24. Fair value of assets and liabilities (continued)

## (d) Level 3 fair value measurements

## (i) Information about significant unobservable inputs used in Level 3 fair value measurement

*Investment properties*

Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

The fair value of investment properties of the Group was US\$1,455.8 million as at 31 December 2021.  
(31 December 2020: US\$1,304.9 million)

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the key unobservable inputs used:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Discounted cash flow approach	• Rental rates per square foot per year of US\$16.00 to US\$42.00 (2020: US\$17.00 to US\$40.00)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Discount rate of 6.75% to 9.00% (2020: 7.50% to 8.75%)	Higher discount rate or terminal yield would result in a lower fair value, while lower rate would result in a higher fair value.
	• Terminal yield of 6.00% to 8.00% (2020: 6.25% to 8.00%)	
Direct capitalisation method	• Rental rates per square foot per year of US\$16.00 to US\$42.00 (2020: US\$17.00 to US\$40.00)	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.
	• Capitalisation rate of 5.00% to 8.00% (2020: 5.75% to 7.75%)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
Market or Direct comparison approach	• Price per square foot of US\$107.44 to US\$649.70 (2020: US\$106.40 to US\$590.60)	Higher price per square foot would result in a higher fair value, while lower rate would result in a lower fair value.

**(ii) Movements in Level 3 assets and liabilities measured at fair value**

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 7.

**(iii) Valuation policies and procedures**

The Group's Chief Executive Officer (CEO), who is assisted by the Chief Financial Officer (CFO) and Senior Investment Analyst, oversees the Group's valuation process and is responsible for setting the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The COVID-19 pandemic remains an evolving situation and its impact to the economy and real estate market is driven by the scale and duration of the pandemic. Market activity and transactions have remained limited since the onset of the pandemic. As a result, there was a material uncertainty in the estimation of the valuations of the investment properties as compared to a standard market condition.

**(e) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value**

The carrying amount of the Group and the Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

**25. Commitments****Operating lease commitments – as lessor**

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of up to eight years (2020: six years).

Future minimum payments receivable under non-cancellable operating leases at the end of the financial year are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Not later than one year	102,158	97,576
Later than one year but not later than five years	262,708	258,650
Later than five years	57,059	51,953
	<b>421,925</b>	<b>408,179</b>

The above operating lease receivable are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2021

**26. Subsequent events****New Loan Facility**

On 19 January 2022, the Group entered into a facility agreement to obtain term loan facilities in an aggregate principal amount of US\$80.0 million. The term loan facilities comprise a three years term loan amounting to US\$40.0 million and a four years term loan amounting to US\$40.0 million.

On 7 February 2022, the Group early refinanced the US\$84.7 million loan due in November 2022 with the new loan facilities of US\$80.0 million and the remaining with existing revolving credit facility.

**Distribution**

On 26 January 2022, the Manager announced a distribution of 2.54 US cents per Unit for the period from 6 August 2021 to 31 December 2021.

**Issuance of management fee in Units to the Manager**

On 3 February 2022, 2,092,008 Units were issued as payment of management fees for 4Q 2021.

**27. Authorisation of financial statements for issue**

The financial statements were authorised for issue by the Manager on 22 February 2022.

## CORPORATE GOVERNANCE

The Board of Directors (the "Board") and management of Keppel Pacific Oak US REIT Management Pte. Ltd. (the "Manager"), the manager of Keppel Pacific Oak US REIT ("KORE"), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2018<sup>1</sup> (the "2018 Code") issued by the Monetary Authority of Singapore as its benchmark for corporate governance policies and practices. The following sections describe the Manager's main corporate governance policies and practices, with specific reference to the 2018 Code and its accompanying Practice Guidance.

The Manager is pleased to share that KORE has complied with the principles of the 2018 Code as well as all material aspects with the provisions and practices of the 2018 Code. Where there are deviations from the provisions of the 2018 Code, appropriate explanations have been provided in this report.

### THE MANAGER OF KORE

The Manager has general powers of management over the assets of KORE. The Manager's main responsibility is to manage the assets and liabilities of KORE for the benefit of Unitholders. The Manager manages the assets of KORE with a focus on delivering sustainable distributions and creating long-term value for Unitholders.

The primary role of the Manager is to set the strategic direction of KORE and make recommendations to Perpetual (Asia) Limited as trustee of KORE (the "Trustee") on the acquisitions to, and divestments from, KORE's portfolio of assets, as well as enhancement of the assets of KORE, in accordance with its investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Manager. The Manager is also responsible for the risk management of KORE.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for KORE, at arm's length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for KORE with a view to delivering sustainable distributions;

2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the prevailing investment policy and investment strategy that the Manager has for KORE;
3. supervising and overseeing the management of KORE's properties (including lease management, systems control, data management and business plan implementation);
4. undertaking regular individual asset performance analysis and market research analysis;
5. managing the finances of KORE, including accounts preparation, capital management, co-ordination of the budget process, forecast modeling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
6. ensuring compliance with the applicable provisions of the relevant legislation pertaining to the operations of KORE, the Securities and Futures Act and all other relevant legislation of Singapore and the United States of America, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the Code on Collective Investment Schemes (including the Property Funds Appendix) issued by the Monetary Authority of Singapore ("MAS"), the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of KORE and its Unitholders. In this regard, the Manager confirms that it continues to maintain measures to ensure that KORE US Parent REIT, Inc. continues to qualify as a US REIT;
7. managing regular communications with Unitholders; and
8. supervising the property managers who perform day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for KORE's properties, pursuant to the property management agreements signed for the respective properties.

KORE, constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of KORE.

All directors (the "Directors") and employees of the Manager are remunerated by the Manager, and not by KORE.

The Manager is appointed in accordance with the terms of the Trust Deed dated 22 September 2017 as amended and supplemented by a First Supplemental Deed dated 5 September 2019 and a Second Supplemental Deed dated 7 April 2020 (the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager and its related parties) being disenfranchised, vote to remove the Manager.

### BOARD MATTERS: THE BOARD'S CONDUCT OF AFFAIRS

#### PRINCIPLE 1:

*The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

#### PRINCIPLE 3:

*There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making*

The Board is responsible for the overall management and the corporate governance of KORE and the Manager, including establishing goals for management and monitoring the achievement of these goals.

**Role:** The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to KORE's and the Manager's activities of a significant nature, including decisions on strategic direction, guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of KORE and the Manager, establish, with management, the strategies and financial objectives (including appropriate focus on value creation, innovation and sustainability) to be implemented by management, and monitor the performance of Management and ensure that the Manager has necessary resources to meet its strategic objectives;

<sup>1</sup> The Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018.



## CORPORATE GOVERNANCE

- hold Management accountable for performance and ensure proper accountability within KORE and the Manager;
- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes;
- be responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of KORE and its stakeholders; and
- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

**Internal Limits of Authority:** The Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, divestments and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

**Independent Judgment:** All Directors are expected to exercise independent judgment in the best interests of KORE, and all Directors have discharged this duty consistently well.

**Conflicts of Interest:** All Directors are required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with KORE or the Manager as soon as is practicable after the relevant facts have come to his knowledge, and recuse themselves when the conflict-related matter is discussed unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion, and abstain from voting in relation to conflict-related matters. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions.

**Board Committees:** To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") have been constituted with clear written terms of reference, and play important roles in ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

**Meetings:** The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for KORE, proposed acquisitions and divestments, the annual budget, the performance of the business and the financial performance of KORE and the Manager. The Board also reviews and approves the release of the financial results. In addition, the Board reviews the risks to the assets of KORE, and acts upon any comments from the auditor of KORE. Board meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to

plan ahead to attend such meetings, so as to maximise participation.

The Manager's constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

If a Director is unable to attend a Board or Board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. The Director will review them and will advise the Chairman or Board committee Chairman of his or her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

**Closed Door Directors' Meetings:** Time is also set aside at the end of each scheduled quarterly Board meeting for closed door discussions without the presence of management to discuss matters such as board processes, corporate governance initiatives, succession planning, and performance management and remuneration matters.

**Company Secretary:** The Company Secretary administers, attends and prepares minutes of Board proceedings. He assists the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Manager's Constitution and relevant rules and regulations are complied with. He also assists the Chairman and the Board to

**THE NUMBER OF BOARD AND BOARD COMMITTEE MEETINGS HELD IN FY2021, AS WELL AS THE ATTENDANCE OF EACH BOARD MEMBER AT THESE MEETINGS, ARE DISCLOSED IN THE FOLLOWING TABLE:**

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Nominating and Remuneration Committee Meetings Attended
Mr Peter McMillan III	7	–	–
Mr Soong Hee Sang	7	4	2
Mr John J. Ahn	6	4	2
Mr Kenneth Tan Jhu Hwa	7	4	2
Ms Sharon Wortmann <sup>(1)</sup>	4	–	–
Mr Paul Tham <sup>(2)</sup>	6	–	–
Ms Bridget Lee <sup>(2)</sup>	1	–	–
<b>No. of Meetings held in FY2021</b>	<b>7</b>	<b>4</b>	<b>2</b>

<sup>(1)</sup> Ms Sharon Wortmann was appointed as a Director of KORE on 20 April 2021 and attended all 4 Board meetings held since 20 April 2021.

<sup>(2)</sup> Following Mr Paul Tham's resignation as a Director of KORE on 20 October 2021, Ms Bridget Lee was appointed as Director of KORE on 20 October 2021 and attended the last Board meeting held since 20 October 2021.

implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. He is also the primary channel of communication between KORE and the SGX.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

**Access to Information:** The Board and Management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals and that for this to happen, the Board must be kept well informed of KORE's businesses and affairs and be knowledgeable about the industry in which the businesses operate.

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KORE's business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

As a general rule, Board papers are required to be distributed to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be focused on questions that the Directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Directors are also provided with the names and contact details of senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary. The Directors are entitled to request from Management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of KORE.

The Board reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. A board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of KORE, to give the Directors a better understanding of KORE and its businesses, and to provide an opportunity for the Directors to familiarise themselves with the management team so as to facilitate the Board's review of KORE's succession planning.

**Director Orientation:** A formal letter is sent to newly-appointed Directors upon their appointment explaining their roles, duties, obligations and responsibilities as a Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of KORE, and site visits.

**Training:** Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KORE and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act or other applicable legislation and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members.

**Chairman and CEO:** The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of KORE's operations.

He sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information

is provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and Management. At board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting.

At annual general meetings ("AGM") and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and Management. The Chairman sets the right ethical and behavioural tone and takes a leading role in KORE's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and Management.

The CEO, assisted by Management, makes strategic proposals to the Board and after robust and constructive Board discussion, executes the agreed strategy, manages and develops KORE's businesses and implements the Board's decisions.

The clear separation of roles of the Chairman and CEO provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberations on the business activities of KORE.

## **BOARD MATTERS: BOARD COMPOSITION AND GUIDANCE**

### **PRINCIPLE 2:**

*The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

### **PRINCIPLE 4:**

*The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

## **NOMINATING AND REMUNERATION COMMITTEE**

The Manager has established the NRC to, among other things, make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession plans and conducting annual review of board diversity, board size, board independence and directors' commitment. The NRC comprises three Directors, all of whom, including the Chairman of the NRC, are independent, namely:

Mr Kenneth Tan Jhu Hwa	Chairman
Mr Soong Hee Sang	Member
Mr John J. Ahn	Member

## CORPORATE GOVERNANCE

The responsibilities of the NRC are disclosed in the Appendix hereto. On 1 February 2021, Mr Soong Hee Sang was appointed as the lead independent director of the Board (the "Lead Independent Director").

#### Process for appointment of new Directors and succession planning for the Board

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

- (a) the NRC reviews annually the balance and diversity of skills, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision-making;
- (b) in light of such review and in consultation with Management, the NRC assesses if there are any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (c) external help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions; and
- (d) the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- (e) the NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

#### Criteria for appointment of new Directors

All new appointments are subject to the recommendations of the NRC based on the following objective criteria:

- (1) Integrity;
- (2) Independent-mindedness;
- (3) Diversity – possess core competencies that meet the current needs of KORE and the Manager and complement the skills and competencies of the existing Directors on the Board;

- (4) Able to commit time and effort to carry out duties and responsibilities effectively;
- (5) Track record of making good decisions;
- (6) Experience in high-performing corporations or property funds; and
- (7) Financially literate.

#### Endorsement by Unitholders of Appointment of Directors

Keppel Capital Holdings Pte. Ltd. ("Keppel Capital") and KORE Pacific Advisors Pte. Ltd. ("KPA") had on March 2022 provided an undertaking to the Trustee (the "Undertaking") to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at the AGM. Pursuant to the Undertaking, each of Keppel Capital and KPA undertakes to the Trustee:

- (a) to procure the Manager to seek Unitholders' endorsement for the appointment of the persons who are Directors as of the date of the Undertaking no later than the AGM of KORE to be held in 2024, provided that the Manager shall seek Unitholders' endorsement for at least one-third of the existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the annual general meetings to be held in 2022 and 2023;
- (b) to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (c) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
- (d) to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the

date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager, Keppel Capital or KPA from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of SGX) and the constitution of the Manager.

The Undertaking shall remain in force for so long as:

- (a) Keppel Capital and KPA continue to hold shares in the Manager; and
- (b) Keppel Pacific Oak US REIT Management Pte. Ltd. remains as the manager of Keppel Pacific Oak US REIT.

The Manager is seeking the endorsement of the appointments of Mr Peter McMillan III and Mr Soong Hee Sang at the AGM to be held in 2022.

#### Alternate Director

The Manager has no alternate directors on the Board.

#### Board Diversity

The Manager recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenge needed to support good decision-making for the benefit of KORE, and is committed to ensuring that the Board comprises directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that KORE has the opportunity to benefit from all available talent.

It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of KORE's and the Manager's businesses. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Manager will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

The Manager has in place a Board Diversity Policy that sets out the framework and

approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

The Board will, taking into consideration the recommendations of the NRC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to ensuring that at least one-third of the Board comprise female Directors and as at the date of this Annual Report, there were two female Directors out of a total of six Directors on the Board.

#### **Annual review of Board size and composition**

The Board consists of six members, four of whom are non-executive independent Directors.

The NRC is of the view that, taking into account the nature and scope of KORE's operations, the present Board size is appropriate and facilitates effective decision making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out in the Appendix hereto.

The NRC has recently conducted its assessment in January 2022 and is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The NRC is also satisfied that the Directors, as a group, possess core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective.

The composition of the Board is also determined using the following principles:

- (i) The Chairman of the Board should be a non-executive Director of the Manager;
- (ii) The Board comprises Directors with a broad range of commercial experience including expertise in fund management, audit and accounting and the property industry; and
- (iii) At least half of the Board comprises independent Directors.

Further, in accordance with Provision 2.2 of the 2018 Code, at least a majority of the Board should comprise independent Directors where the Chairman is not an independent director.

The composition is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

#### **Board Independence**

The Board determines on an annual basis, taking into account the views of the NRC, whether or not a Director is independent, bearing in mind the 2018 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations").

Under the 2018 Code, a Director who has no relationship with the Manager, its related companies, its 5% shareholders/Unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of KORE, is considered to be independent. In addition, under the SF(LCB) Regulations, an independent Director is one who:

- (i) is independent from the management of the Manager and KORE;
- (ii) is independent from any business relationship with the Manager and KORE;
- (iii) is independent from every substantial shareholder of the Manager, and every substantial Unitholder of KORE;
- (iv) is not a substantial shareholder of the Manager, or a substantial Unitholder of KORE; and
- (v) has not served as a director of the Manager for a continuous period of 9 years or longer.

Taking into account the views of the NRC, the Board has determined that:

- (i) each of Mr Soong Hee Sang, Mr Kenneth Tan Jhu Hwa, Ms Sharon Wortmann and Mr John J. Ahn (1) has been independent from Management and business relationships with the Manager and KORE, (2) has not been a substantial shareholder of the Manager or a substantial Unitholder of KORE, and (3) has been independent from every substantial shareholder of the Manager and substantial Unitholder of KORE;

- (ii) Mr Peter McMillan III is not considered independent from KORE Pacific Advisors Pte. Ltd. which is a substantial shareholder of the Manager. Mr McMillan holds one-third of the voting shares in KORE Pacific Advisors Pte. Ltd. which in turns holds 50% of the voting shares in the Manager. Mr McMillan is also not considered independent from Pacific Oak Strategic Opportunity REIT, Inc which is a substantial Unitholder of KORE as he is a director of Pacific Oak Strategic Opportunity REIT, Inc.; and

- (iii) Mr Paul Tham is not considered independent from Keppel Corporation Limited which is a substantial shareholder of the Manager and a substantial Unitholder of KORE. Mr Tham was the Chief Executive Officer of Keppel REIT Management Limited which is a related corporation of Keppel Corporation Limited. The Board notes that Mr Paul Tham has resigned as a non-executive Director of KORE on 20 October 2021; and

- (iv) Ms Bridget Lee is not considered independent from Keppel Capital which is a substantial shareholder of the Manager and a substantial Unitholder of Keppel Pacific Oak US REIT. Ms Lee is the Chief Operating Officer of Keppel Capital and the Chief Executive Officer and director of Keppel Capital Alternative Asset, which is a related corporation of Keppel Capital.

None of the Directors have served on the Board for a continuous period of 9 years or longer.

The Chairman and CEO are separate persons, the independent Directors currently comprise a majority of the Board, and the Board committees are chaired by and comprise at least a majority of independent Directors. In addition to the foregoing, the Board appointed Mr Soong Hee Sang as the Lead Independent Director on 1 February 2021 to diligently maintain the high standards of corporate governance. If the Chairman is conflicted, the Lead Independent Director will lead the Board. In addition, the Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the Chairman of the ARC (the "ARC Chairman").

Taking into account the independence and diversity of the Board, the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of KORE.

## CORPORATE GOVERNANCE

**Annual review of Directors' time commitments**

The NRC assesses annually whether a director is able to and has been adequately carrying out his duties as a Director. Instead of fixing a maximum number of listed company board representation and/or other principal commitments that a Director may have, the NRC assesses holistically whether a Director is able to and has been adequately carrying out his duties as a Director, taking into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's listed company board representations and/or other principal commitments, and the Director's actual conduct and participation on the Board and Board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NRC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

Taking into account the abovementioned factors, the NRC was of the view that each Director has given sufficient time and attention to the affairs of KORE and the Manager and has been able to discharge his duties as director effectively.

**Key information regarding Directors**

The following key information regarding Directors are set out in the following pages of this Annual Report:

Pages 13 to 14: Academic and professional qualifications, Board committee served on (as a member or Chairman), date of first appointment as a Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, whether considered by the Board to be independent;

Pages 150 to 151: The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking endorsement by Unitholders at the annual general meeting; and

Page 160: Unitholdings in KORE as at 21 January 2022.

**BOARD MATTERS: BOARD PERFORMANCE****PRINCIPLE 5:**

*The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors*

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

**Independent Coordinator:** To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Ernst & Young Advisory Pte. Ltd. ("EY"), was appointed for this role. EY does not have any other connection with KORE, the Manager or any of the Directors.

**Formal Process and Performance Criteria:** The evaluation processes and performance criteria are set out in the Appendix hereto.

**Objectives and Benefits:** The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

**REMUNERATION MATTERS****PRINCIPLE 6:**

*The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration*

**PRINCIPLE 7:**

*The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company*

**PRINCIPLE 8:**

*The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation*

The composition of the NRC has been set out under Principle 4 on page 133. The NRC comprises entirely non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, and Unit grants) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Manager and administers the Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external remuneration consultants where required. In FY2021, the NRC sought views from external remuneration consultants, Aon Hewitt and Willis Towers Watson, on market practice and trends, and benchmarks against comparable organisations. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants and has confirmed that the external remuneration consultants had no relationships with the Manager which would affect their independence and objectivity.

**ANNUAL REMUNERATION REPORT**

Although the remuneration of the Directors and employees of the Manager is paid by the Manager, and not by KORE, the Manager is disclosing the following information on the remuneration of its Directors, CEO and key management personnel.



### Policy in respect of Directors' remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office.

In FY2021, the NRC, in consultation with Willis Towers Watson, conducted a review of the non-executive Directors' fee structure. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmark, as well as the roles and responsibilities of the Board and Board committees. The Lead Independent Director fee will also be applied to the FY2021 non-executive Directors' fee structure given the appointment of the Lead Independent Director.

### Remuneration policy in respect of key management personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term remuneration and between cash versus equity incentive remuneration, to attract, retain and motivate key management personnel for the longer term.

The current total remuneration structure reflects four key objectives:

- (a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholder's interests
- (b) Long-term orientation: To motivate employees to drive sustainable long-term growth

(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders

(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The total remuneration structure comprises three components – annual fixed pay, annual performance bonus and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks against the relevant industry market data. The size of the Manager's annual performance bonus pot is determined by KORE's financial and non-financial performance, and is distributed to employees based on their individual performance. The long-term incentive is in the form of two Unit plans, being the Restricted Unit Plan ("RUP") and the Performance Unit Plan ("PUP"). A portion of the annual performance bonus is granted in the form of deferred Units that are awarded under the RUP. The PUP comprises performance targets determined on an annual basis and which vest over a longer term horizon. The RUP and PUP are long-term incentive plans of the Manager. Executives who have greater ability to influence strategic outcomes have a greater proportion of their overall remuneration at risk. The Manager performs regular benchmarking reviews on employees' total remuneration to ensure market competitiveness. Eligible employees of the Manager are granted existing Units in KORE already owned by the Manager. Therefore, no new Units are or will be issued by KORE to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration are aligned with the interests of Unitholders and promote the long-term success of KORE. The mix of fixed and variable

reward is considered appropriate for the Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performances. This link is achieved in the following ways:

- (1) By placing a significant portion of executive's remuneration at risk ("at-risk component") and in some cases, subject to a vesting schedule;
- (2) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
  - a. There are four scorecard areas that the Manager has identified as key to measuring its performance –
    - i. Financial;
    - ii. Process;
    - iii. Customer and stakeholders; and
    - iv. People.

Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, sustainability efforts, employee engagement, talent development and succession planning;
  - b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually;
- (3) By selecting performance conditions for the KORE PUP such as Assets under Management, Distribution per Unit and Total Unitholder Return for equity awards that are aligned with Unitholders' interests;

### THE FRAMEWORK FOR DETERMINING THE DIRECTORS' FEES IS SHOWN IN THE TABLE BELOW:

	Chairman	Member	Lead Independent Director
Main Board	S\$75,000 per annum	S\$46,000 per annum	S\$55,200 per annum
Audit and Risk Committee	S\$23,000 per annum	S\$14,000 per annum	–
Nominating and Remuneration Committee	S\$14,500 per annum	S\$7,500 per annum	–

## CORPORATE GOVERNANCE

- (4) By requiring those KPIs or conditions to be met in order for the at-risk components of remuneration to be awarded or to vest; and
- (5) Forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of KORE and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

- (1) Prudent funding of annual performance bonus;
- (2) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP;
- (3) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met;
- (4) Potential forfeiture of variable incentives in any year due to misconduct;
- (5) Requiring the CEO and eligible key management personnel to hold a minimum number of units under the unit ownership guideline; and

- (6) Exercising discretion to ensure that remuneration decisions are aligned to the Manager's long-term strategy and performance and discourage excessive risk taking.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during FY2021.

In order to align the interests of the CEO and key management personnel with those of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager. Under the unit ownership guideline, the CEO is required to hold at least 2 times of their annual fixed pay in the form of Units, while other key senior management who are eligible for PUP, are required to hold at least 1.5 times of their annual fixed pay in the form of Units delivered to them under PUP and RUP, so as to maintain a beneficial ownership stake in the Manager, thus further aligning their interests with Unitholders.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no

termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO and key management personnel in bands of S\$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as (i) the NRC, which comprises a majority of independent directors, conducted reviews of the Manager's remuneration policies and packages; and (ii) sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 136 to 139.

#### Long term incentive plans – KORE Unit Plans

The RUP and the PUP (the "KORE Unit Plans") are long-term incentive schemes implemented by the Manager since 2019. No employee share option schemes or share schemes have been implemented by KORE.

The KORE Unit Plans are put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to

#### LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 31 DECEMBER 2021

The level and mix of each of the Directors' remuneration for FY2021 are set out below:

Name of Director	Base/ Fixed Salary (S\$)	Variable or performance-related income/bonuses (S\$)	Directors' Fees (S\$)	Benefits-in-Kind (S\$)
Mr Peter McMillan III	–	–	75,000	–
Mr Soong Hee Sang <sup>(1)</sup>	–	–	84,919	–
Mr John J. Ahn	–	–	67,500	–
Mr Kenneth Tan Jhu Hwa	–	–	74,500	–
Ms Sharon Wortmann <sup>(2)</sup>	–	–	32,263	–
Mr Paul Tham <sup>(3)</sup>	–	–	36,800	–
Ms Bridget Lee <sup>(4)</sup>	–	–	9,200	–

<sup>(1)</sup> Mr Soong Hee Sang director's fee includes a lead independence fee for his appointment as Lead Independent Director and is pro-rated with effect from his appointment on 1 February 2021.

<sup>(2)</sup> Ms Sharon Wortmann was appointed as a Director of KORE on 20 April 2021. Fee is pro-rated accordingly.

<sup>(3)</sup> Mr Paul Tham resigned as a Director of KORE on 20 October 2021. His director's fee will be paid 100% to Keppel Capital. Fee is pro-rated accordingly.

<sup>(4)</sup> Ms Bridget Lee was appointed as Director of KORE on 20 October 2021. Her director's fee will be paid 100% to Keppel Capital. Fee is pro-rated accordingly.

The level and mix of the remuneration of the CEO and each of the other key management personnel for FY2021, in bands of \$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel <sup>(1)</sup>	Base/Fixed Salary	Variable or Performance-related income/bonuses <sup>(2)</sup>	Benefits-in-kind	Contingent award of cash/shares	
				PUP <sup>(3)</sup>	RUP <sup>(3)</sup>
<b>Above S\$750,000 to S\$1,000,000</b>					
Mr David Eric Snyder	38%	15%	4%	28%	15%
<b>Above S\$250,000 to S\$500,000</b>					
Mr Andy Gwee	53%	31%	3%	3%	10%

<sup>(1)</sup> The Manager has less than five key management personnel other than the CEO.

<sup>(2)</sup> The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for FY2021 were met.

<sup>(3)</sup> Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at grant date for PUP as 30 April 2021 (being the grant date), the estimated value of each unit granted in respect of the contingent awards under the PUP was S\$0.70. As at grant date for RUP as 15 February 2022 (being the grant date for the contingent deferred units under the RUP), the volume-weighted average unit price granted in respect of the contingent awards under the RUP was S\$1.01. For the PUP, the figures were based on the value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.

motivate them to continue to strive for long-term Unitholder value. The KORE Unit Plans also aim to strengthen the Manager's competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. The range of performance targets to be set under the PUP emphasises stretched or strategic targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to KORE or the Manager. Outstanding performance bonuses under the KORE Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

#### **Remuneration of Employees who are Substantial Shareholders/Unitholders or Immediate Family Members of a Director, the Chief Executive Officer or a Substantial Shareholder/Unitholder**

No employee of the Manager was a substantial shareholder of the Manager or a substantial unitholder of KORE or an immediate family member of a Director, the CEO, a substantial shareholder of the Manager or a substantial unitholder of KORE and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2021. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

#### **ACCOUNTABILITY AND AUDIT: AUDIT COMMITTEE**

##### **PRINCIPLE 10:**

*The Board has an Audit Committee which discharges its duties objectively*

The Board is responsible for providing a balanced and understandable assessment of KORE's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of KORE. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNet, media releases, as well as KORE's corporate website.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KORE's performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments, as well as business and operational information. The financial results are compared against the respective budgets, together with explanations of significant variances for the reporting period.

#### **AUDIT AND RISK COMMITTEE**

The ARC has been appointed by the Board from among the Directors of the Manager and comprises three non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The

Chairman of the ARC is Mr Soong Hee Sang and the members are Mr John J. Ahn and Mr Kenneth Tan Jhu Hwa.

All the members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC's role includes assisting the Board to ensure the integrity of financial reporting and that a sound internal control and risk management system is in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. KORE's and the Manager's internal audit function has been outsourced to Keppel Corporation Limited's Group Internal Audit department<sup>2</sup>. They, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in FY2021. In addition, the ARC met with the external auditor and the internal auditor at least once during FY2021, without the presence of Management.

<sup>2</sup> For audit efficiency purposes, the internal audit of the property level operations in the US is outsourced to a reputable third-party service provider approved by the ARC.

## CORPORATE GOVERNANCE

During FY2021, the ARC performed independent reviews of the financial statements of KORE before the announcement of KORE's half- and full-year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financials.

The ARC also reviewed and approved both the internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KORE and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All significant audit findings and recommendations reported by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY2021, an aggregate amount of US\$731,000, comprising non-audit service fees of US\$252,000 and audit service fees of US\$479,000, was paid/payable to the external auditor of KORE and its subsidiaries.

Cognisant that the external auditor should be free from any business or other relationships with KORE that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to KORE's relationships with them during FY2021. In determining the independence of the external auditor, the ARC reviewed all aspects of KORE's relationships with it including the processes, policies and safeguards adopted by KORE and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of non-audit services in FY2021 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of KORE's

statutory financial audit. KORE has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to its appointment of audit firms.

The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal audit team was independent, adequately resourced to perform its functions, and had appropriate standing within KORE and the Manager.

The ARC reviewed the "Whistle-Blower Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of any control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Policy annually to ensure that it remains current. The details of the Policy are set out on pages 148 to 149 herein.

The ARC members are kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of KORE.

#### **ACCOUNTABILITY AND AUDIT: RISK MANAGEMENT AND INTERNAL CONTROLS PRINCIPLE 9:**

*The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The ARC assists the Board in examining the adequacy and effectiveness of KORE's and the Manager's risk management system to ensure that it remains robust. The ARC also reviews and guides Management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant

risks, in order to safeguard Unitholders' interests and KORE's assets. The ARC reports to the Board any critical risk issues, material matters, findings and recommendations in respect of significant risk matters. The responsibilities of the ARC are disclosed in the Appendix hereto.

#### **Risk Assessment and Management of Business Risk**

Identifying and managing risks is central to the business of KORE and to protecting Unitholders' interests and value. KORE operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Board met seven times in FY2021. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

KORE's Enterprise Risk Management framework ("ERM Framework") provides KORE and the Manager with a systematic approach to risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. Details of the Manager's approach to risk management and internal controls and the management of key business risks are set out in the "Risk Management" section on pages 154 to 155 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), as disclosed on page 154.

The Manager has in place a risk management assessment framework (the "Assessment Framework") which was established to facilitate the Board's assessment on the adequacy and effectiveness of KORE's and the Manager's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of KORE and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

In addition, the Manager has adopted, among others, the Whistle-Blower Policy, Insider Trading Policy, Dealing in Securities

Policy and Code of Practice for Safeguarding Information which reflect the management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

#### Independent Review of Internal Controls

KORE's and the Manager's internal auditor conducts an annual risk-based review of the adequacy and effectiveness of KORE's and the Manager's material internal controls, including financial, operational, compliance and information technology controls and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditor in this respect.

KORE and the Manager also have in place the KORE's System of Management Controls Framework (the "Framework") outlining KORE's and the Manager's internal control and risk management processes and procedures. The Framework comprises the Three Lines Model to ensure the adequacy and effectiveness of KORE's and the Manager's system of internal controls and risk management.

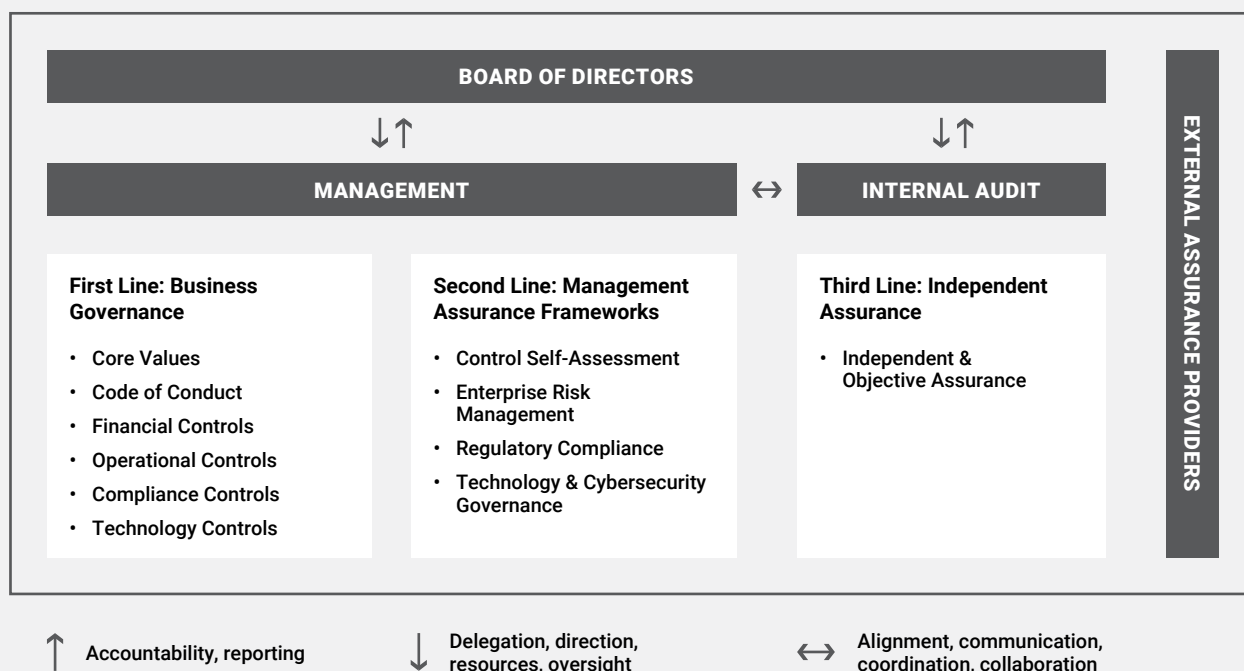
Under the First Line of Business Governance, Management, supported by their respective line functions, are responsible for the identification and mitigation of risks (including financial, operational, compliance and technology risks) facing KORE and the Manager in the course of running their business. Appropriate policies, procedures and controls are implemented and operationalised in line with KORE's and the Manager's risk appetite to address such risks. Employees are also guided by the Manager's core values and expected to comply strictly with the Employee Code of Conduct.

Under the Second Line, Management Assurance Frameworks are established to enable oversight and governance over operations and activities undertaken by management under the First Line. KORE and the Manager are required to conduct a control self-assessment exercise ("CSA") to assess the status of their respective internal controls on an annual basis. Remedial actions are implemented to address all control gaps identified during the CSA exercise. Under KORE's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory Compliance works alongside business

management to ensure relevant policies, processes and controls are effectively designed, implemented and managed to mitigate compliance risks that KORE and the Manager face in the course of their business.

The Technology Governance Framework aims to align technology strategy to enterprise vision, whilst strengthening technology controls and security and manage technology risks for KORE and the Manager. This framework was further strengthened in January 2021 with the formalisation of an enhanced Group Cybersecurity Governance structure by Keppel Corporation Limited which includes the repurposing of Keppel Corporation Limited's existing IT Security Operations Centre into a Cybersecurity Centre with enhanced capabilities to ensure that the baseline security posture of KORE and the Manager is maintained, and is overseen by a dedicated Group Cybersecurity function which drives the enterprise vision, strategy and programme to ensure that KORE's and the Manager's technology assets are adequately protected. The Technology and Cybersecurity Governance Frameworks balance strategic technology adoption, business resiliency and security outcomes towards effective business continuity and technology risk mitigations.

#### KORE'S SYSTEM OF MANAGEMENT CONTROLS (KSMC)





## CORPORATE GOVERNANCE

The Third Line comprises independent assurance, including internal and external audit. Internal audit provides the Board and the senior management with independent assurance over the adequacy and effectiveness of the system of internal controls, risk management and governance, while external audit considers the internal controls relevant to KORE's and the Manager's preparation of financial statements and performs tests on such internal controls where they are assessed to be necessary in support of the audit opinion issued on the financial statements of KORE and the Manager.

The Board has received assurance:

- a) from the CEO and CFO that, as at 31 December 2021, the financial records of KORE and the Manager have been properly maintained and the financial statements for the year ended 31 December 2021 give a true and fair view of KORE's and the Manager's operations and finances; and
- b) from CEO and CFO, and other key management personnel responsible for risk management and internal control systems that, as at 31 December 2021, KORE's and the Manager's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which KORE and the Manager considers relevant and material to its operations, and they are not aware of any material weaknesses in the system of internal controls and risk management system.

Based on the internal controls and enterprise-wide risk management framework established and maintained by KORE and the Manager, work performed by internal and external auditors, and reviews performed by Management, the ARC, as well as the assurances set out above, the Board is of the view that, as at 31 December 2021, KORE's and the Manager's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which KORE and the Manager considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by KORE and the Manager provides reasonable, but not absolute, assurance that KORE and the Manager will not be adversely affected by any event that could

be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud and other irregularities.

The ARC concurs with the Board's view that, as at 31 December 2021, KORE's and the Manager's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which KORE and the Manager considers relevant and material to its operations.

#### INTERNAL AUDIT

The internal audit function of KORE and the Manager is outsourced to Keppel Corporation Limited's Group Internal Audit department ("Internal Audit"). They were appointed as the internal auditor since 2018. The role of the internal auditor is to provide independent assurance to the ARC that KORE and the Manager maintain a sound system of internal controls by conducting risk-based reviews of key controls and procedures and their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high-risk areas. For audit efficiency purposes, the internal audit of the property level operations in the US is outsourced to a reputable third-party service provider approved by the ARC.

Staffed by suitably qualified executives, Internal Audit has unrestricted access to the ARC and to all of KORE's and the Manager's documents, records, properties and personnel. The Head of Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a member of the Institute of Internal Auditors ("IIA"), Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2021. The results re-affirmed that the internal audit activity generally conforms to the International Standards for the Professional Practice of Internal Auditing. The professional competence of Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses

conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as relevant subject matter.

During FY2021, Internal Audit adopted a risk-based approach to audit planning and execution that focused on key risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. A summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of the implementation of the actions agreed by Management is tracked and discussed with the ARC.

#### UNITHOLDER RIGHTS, CONDUCT OF UNITHOLDER MEETINGS AND ENGAGEMENT WITH UNITHOLDERS AND STAKEHOLDERS

##### PRINCIPLE 11:

*The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

##### PRINCIPLE 12:

*The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

##### PRINCIPLE 13:

*The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Manager maintains regular and two-way communication with Unitholders to share views and address any queries on KORE's business strategies and operating performance.

Notwithstanding the ongoing pandemic, digital platforms, including webinars, roadshows and conferences, as well as video teleconferences enabled the Manager to continue its proactive engagement with the investment community.

In 2021, the Manager engaged close to 710 investors and analysts in Singapore, China, Japan, Korea, Malaysia and Thailand. Such interactions allow the Manager to engage with global investors and analysts to understand their views and concerns.

Since the start of 2021, audio webcasts were implemented for KORE's half- and full-year results. This provides institutional investors and retail Unitholders the opportunity to listen in to Management's presentation on the REIT's portfolio and financial performance and ask live questions thereafter. Analysts teleconferences and investor updates continue to be held, following the release of the REIT's first and third quarter key business and operational updates. More details of the Manager's investor relations activities and efforts are set out on pages 17 to 18 of this Annual Report.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNet. The Manager ensures that unpublished price sensitive information are not selectively disclosed, and if on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public via SGXNet.

Unitholders are also kept abreast of the latest announcements and updates on KORE via its website at [www.koreusreit.com](http://www.koreusreit.com). Unitholders and members of the public can post questions via the feedback and general enquiries email, or to the investor relations contact available on the REIT's website. Interested parties may also opt-in for email alerts via the website.

The Manager has in place an Investor Relations Policy which sets out the

principles and best practices that the Manager applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions. The Investor Relations Policy is published on KORE's website and reviewed regularly to ensure relevance and effectiveness.

Unitholders are informed of Unitholders' meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers, via SGXNet and KORE's website. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and class shall be specified).

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 as well as the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on the conduct of general meetings, KORE's

Annual General Meeting ("AGM") was convened virtually on 20 April 2021, ensuring Unitholders were able to continue to participate, vote and pose questions to senior management. At the meeting, the Board and management reported on KORE's FY2020 performance, and addressed relevant and substantial questions from Unitholders that were submitted ahead of the AGM. All AGM resolutions were polled ahead of the event. An independent scrutineer was appointed to count and validate the AGM's votes. Results of the AGM were announced during the meeting and minutes of the meeting, as well as responses to relevant and substantial questions from Unitholders were subsequently published on SGXNet and KORE's website.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board, the respective Chairman of the ARC and the NRC as well as the Lead Independent Director are required to be present to address questions at general meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary of the Manager prepares minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board and Management. These minutes will also be published on KORE's website.

**THE NUMBER OF UNITHOLDERS' MEETINGS HELD IN FY2021, AS WELL AS THE ATTENDANCE OF EACH BOARD MEMBER, ARE DISCLOSED IN THE FOLLOWING TABLE:**

Director	Unitholders' Meetings Attended
Mr Peter McMillan III	1
Mr Soong Hee Sang	1
Mr John J. Ahn	1
Mr Kenneth Tan Jhu Hwa	1
Ms Sharon Wortmann	1
Mr Paul Tham <sup>(1)</sup>	1
Ms Bridget Lee <sup>(1)</sup>	0
<b>No. of Meetings held in FY2021</b>	<b>1</b>

<sup>(1)</sup> Mr Paul Tham has resigned as a non-executive Director of KORE on 20 October 2021 and Ms Bridget Lee was appointed as a non-executive Director of KORE on 20 October 2021. As such, Ms Bridget Lee did not attend the annual general meeting held on 20 April 2021.

## CORPORATE GOVERNANCE

### SECURITIES TRANSACTIONS

#### Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of KORE, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Manager's directors and officers. It has also adopted the best practices on securities dealings issued by the SGX. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Manager issues notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of KORE if they are in possession of unpublished price-sensitive information and during the period commencing one month before the release of the half-year and full-year results and ending on the date of the announcement of the relevant results. The Manager's directors and officers are also informed that they should not deal in KORE's securities on short-term considerations.

#### Dealing in Securities Policy

In addition to the Insider Trading Policy, the Manager has a formal Dealing in Securities Policy, which applies to all employees and the securities accounts that employees have a beneficial interest. Pursuant to this policy, the trading of rights and the subscription of excess rights of KORE's Units are subject to trade clearance/restrictions. In general, a list of securities which employees are not allowed to trade without pre-clearance from the Keppel Capital compliance team is maintained. All employees must, before trading, check if the intended securities are listed on this restricted list. The restricted list is broadcasted to all employees at the beginning of each week and as and when it is updated. The policy also informs all representatives of the Manager that they are required to maintain a register of interests in securities in the prescribed form and to immediately notify the Keppel Capital compliance team of any changes no later than seven days after the relevant change. Upon request, representatives are required to submit position statements, including the accounts which they have a beneficial interest, to facilitate reconciliation of trades executed during each period. In addition, the policy also states that all employees should not trade on short-term considerations or be engaged in same day turnaround trades or swing trading.

### CONFLICTS OF INTERESTS

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

- (1) The Manager will not manage any other real estate investment trust which invests in the same type of properties as KORE.

- (2) All resolutions in writing of the directors of the Manager in relation to matters concerning KORE must be approved by at least a majority of the directors of the Manager, including at least one Independent Director.
- (3) At least one-third of the Board shall comprise independent Directors.
- (4) In respect of matters in which Pacific Oak Capital Advisors LLC and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by KPA and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of KPA and/or its subsidiaries;
- (5) In respect of matters in which Keppel Corporation Limited and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Corporation Limited and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of Keppel Corporation Limited and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party (meaning any "interested person" as defined in the Listing Manual and/or, as the case may be, an "interested party" as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of KORE, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party of the Manager and the

Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

### EMPLOYEE CODE OF CONDUCT

The Manager has in place an employee code of conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of ethical business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all staff to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The policy requires business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption rules are also spelt out to protect the business, resources and reputation of KORE and the Manager. Employees must not offer or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, or any benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

The employee code of conduct is published on the intranet which is accessible by all employees of the Manager. New employees are briefed on the policy when they join the Manager. Subsequently, all employees are required to acknowledge the policy annually to ensure awareness.

## RELATED PARTY TRANSACTIONS

### The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Related Party transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of KORE and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party transactions which are entered into by KORE and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager also incorporates into its internal audit plan a review of all Related Party transactions entered into by KORE. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of KORE's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of KORE's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of KORE and its Unitholders and are consistent with similar types of transactions made by the Trustee

with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of KORE's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning KORE relate to transactions entered into or to be entered into by the Trustee for and on behalf of KORE or a Related Party of KORE or the Manager, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of KORE and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of KORE or the Manager. If the Trustee is to sign any contract with a Related Party of KORE or the Manager, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to REITs.

KORE will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same

financial year, is 3.0% or more of KORE's latest audited net tangible assets.

The aggregate value of all Related Party transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in KORE's annual report for that financial year. The disclosure will include the fees paid to the Manager by Keppel Pacific Oak US REIT in accordance with the Trust Deed and the details are set out on page 122 herein.

### Role of the Audit and Risk Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that Related Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Related Party transactions which are entered into by KORE and the bases used for evaluation, including any quotations from unrelated parties and independent valuations, on which they are entered into.

On a semi-annual basis, Management reports to the ARC the Related Party transactions entered into by KORE. The Related Party transactions are also reviewed by Internal Audit and all findings, if any, are reported during the ARC meetings. The Trustee also has the right to review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

The ARC reviews all Related Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

## APPENDIX BOARD COMMITTEES – RESPONSIBILITIES

### A. Audit and Risk Committee

- (1) Reviewing financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.

## CORPORATE GOVERNANCE

- (2) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls, including financial, operational, compliance (including processes to mitigate conflicts of interests in respect of the sourcing of potential acquisitions) and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
- (3)
  - (a) Review the Board's comment on the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls systems, and state whether it concurs with the Board's comments.
  - (b) Where there are material weaknesses identified in the Manager's and KORE's risk management and internal control systems, to consider and recommend the necessary steps to be taken to address them.
- (4) Review the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls systems.
- (5) Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions or policies taken by Management on the recommendations and observations.
- (6) Reviewing the nature and extent of non-audit services performed by the external auditors, to ensure their independence and objectivity.
- (7) Meeting with external auditors (without the presence of Management and internal auditors) and internal auditors (without the presence of Management and external auditors), at least annually.
- (8) Making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- (9) Reviewing the adequacy, effectiveness and independence of the Manager's and KORE's external audit function and internal audit function, at least annually, and report the Committee's assessment to the Board.
- (10) Reviewing the scope and results of the external audit function and internal audit function, at least annually.
- (11) Ensuring at least annually that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager and KORE.
- (12) Approving the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- (13) Reviewing the policy and arrangements (such as whistle-blower policy) by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
- (14) Reporting significant matters raised through the whistle-blowing channel to the Board.
- (15) Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).
- (16) Reviewing related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" ("Interested Person Transactions") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("Interested Party Transactions", and together with Interested Person Transactions, "Related Party Transactions").
- (17) Investigating any matters within the Audit and Risk Committee's purview, whenever it deems necessary.
- (18) Reviewing and monitoring of hedging policies and instruments to be implemented by KORE.
- (19) Reviewing and recommending to the Board hedging policies and monitoring the implementation of such policies.
- (20) Obtaining recommendations on risk tolerance and strategy from Management, and where appropriate, reporting and recommending to the Board for its determination:
  - (i) the nature and extent of significant risks which the Manager and KORE may take in achieving its strategic objectives; and
  - (ii) overall levels of risk tolerance, risk parameters and risk policies.
- (21) Reviewing and discussing, as and when appropriate, with Management on the Manager's and KORE's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, risk mitigation and monitoring processes and procedures.
- (22) Reviewing the Information Technology (IT) governance and cybersecurity framework to ascertain alignment with business strategy and risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery.
- (23) Receiving and reviewing at least quarterly reports from Management on the Manager and KORE's risk profile and major risk exposures, and the steps taken to monitor, control and mitigate such risks, to ensure that such risks are managed within acceptable levels.
- (24) Reviewing the Manager's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types.
- (25) Receiving and reviewing updates from Management to assess the adequacy and effectiveness of the Manager's compliance framework in line with



- relevant laws, regulations and best practices.
- (26) Through interactions with the Head of Risk and Compliance who has a direct reporting line to the Committee, reviewing and overseeing performance of the Manager's implementation of compliance programmes.
- (27) Reviewing and monitoring the Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.
- (28) Reviewing the adequacy, effectiveness and independence of the Risk and Compliance function, at least annually, and report the Committee's assessment to the Board.
- (29) Reviewing and monitoring Management's responsiveness to the critical risks, compliance issues and material matters identified and recommendations of the Risk and Compliance function.
- (30) Providing timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.
- (31) Ensuring that the Head of Risk and Compliance have direct and unrestricted access to the Chairman of the Committee.
- (32) Review the Audit and Risk Committee terms of reference annually and recommend any proposed changes to the Board.
- (33) Perform such other functions as the Board may determine from time to time.
- (34) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.
- B. Nominating and Remuneration Committee**
- (1) Recommend to the Board the appointment and re-appointment of Directors (including alternate Directors, if any).
- (2) Annual review of the structure and size of the Board and Board Committees, and the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age.
- (3) Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative, objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives.
- (4) Annual review of the independence of each Director, and to ensure that the Board comprises (i) majority non-executive Directors, and (ii) at least one-third, or (if Chairman is not independent) a majority of, independent Directors.
- (5) Assess, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Company.
- (6) Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and each Director.
- (7) Annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and individual Directors.
- (8) Review the succession plans for the Board (in particular, the Chairman) and key management personnel.
- (9) Review talent development plans.
- (10) Review the training and professional development programs for Board members. The NRC has noted that all Directors must undergo training on sustainability matters as prescribed by the SGX, and that if the NRC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed.
- (11) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as the key management personnel, including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Company's long-term strategy and performance.
- (12) Consider all aspects of remuneration to ensure that they are fair, and review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- (13) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
- (14) Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.
- (15) Review the level and structure of remuneration for directors and key management personnel relative to the internal and external peers and competitors to ensure that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Company for the long term.
- (16) Set performance measures and determine targets for any performance-related pay schemes.
- (17) Administer the Company's long-term incentive schemes in accordance with the rules of such schemes.
- (18) Report to the Board on material matters and recommendations.
- (19) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board for approval.
- (20) Perform such other functions as the Board may determine.
- (21) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

## CORPORATE GOVERNANCE

**BOARD ASSESSMENT****Evaluation processes**

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the Independent Co-ordinator or the NRC Chairman will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

**Individual Directors**

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman. Thereafter, the report is presented to the NRC. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

**Chairman**

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman on the report.

**Performance Criteria**

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses

received, the Board continues to perform and fulfil its duties, responsibilities and performance objectives in accordance with the established Board processes of the Company.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's board committee work contribution, whether the Director takes his role of Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

**WHISTLE-BLOWER POLICY**

The Whistle-Blower Policy (the "Policy") was established and has been put in place

to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Manager and other persons making such reports will be treated fairly and, to the extent possible, their identities and participation in the investigations will be protected.

Reportable Conduct refers to any act or omission by an employee of the Manager or contract worker appointed by the Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- a. Dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
- b. Fraudulent;
- c. Corrupt;
- d. Illegal;
- e. Other serious improper conduct;
- f. An unsafe work practice; or
- g. Any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action, including termination of employment or other contract, as the case may be.

Similarly, a person may be subject to administrative and/or disciplinary measures, including but not limited to termination of employment or contract if he subjects (i) a person who has made or intends to make a Protected Report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the Protected Report or be a witness.

The Head of Keppel Corporation's Group Internal Audit is the Receiving Officer for the purposes of the Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the ARC Chairman (who is an independent director) on all matters arising under the Policy.

**Reporting Mechanism**

The Whistle-Blower's role is as a reporting party. Whistle-Blowers are not investigators

or finders of fact, nor do they determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Manager are encouraged to make a Protected Report in relation to a suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor shall not, upon receiving or becoming aware of any Protected Report, take any independent action or start any investigation in connection with such Protected Report unless otherwise directed by the ARC Chairman or the Receiving Officer. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he or she may make the report directly to the ARC Chairman, via the established reporting channel.

Other Whistle-Blowers (other than employees) may make a Protected Report in relation to suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channel.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

#### Investigation

Every Protected Report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the

ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman and the Investigation Advisory Committee will use their respective best endeavours to ensure that there is no conflict of interests on the part of any party involved in any way in the investigations. An Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation in relation to the Protected Report and any matters arising therefrom or in connection therewith. The ARC Chairman will also require the matter to be reported to the authorities if a crime is involved, and/or to the relevant insurance company in accordance with the terms of the applicable insurance policies.

All employees of the Manager have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or investigatory leave when it is determined by the ARC Chairman (whether in the exercise of his or her own discretion or in consultation with the ARC), that such a leave would be in the best interests of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All persons who are interviewed, asked to provide information or otherwise participate in an investigation must refrain from discussing or disclosing the investigation or their testimony with anyone, other than such persons from Group Internal Audit or third parties conducting the investigation. In no circumstance should such persons discuss with the Investigation Subject(s) the nature of the evidence requested or provided or testimony given to the investigators unless agreed by the investigators.

Confidentiality of the identity of Whistle-Blowers, Investigation Subject(s) and persons who participate (or who intend to participate) in investigations initiated under this policy will, to the extent possible, be maintained.

#### Protection From Reprisal

No person shall be subject to any reprisal for having made a Protected Report in accordance with the Policy. The protection from Reprisal also extends to persons who may have been called as witnesses or otherwise participated in the investigation arising from a Protected Report. A reprisal means personal disadvantage by:

- Dismissal;
- Demotion;
- Suspension;
- Termination of employment/contract;
- Any form of harassment or threatened harassment;
- Discrimination; or
- Current or future bias.

A Whistle-Blower or any person who participated or intends to participate in an investigation arising from a Protected Report, who believes that he or she is subject to Reprisal and that the Protected Report is a contributing factor to the Reprisal may complain to the Receiving Officer (who shall refer the matter to the ARC Chairman) or the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation contained in the Protected Report. However, the ARC Chairman will take into account the fact that he/she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him/her.

## NATURE OF CURRENT DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEES

Director	Board Membership	Audit and Risk Committee Membership	Nominating and Remuneration Committee Membership
Mr Peter McMillan III	Chairman and Non-Executive Director	–	–
Mr Soong Hee Sang	Lead Independent Director	Chairman	Member
Mr John J. Ahn	Independent Director	Member	Member
Mr Kenneth Tan Jhu Hwa	Independent Director	Member	Chairman
Ms Sharon Wortmann	Independent Director	–	–
Ms Bridget Lee <sup>(1)</sup>	Non-Executive Director	–	–

<sup>(1)</sup> Mr Paul Tham has resigned as a non-executive Director of KORE on 20 October 2021 and Ms Bridget Lee was appointed as non-Executive Director of KORE on 20 October 2021.

## CORPORATE GOVERNANCE

**Rule 720(6) of the Listing Manual of the SGX-ST**

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking endorsement by Unitholders at the annual general meeting to be held in 2022 is set out below.

Name of Director	Mr Peter McMillan III	Mr Soong Hee Sang
Date of Appointment	19 October 2017	19 October 2017
Date of last re-appointment (if applicable)	N.A.	N.A.
Age	64	63
Country of principal residence	United States of America	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out in page 134 of this Annual Report.	
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Non-Executive Director	Lead Independent Director; Chairman of Audit and Risk Committee; and Member of Nominating and Remuneration Committee
Professional qualifications	Bachelor of Arts (Honours) in Economics, Clark University;  Master of Business Administration, Wharton Graduate School of Business, University of Pennsylvania	Bachelor of Science (Honours) in Estate Management, National University of Singapore;  Master of Business Administration, National University of Singapore
Working experience and occupation(s) during the past 10 years	Pacific Oak Strategic Opportunity REIT, Inc	Former Managing Director (London), GIC Real Estate Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	7,869,875 units in Keppel Pacific Oak US REIT (Deemed Interests)	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships – Past (for the last 5 years)	Pacific Oak Strategic Opportunity REIT, Inc; TCW Mutual Funds; Metwest Mutual Funds  Co-founder, Pacific Oak Capital Advisors LLC; Co-founder and Managing Partner, Willowbrook Capital Group, LLC; Co-founder, Temescal Canyon Partners	Mercatus Co-operative Limited; Mercatus Strategic Investment Management LLP
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Name of Director	Mr Peter McMillan III	Mr Soong Hee Sang
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience	TCW Strategic Income Fund, Inc., Keppel Pacific Oak US REIT Management Pte. Ltd. (the manager of Keppel Pacific Oak US REIT)	Keppel Pacific Oak US REIT Management Pte. Ltd. (the manager of Keppel Pacific Oak US REIT)
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		



## CORPORATE GOVERNANCE

**Summary of Disclosures of 2018 Code**

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirement under the 2018 Code.

**PRINCIPLES****Board Matters****The Board's Conduct of Affairs***Principle 1*

Provision 1.1	Pages 131, 132, 144 and 145
Provision 1.2	Pages 131 to 133
Provision 1.3	Pages 131 to 132
Provision 1.4	Pages 132 to 142 and 146 to 147
Provision 1.5	Pages 132 and 136
Provision 1.6	Pages 132 to 133
Provision 1.7	Pages 132 to 133

**Board Composition and Guidance***Principle 2*

Provision 2.1	Pages 133 to 134
Provision 2.2	Page 133
Provision 2.3	Page 133
Provision 2.4	Page 133
Provision 2.5	Page 132

**Chairman and Chief Executive Officer***Principle 3*

Provision 3.1	Page 133
Provision 3.2	Page 133
Provision 3.3	Page 135

**Board Membership***Principle 4*

Provision 4.1	Pages 133 to 135
Provision 4.2	Page 133
Provision 4.3	Pages 133 to 134
Provision 4.4	Pages 134 to 135
Provision 4.5	Pages 13, 14, 133 and 135

**Board Performance***Principle 5*

Provision 5.1	Pages 135 and 147
Provision 5.2	Pages 135 and 148

**Remuneration Matters****Procedures for Developing Remuneration Policies***Principle 6*

Provision 6.1	Pages 136 to 139
Provision 6.2	Page 133
Provision 6.3	Pages 136 to 139
Provision 6.4	Page 136

## Level and Mix of Remuneration

### Principle 7

Provision 7.1	Pages 136 to 139
Provision 7.2	Pages 136 to 139
Provision 7.3	Pages 136 to 139

## Disclosure on Remuneration

### Principle 8

Provision 8.1	Pages 136 to 139
Provision 8.2	Page 139
Provision 8.3	Pages 136 to 139

## Accountability and Audit

### Risk Management and Internal Controls

#### Principle 9

Provision 9.1	Page 140
Provision 9.2	Pages 141 to 142

### Audit Committee

#### Principle 10

Provision 10.1	Pages 139 to 142 and 145 to 147
Provision 10.2	Page 139
Provision 10.3	Page 140
Provision 10.4	Pages 139 to 142
Provision 10.5	Page 140

## Shareholder Rights and Responsibilities

### Shareholder Rights and Conduct of General Meetings

#### Principle 11

Provision 11.1	Pages 142 to 143
Provision 11.2	Pages 142 to 143
Provision 11.3	Pages 142 to 143
Provision 11.4	Pages 142 to 143
Provision 11.5	Pages 142 to 143
Provision 11.6	Pages 142 to 143

### Engagement with Shareholders

#### Principle 12

Provision 12.1	Pages 142 to 143
Provision 12.2	Pages 142 to 143
Provision 12.3	Pages 142 to 143

## Managing Stakeholders Relationship

### Engagement with Stakeholders

#### Principle 13

Provision 13.1	Pages 142 to 143
Provision 13.2	Pages 142 to 143
Provision 13.3	Pages 142 to 143

## RISK MANAGEMENT

### PROACTIVE AND EFFECTIVE RISK MANAGEMENT IS A FUNDAMENTAL PART OF KORE'S BUSINESS STRATEGY.

A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The Enterprise Risk Management (ERM) framework forms part of KORE's System of Management Controls and provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as KORE's policies and limits in addressing and managing the key risks identified. The ERM framework also allows KORE to respond promptly and effectively to changes in the ever-evolving business landscape.

### ROBUST ERM FRAMEWORK

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review. The ERM framework is dynamic and evolves to adapt to the changing business environment.

Risk assessment takes into account both the impact and likelihood of occurrence, as well as covers the investment, financial, operational, reputational and other major aspects of KORE's business. Tools deployed include risk rating matrices and risk registers to assist the Manager in its performance of risk management.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and KORE's assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to Management in formulating various risk policies and guidelines, where necessary. The terms of reference of the ARC are disclosed on pages 145 to 147 of this Report.

The Board and Management meet quarterly, or more frequently, when necessary, to review KORE's performance; assess its current and future operating, financial and investment risks; as well as respond to feedback from the auditors on risk and compliance matters.

The Board, assisted by the ARC, has in place three Risk Tolerance Guiding Principles for the Manager and KORE. These principles, which determine the nature and extent of

### 5-STEP RISK MANAGEMENT PROCESS

<b>STEP 1 IDENTIFY</b>	<b>Understand strategy, identify value drivers and risk factors</b>
<b>STEP 2 ASSESS</b>	<b>Prioritise risk factors by assessing their potential impact and likelihood of occurrence</b>
<b>STEP 3 MITIGATE</b>	<b>Develop action plans to mitigate risks and identify key risk indicators (KRI) to monitor risks</b>
<b>STEP 4 IMPLEMENT</b>	<b>Communicate and implement action plans</b>
<b>STEP 5 MONITOR</b>	<b>Monitor mitigation results and KRI</b>

the risks that the Board is willing to take in achieving its strategic objectives, include:

1. Risks taken should be carefully evaluated, commensurate with rewards, and are in line with KORE's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so significant as to endanger KORE.
3. KORE does not condone safety breaches or lapses, non-compliance with laws and regulations, or acts such as fraud, bribery and corruption.

The risk management assessment framework also guides the Manager and the Board in assessing the adequacy and effectiveness of the risk management system within KORE. In 2021, the Board has assessed and deemed KORE's risk management system to be adequate and effective in addressing the key risks identified below. Other current, evolving or emerging risks are also well-monitored and reported, where significant, including:

#### 1. OPERATIONAL RISKS

- All operations are aligned with KORE's strategies to deliver sustainable distributions and strong total returns to its Unitholders.

The Manager works closely with the property managers to optimise asset performance and control property expenses. The Manager oversees an active asset

management programme that has been put in place to oversee leasing, capital projects and operations at the properties. Measures include prompt lease renewals to reduce rental voids, active monitoring of rental payments from tenants to minimise rental arrears and bad debts, controlling property expenses to maximise net property income and evaluating counter-parties on an ongoing basis.

- Through the property managers and leasing agents, the Manager actively engages and fosters close relationships with tenants to manage a well-spread lease expiry profile.
- Business continuity plans are updated and tested periodically to ensure KORE is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, operations and assets.
- KORE's assets undergo regular audits to review the operational property management processes of the buildings, as well as ensure safety standards and security processes are in line with latest local requirements.
- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.

- Insurance coverage is reviewed annually to ensure that KORE's assets are adequately and appropriately insured.

## 2. ECONOMIC AND TAXATION RISKS

- KORE may be adversely affected by economic and real estate market conditions in the US as well as changes in taxation legislation, administrative guidance or regulations.
- The Manager manages this by closely monitoring the US political environment, economic developments, and tax regime. The Manager also works closely with tax agents and advisors to anticipate and evaluate the impact of any changes in taxation legislation, administrative guidance and regulations on the business of KORE and its Unitholders.

## 3. LIQUIDITY AND FINANCING RISKS

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing the tenure of borrowings, to ensure a well-staggered debt maturity profile.
- The Manager maintains an appropriate working capital to ensure that there are adequate liquid reserves to meet financial obligations. Steps have also been taken to plan for capital and expense requirements to manage the cash position at any point of time.

## 4. EXPOSURE TO FINANCIAL MARKETS RISKS

- The Manager constantly monitors exposure to interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.
- As at end-2021, approximately 83.4% of its non-current term loans had been hedged with floating-to-fixed interest rate swaps.
- In 2021, KORE was not exposed to significant foreign currency risk as its functional currency was in USD and the cash flows from the operations of its properties were denominated in USD. Distribution to Unitholders will be declared in USD and Unitholders can choose to

receive the distribution either in USD or in SGD, which will be converted from USD at a spot exchange rate at time of distribution. KORE also borrows in USD to provide a partial natural hedge to the properties.

## 5. CREDIT RISKS

- Credit risk assessments of tenants are carried out prior to signing of lease arrangements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.
- Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby preventing rental arrears.
- The Manager also monitors the tenant mix to ensure a resilient portfolio with low tenant concentration risk.

## 6. INVESTMENT RISKS

- Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing economic climate and market conditions.
- The Board reviews and approves all investment proposals after evaluating the benefits and risks involved.
- Considered risks are taken in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

## 7. COMPLIANCE RISKS

- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations, including the SGX-ST Listing Rules, Code of Corporate Governance, Code on Collective Investment Schemes, Property Funds Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act, as well as tax rulings in the relevant jurisdictions in which it operates.

- KORE and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.

- Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KORE's business operations.
- The Manager closely monitors changes in legislation and regulations, as well as new developments in its operating environment.
- KORE adopts a strong anti-corruption and anti-bribery stance. It also regularly communicates key policy requirements to all its employees, ensuring relevant policies, processes and controls are effectively designed, managed and implemented, so that compliance risks and controls are effectively handled.

## 8. EMERGING RISKS

- The Manager performs monitoring of evolving or emerging risks.
- Cybersecurity, climate change and sustainability related matters are areas of emerging risks noted. They are monitored closely and actions are taken, when necessary, to prevent and mitigate it.

## OTHER INFORMATION

## ADDITIONAL INFORMATION

## INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		FY2021 US\$'000	FY2021 US\$'000
<b>Keppel Pacific Oak US REIT Management Pte. Ltd.</b>	Manager of the REIT		
– Manager's base fees		6,252	Nil
– Manager's performance fees		98	Nil
– Acquisition fee		1,051	Nil
<b>Perpetual (Asia) Ltd</b>	Trustee of the REIT		
– Trustee fees		180	Nil

Certain other interested person transactions outlined in the Prospectus dated 02 November 2017 are deemed to have been approved by the Unitholders and are therefore not subjected to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of fees charged thereunder which will adversely affect Keppel Pacific Oak US REIT.

Keppel Pacific Oak US REIT has not obtained a general mandate from Unitholders for interested person transactions for the financial year under review.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by Keppel Pacific Oak US REIT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of Keppel Pacific Oak US REIT.

Please also see significant related party transactions on Note 21 in the financial statements.

## SUBSCRIPTION OF KEPPEL PACIFIC OAK US REIT UNITS

During the financial year ended 31 December 2021, Keppel Pacific Oak US REIT issued 8,320,381 new Units as payment of management base fees to the Manager at issue prices ranging from US\$0.7025 – US\$0.7714 per unit.

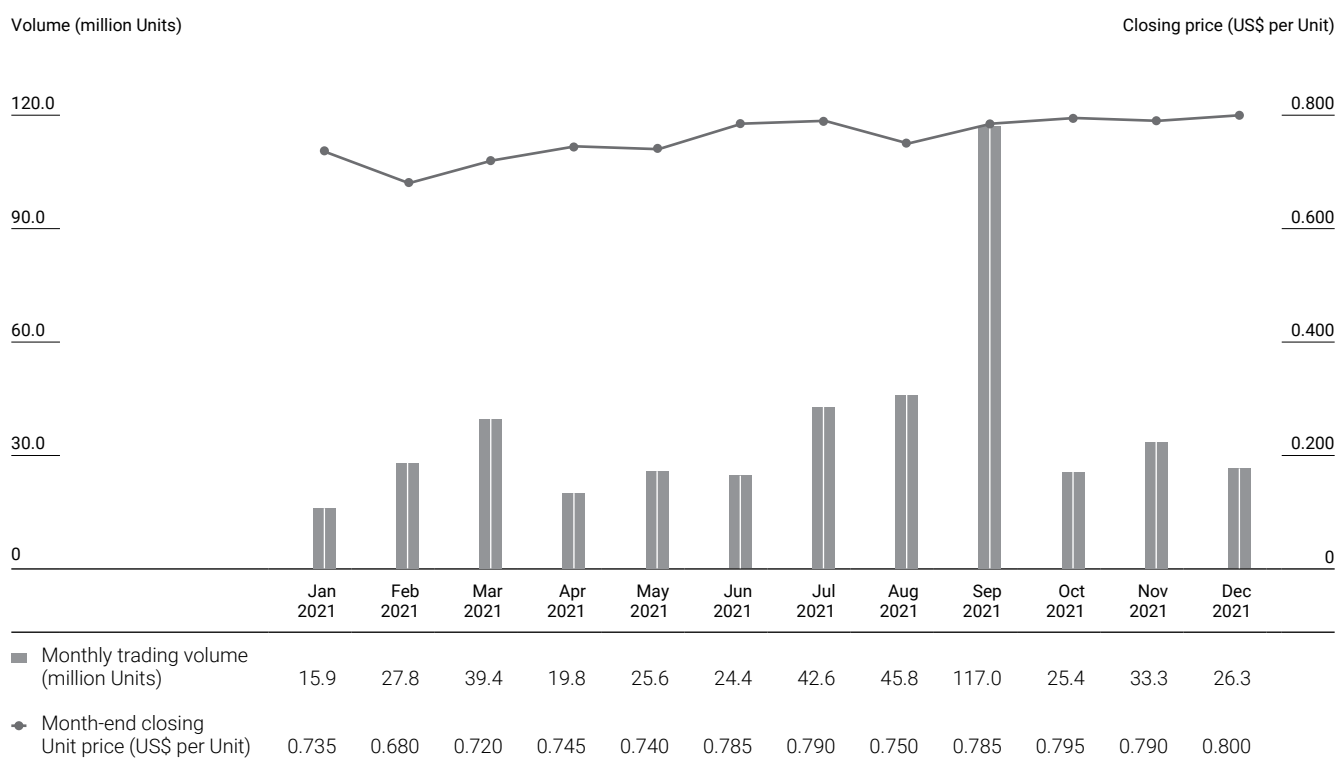


## UNIT PRICE PERFORMANCE

Keppel Pacific Oak US REIT (KORE) closed at US\$0.800 per Unit on 31 December 2021, as compared to US\$0.690 a year ago. Approximately 443.3 million KORE Units were traded for the whole of 2021. In September 2021, KORE was included in the FTSE EPRA Nareit Global Developed Index, which will enhance the REIT's visibility among institutional investors and index funds globally, as well as improve trading liquidity and support capital raising efforts.

Distribution per Unit (DPU) for FY2021 was 6.34 US cents, translating to a distribution yield of 7.9% based on the closing price per Unit of US\$0.800 on 31 December 2021. Total Unitholder return in 2021 was 27.2%<sup>1</sup>.

## 2021 MONTHLY TRADING PERFORMANCE



## UNIT PRICE PERFORMANCE

	FY2021	FY2020
Highest closing price (US\$ per Unit)	0.810	0.795
Lowest closing price (US\$ per Unit)	0.675	0.395
Average closing price (US\$ per Unit)	0.754	0.699
Closing price on last trading day (US\$ per Unit)	0.800	0.690
Trading volume (million Units)	443.3	490.7

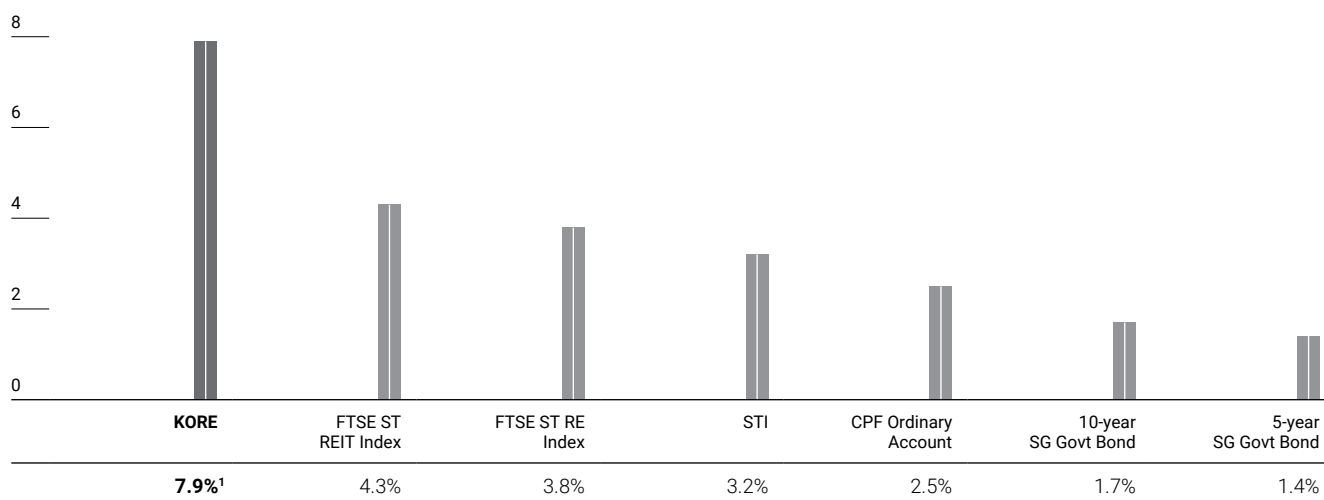
<sup>1</sup> Source: Bloomberg.

## OTHER INFORMATION

## UNIT PRICE PERFORMANCE

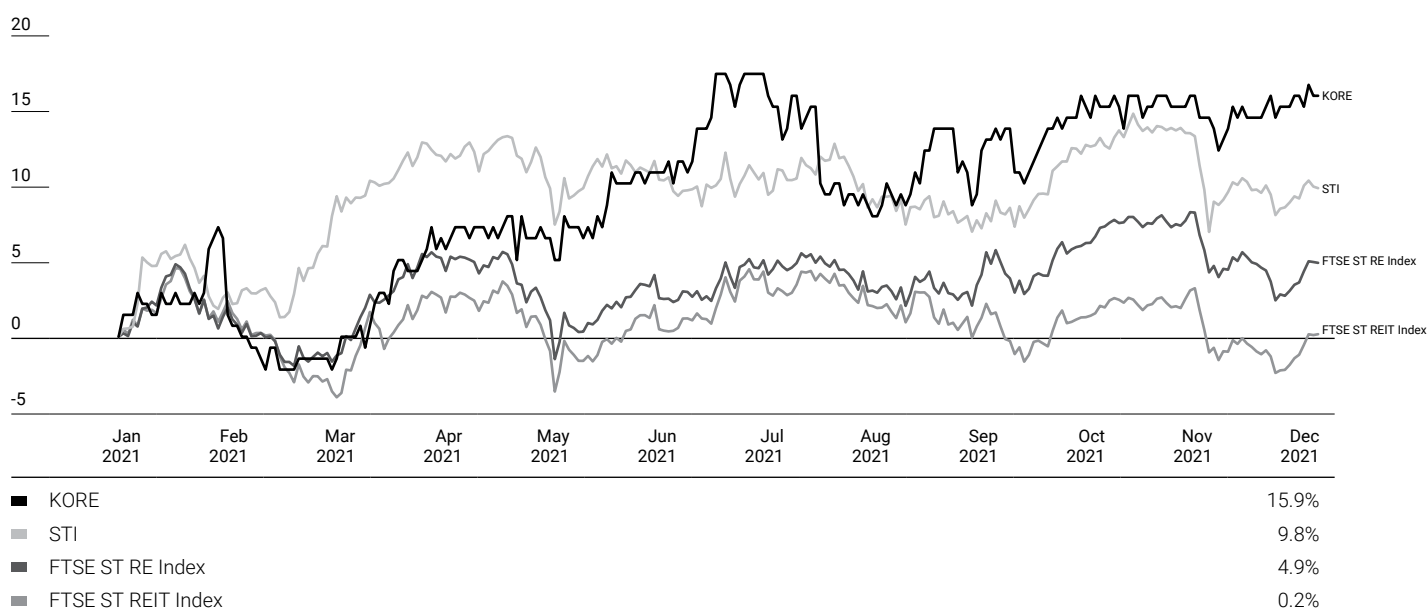
## COMPARATIVE YIELDS

(as at 31 December 2021)



## UNIT PRICE PERFORMANCE AGAINST INDICES

(for the period from 1 January 2021 to 31 December 2021)



<sup>1</sup> Based on KORE's total DPU of 6.34 US cents for FY2021 and the market closing price per Unit of US\$0.800 as at 31 December 2021.

Sources: Bloomberg, Monetary Authority of Singapore and Central Provident Fund.

# STATISTICS OF UNITHOLDINGS

As at 2 March 2022

## ISSUED AND FULLY PAID UNITS

1,042,144,048 Units (Voting rights: 1 vote per Unit)

There is only one class of Units in Keppel Pacific Oak US REIT.

Market capitalisation of US\$755,554,435 based on market closing price of US\$0.725 per Unit on 2 March 2022.

## DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	42	0.67	2,219	0.00
100 – 1,000	417	6.68	359,123	0.03
1,001 – 10,000	3,364	53.88	19,691,990	1.89
10,001 – 1,000,000	2,396	38.37	112,752,963	10.82
1,000,001 AND ABOVE	25	0.40	909,337,753	87.26
<b>TOTAL</b>	<b>6,244</b>	<b>100.00</b>	<b>1,042,144,048</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	DBS NOMINEES (PRIVATE) LIMITED	388,609,365	37.29
2	CITIBANK NOMINEES SINGAPORE PTE LTD	157,983,078	15.16
3	RAFFLES NOMINEES (PTE.) LIMITED	86,236,581	8.27
4	DBSN SERVICES PTE. LTD.	69,684,226	6.69
5	KEPPEL CAPITAL INVESTMENT HOLDINGS PTE. LTD.	64,165,352	6.16
6	HSBC (SINGAPORE) NOMINEES PTE LTD	48,193,415	4.62
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	18,578,409	1.78
8	DB NOMINEES (SINGAPORE) PTE LTD	10,510,086	1.01
9	KEPPEL PACIFIC OAK US REIT MANAGEMENT PTE. LTD.	9,771,449	0.94
10	QUEK LENG CHYE	6,821,000	0.65
11	PHILLIP SECURITIES PTE LTD	6,008,318	0.58
12	ABN AMRO CLEARING BANK N.V.	5,167,256	0.50
13	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,767,474	0.46
14	UOB KAY HIAN PRIVATE LIMITED	4,702,510	0.45
15	IFAST FINANCIAL PTE. LTD.	4,319,215	0.41
16	OCBC SECURITIES PRIVATE LIMITED	4,222,200	0.41
17	MAYBANK SECURITIES PTE. LTD.	4,156,507	0.40
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,308,295	0.32
19	KGI SECURITIES (SINGAPORE) PTE. LTD.	2,133,500	0.20
20	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,055,152	0.20
<b>TOTAL</b>		<b>901,393,388</b>	<b>86.50</b>

## OTHER INFORMATION

## STATISTICS OF UNITHOLDINGS

As at 2 March 2022

## The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2022, the direct and deemed interests of each Director in the Units<sup>1</sup> in Keppel Pacific Oak US REIT are as follows:

Name of Director	No. of Units
Mr Peter McMillan III	7,869,875 (Deemed) <sup>2</sup>
Mr Soong Hee Sang	Nil
Mr John J. Ahn	Nil
Mr Kenneth Tan Jhu Hwa	250,000 (Deemed) <sup>3</sup>
Ms Sharon Riley Wortmann	Nil
Ms Bridget Lee Siow Pei	25,000 (Direct)

<sup>1</sup> As at 21 January 2022, there are no convertible securities in Keppel Pacific Oak US REIT.

<sup>2</sup> Mr Peter McMillan III's deemed interest arises from his shareholdings in KORE Pacific Advisors Pte. Ltd., which in turn is deemed to have interest in the units held by Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KORE Pacific Advisors Pte. Ltd.

<sup>3</sup> Mr Kenneth Tan Jhu Hwa has a deemed interest in Units held by his spouse.

## Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, as at 2 March 2022, the Substantial Unitholders of Keppel Pacific Oak US REIT and their interests in the Units in Keppel Pacific Oak US REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	114,011,801 (Deemed) <sup>1</sup>	10.94
Keppel Corporation Limited	73,936,801 (Deemed) <sup>2</sup>	7.09
Keppel Capital Holdings Pte. Ltd.	73,936,801 (Deemed) <sup>3</sup>	7.09
Keppel Capital Investment Holdings Pte. Ltd.	64,165,352 (Direct)	6.16
Pacific Oak Strategic Opportunity REIT, Inc.	64,165,352 (Deemed) <sup>4</sup>	6.16
Pacific Oak Strategic Opportunity Limited Partnership	64,165,352 (Deemed) <sup>5</sup>	6.16
Pacific Oak SOR (BVI) Holdings Ltd	64,165,352 (Deemed) <sup>6</sup>	6.16
Pacific Oak SOR Properties LLC	64,165,352 (Direct)	6.16
Hillsboro Capital, Ltd.	90,608,569 (Direct)	8.69

## Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and other associated companies of Temasek Holdings (Private) Limited.

(2) Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., which is in turn a wholly-owned subsidiary of Keppel Corporation Limited; and (ii) Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KORE Pacific Advisors Pte. Ltd.

(3) Keppel Capital Holdings Pte. Ltd.'s deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd.; and (ii) Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KORE Pacific Advisors Pte. Ltd.

(4) Pacific Oak Strategic Opportunity REIT, Inc.'s deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of Pacific Oak Strategic Opportunity Limited Partnership. Pacific Oak Strategic Opportunity Limited Partnership is a wholly-owned subsidiary of Pacific Oak Strategic Opportunity REIT, Inc.

(5) Pacific Oak Strategic Opportunity Limited Partnership's deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of Pacific Oak Strategic Opportunity Limited Partnership.

(6) Pacific Oak SOR (BVI) Holdings Ltd's deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd.

## Public Unitholders

Based on the information available to the Manager as at 2 March 2022, approximately 74.15% of the issued Units in Keppel Pacific Oak US REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Pacific Oak US REIT is at all times held by the public.

## Treasury Units and Subsidiary Holdings

As at 2 March 2022, there are no treasury units or subsidiary holdings held.

## CORPORATE INFORMATION

**TRUSTEE****Perpetual (Asia) Limited****Registered Address**

8 Marina Boulevard #05-02  
Marina Bay Financial Centre  
Singapore 018981  
Phone: +65 6908 8203  
Fax: +65 6438 0255

**Principal Business Address:**

16 Collyer Quay  
#07-01  
Singapore 049318

**AUDITOR****ERNST & YOUNG LLP**

One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Phone: +65 6535 7777  
Fax: +65 6532 7662  
Partner-in-charge: Mr Nelson Chen  
(With effect for the financial period from  
22 September 2017 (date of constitution)  
to 31 December 2018)

**THE MANAGER****Keppel Pacific Oak US REIT  
Management Pte. Ltd.****Registered Address:**

1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632  
Phone: +65 6803 1818  
Fax: +65 6251 4710  
Website: www.koreusreit.com

**Principal Business Address:**

1 HarbourFront Avenue  
Level 2 Keppel Bay Tower  
Singapore 098632

**Investor Relations Contact:**

Phone : +65 6803 1687  
Email : enquiries@koreusreit.com

**UNIT REGISTRAR AND UNIT  
TRANSFER OFFICE****Boardroom Corporate & Advisory  
Services Pte. Ltd. (a member of  
Boardroom Limited)**

1 HarbourFront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632  
Phone: +65 6536 5355  
Fax: +65 6536 1360

*For updates or change of mailing address,  
please contact:*

**The Central Depository (Pte) Limited**

Phone: +65 6535 7511  
Email: asksgx@sgx.com  
Website: [https://www2.sgx.com/securities/  
retail-investor](https://www2.sgx.com/securities/retail-investor)

**COMPANY SECRETARY**

Mr Tan Wei Ming, Darren

**DIRECTORS OF THE MANAGER**

Mr Peter McMillan III  
Chairman and Non-Executive Director

Mr Soong Hee Sang  
Lead Independent Director

Mr John J. Ahn  
Independent Director

Mr Kenneth Tan Jhu Hwa  
Independent Director

Ms Sharon Riley Wortmann  
Independent Director

Ms Bridget Lee Siow Pei  
Non-Executive Director

**AUDIT AND RISK COMMITTEE**

Mr Soong Hee Sang (Chairman)

Mr John J. Ahn

Mr Kenneth Tan Jhu Hwa

**NOMINATING AND REMUNERATION  
COMMITTEE**

Mr Kenneth Tan Jhu Hwa (Chairman)

Mr Soong Hee Sang

Mr John J. Ahn



# NOTICE OF ANNUAL GENERAL MEETING

## Keppel Pacific Oak US REIT

(a real estate investment trust constituted on 22 September 2017 under the laws of the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**") of the holders of units of Keppel Pacific Oak US REIT (the "**Unitholders**") will be convened and held by electronic means (see Explanatory Notes 1 to 9) on Wednesday, 20 April 2022 at 10.30 a.m. (Singapore time) to transact the following business:

### (A) As Ordinary Business

1. To receive and adopt the Report of Perpetual (Asia) Limited, as trustee of Keppel Pacific Oak US REIT (the "**Trustee**"), the Statement by Keppel Pacific Oak US REIT Management Pte. Ltd., as manager of Keppel Pacific Oak US REIT (the "**Manager**"), and the Audited Financial Statements of Keppel Pacific Oak US REIT for the financial year ended 31 December 2021 and the Auditor's Report thereon. (**Ordinary Resolution 1**)
2. To re-appoint Messrs Ernst & Young LLP as the Auditor of Keppel Pacific Oak US REIT to hold office until the conclusion of the next AGM of Keppel Pacific Oak US REIT, and to authorise the Manager to fix their remuneration. (**Ordinary Resolution 2**)
3. To endorse the appointments of the following directors of the Manager ("**Directors**"), pursuant to the undertaking on March 2022 provided by Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**") and KORE Pacific Advisors Pte. Ltd. ("**KPA**") to the Trustee:
  - (a) Mr Peter McMillan III; and (**Ordinary Resolution 3**)
  - (b) Mr Soong Hee Sang. (**Ordinary Resolution 4**)

(Please see Explanatory Note 10)

### (B) As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

4. That authority be and is hereby given to the Manager to:
  - (a) (i) issue units in Keppel Pacific Oak US REIT ("**Units**") whether by way of rights, bonus or otherwise and including any capitalisation of any sum for the time being standing to the credit of any of Keppel Pacific Oak US REIT's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or
  - (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
- (a) any new Units arising from the conversion or exercise of any convertible securities or options which were issued and are outstanding or subsisting at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST (the “**Listing Manual**”) for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 22 September 2017 (as amended) constituting Keppel Pacific Oak US REIT (the “**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel Pacific Oak US REIT or (ii) the date by which the next AGM of Keppel Pacific Oak US REIT is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel Pacific Oak US REIT to give effect to the authority conferred by this Resolution. (**Ordinary Resolution 5**)

(Please see Explanatory Note 11).

5. That:

- (a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel Pacific Oak US REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or
  - (ii) off-market repurchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the “**Unit Buy-Back Mandate**”);
- (b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
  - (i) the date on which the next AGM of Keppel Pacific Oak US REIT is held;
  - (ii) the date by which the next AGM of Keppel Pacific Oak US REIT is required by applicable laws and regulations or the Trust Deed to be held; or
  - (iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

## OTHER INFORMATION

## NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

**"Average Closing Price"** means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the market purchase or, as the case may be, the date on which the offer pursuant to the off-market purchase, is made;

**"date of the making of the offer"** means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

**"Market Day"** means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

**"Maximum Limit"** means that number of Units representing 10% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) as at the date of the passing of this Resolution; and

**"Maximum Price"** in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market repurchase of a Unit, 105% of the Average Closing Price of the Units; and
  - (ii) in the case of an off-market repurchase of a Unit, 110% of the Average Closing Price of the Units; and
- (d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel Pacific Oak US REIT to give effect to the transactions contemplated and/or authorised by this Resolution. **(Ordinary Resolution 6)**

(Please see Explanatory Note 12).

**(C) As Other Business**

6. To transact such other business as may be transacted at an AGM.

**Unitholders are invited to send in their questions relating to the resolutions above to the Manager by 3.00 p.m. on 12 April 2022. Please see Explanatory Note 7 of this Notice of AGM on how Unitholders may submit their questions.**

BY ORDER OF THE BOARD

**Keppel Pacific Oak US REIT Management Pte. Ltd.**

(Company Registration Number: 201719652G)

As Manager of Keppel Pacific Oak US REIT



**Darren Tan**

Company Secretary

Singapore

29 March 2022

### Explanatory notes:

1. This AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 4 February 2022 titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation". In addition to printed copies of this Notice of AGM that will be sent to Unitholders, Unitholders can also access this Notice of AGM on Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agm-egm/> and SGXNet.
2. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only stream. Unitholders and investors holding Units through the Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors") who wish to follow the proceedings must pre-register at <https://www.koreusreit.com/agm2022> no later than 10.30 a.m. on 18 April 2022. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by 5.00 p.m. on 19 April 2022.
3. Investors holding Units through relevant intermediaries ("Investors") (other than CPF/SRS investors) will not be able to pre-register at <https://www.koreusreit.com/agm2022> for the "live" broadcast of the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com) no later than 10.30 a.m. on 17 April 2022.

In this Notice of AGM, a "relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
  - (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and as such, a Unitholder will not be able to attend the AGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may:
    - (a) vote "live" via electronic means at the AGM by pre-registering at <https://www.koreusreit.com/agm2022> by no later than 10.30 a.m. on 18 April 2022, or appoint a proxy (other than the Chairman of the AGM ("Chairman")) to vote "live" via electronic means at the AGM on his/her/its behalf by submitting the proxy form in accordance with Explanatory Note 5 below and pre-registering such proxy at <https://www.koreusreit.com/agm2022> by no later than 10.30 a.m. on 18 April 2022. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to the Unitholder or such proxy (as the case may be) by 5.00 p.m. on 19 April 2022; or
    - (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM. The Chairman, as proxy, need not be a Unitholder.

The instrument for the appointment of proxy ("proxy form") will be sent to Unitholders and may be accessed at Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agm-egm/> or SGXNet. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

Where a Unitholder (whether individual or corporate) appoints a proxy (other than the Chairman) to be his/her/its proxy through the proxy form to vote "live" via electronic means at the AGM but does not pre-register such proxy at <https://www.koreusreit.com/agm2022> by 10.30 a.m. on 18 April 2022, (a) if specific instructions as to voting, or abstentions from voting, in respect of a resolution in such proxy form is given, the Chairman will be appointed as the proxy to vote in accordance with such instructions, or (b) if specific instructions are not given as to voting, or abstentions from voting, in respect of a resolution in such proxy form, the appointment of such proxy (other than the Chairman) as proxy for that resolution will be treated as invalid.

### 5. The proxy form must be submitted in the following manner:

- (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com),

in either case, by **10.30 a.m. on 18 April 2022, being 48 hours before the time appointed for holding this AGM.**

A Unitholder who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed proxy forms by post, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.**

6. The proxy form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them.

A CPF/SRS investor who wishes to exercise his/her vote at the AGM:

- (a) may vote "live" via electronic means at the AGM by pre-registering at <https://www.koreusreit.com/agm2022> by no later than 10.30 a.m. on 18 April 2022. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to such CPF/SRS Investor by 5.00 p.m. on 19 April 2022; or
- (b) may have the Chairman appointed as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective relevant intermediary to specify his/her voting instructions by 5.00 p.m. on 8 April 2022, being 7 working days before the date of the AGM. CPF/SRS investors are not able to appoint proxies of their own.

An Investor (other than CPF/SRS investors) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, and by no later than 5.00 p.m. on 8 April 2022, including but not limited to, whether he/she wishes to vote "live" via electronic means at the AGM.

7. **Unitholders and Investors will be able to ask questions during the broadcast of this AGM via the "live" textbox function. All Unitholders and Investors may also submit questions relating to the business of this AGM no later than 3.00 p.m. on 12 April 2022:**

- (a) via the pre-registration website at <https://www.koreusreit.com/agm2022>;
- (b) by email to [enquiries@koreusreit.com](mailto:enquiries@koreusreit.com); or
- (c) by post to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

The Manager will answer all substantial and relevant questions received prior to 3.00 p.m. on 12 April 2022 through the publication of its responses on Keppel Pacific Oak US REIT's website and on SGXNet by 10.30 a.m. on 15 April 2022.

## OTHER INFORMATION

## NOTICE OF ANNUAL GENERAL MEETING

8. All documents (including Keppel Pacific Oak US REIT's Report to Unitholders 2021, the updated unitholding statistics as at 2 March 2022, proxy form, this Notice of AGM and the Appendix in relation to the proposed Unit Buy-Back Mandate) and information relating to the business of this AGM have been, or will be, published on SGXNet and/or Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/aggm-egm/>. **Printed copies** of Keppel Pacific Oak US REIT's Report to Unitholders 2021 **will not be despatched to Unitholders**. Unitholders and Investors are advised to check SGXNet and/or Keppel Pacific Oak US REIT's website regularly for updates.

9. Any reference to a time of day is made by reference to Singapore time.

10. **Ordinary Resolutions 3 and 4**

Keppel Capital and KPA had on March 2022 provided an undertaking (the "**Undertaking**") to the Trustee:

- to procure the Manager to seek Unitholders' endorsement for the appointment of the existing Director no later than the AGM of Keppel Pacific Oak US REIT to be held in 2024, provided that the Manager shall seek Unitholders' endorsement for at least one-third of the existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the AGMs to be held in 2022 and 2023;
- to procure the Manager to seek Unitholders' endorsement for the appointment of each Director no later than every third AGM of Keppel Pacific Oak US REIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM of Keppel DC REIT immediately following his or her appointment; and
- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Keppel DC REIT where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board of Directors of the Manager either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager, Keppel Capital or KPA from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of the SGX-ST) and the Constitution of the Manager.

The Undertaking shall remain in force for so long as:

- Keppel Capital and KPA continue to hold shares in the Manager; and
- Keppel Pacific Oak US REIT Management Pte. Ltd. remains as the manager of Keppel Pacific Oak US REIT.

The Manager is seeking the endorsement of the appointments of Mr Peter McMillan III and Mr Soong Hee Sang at the AGM to be held in 2022.

Detailed information on Mr Peter McMillan III and Mr Soong Hee Sang can be found in the "Board of Directors" section in Keppel Pacific Oak US REIT's Report to Unitholders 2021.

Mr Peter McMillan III will, upon endorsement, continue to serve as the Chairman of the Board. Mr Soong Hee Sang will, upon endorsement, continue to serve as the Lead Independent Director, Chairman of the Audit and Risk Committee and member of the Nominating and Remuneration Committee.

11. **Ordinary Resolution 5**

The Ordinary Resolution 5 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel Pacific Oak US REIT; (ii) the date on which the next AGM of Keppel Pacific Oak US REIT is required by applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the "**Mandated Period**"), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class, of which up to 20% may be issued other than on a *pro rata* basis to Unitholders.

The Ordinary Resolution 5 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time the Ordinary Resolution 5 above is passed, after adjusting for new Units arising from the conversion or exercise of any convertible securities or options which were issued and are outstanding or subsisting at the time the Ordinary Resolution 5 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

12. **Ordinary Resolution 6**

The Ordinary Resolution 6 above, if passed, will empower the Manager from the date of the AGM of Keppel Pacific Oak US REIT until (i) the date on which the next AGM of Keppel Pacific Oak US REIT is held, (ii) the date by which the next AGM of Keppel Pacific Oak US REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of Keppel Pacific Oak US REIT not exceeding in aggregate 10% of the total number of Units (excluding treasury Units and subsidiary holdings, if any) as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting.

(See the Appendix in relation to the proposed Unit Buy-Back Mandate for further details.)

13. **Personal Data Privacy**

By (a) submitting the pre-registration form; (b) submitting any question prior to or at the AGM; and/or (c) voting "live" or voting via the submission of a proxy form appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing, administration and analysis by the Manager and the Trustee (or their agents or service providers) of the appointment of proxies as proxy for the AGM (including any adjournment thereof), the processing of electronic voting by the Unitholders (or their appointed proxies) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

In the case of a Unitholder who is a relevant intermediary, by submitting a consolidated list of participants for the "live" broadcast of the AGM, the Unitholder warrants that the Unitholder has obtained the prior consent of such participant(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents or service providers) of the personal data of such participant(s) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of the "live" broadcast of the AGM (including any adjournment thereof), the processing of electronic voting, the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



# PROXY FORM

## Keppel Pacific Oak US REIT

(a real estate investment trust constituted on 22 September 2017 under the laws of the Republic of Singapore)

### IMPORTANT:

1. This AGM (as defined below) will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 4 February 2022 titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation". In addition to printed copies of the Notice of AGM and this Proxy Form that will be sent to unitholders of Keppel Pacific Oak US REIT ("Unitholders"), the Notice of AGM and this Proxy Form will also be sent to Unitholders by electronic means via publication on Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/aggm-egm/> and SGXNet.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman (as defined below) prior to the AGM and/or via the "live" textbox function at the AGM, addressing of substantial and relevant questions prior to the AGM and voting "live" or by appointing a proxy at the AGM, are set out in the Notice of AGM and the accompanying announcement dated 29 March 2022. This announcement may be accessed at Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/aggm-egm/> and SGXNet.
3. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and as such, a Unitholder will not be able to attend the AGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may (a) vote "live" via electronic means at the AGM or appoint a proxy (other than the Chairman) to vote "live" via electronic means at the AGM on his/her/its behalf; or (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM. A proxy need not be a Unitholder.
4. This Proxy Form is not valid for use by investors holding units in Keppel Pacific Oak US REIT ("Units") through relevant intermediaries ("Investors") (including investors holding through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, and no later than 5.00 p.m. on 8 April 2022 to specify voting instructions, including but not limited to, whether they wish to vote "live" via electronic means. A CPF/SRS investor who wishes to vote may (a) vote "live" via electronic means at the AGM; or (b) have the Chairman appointed as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective CPF agent bank or SRS operator to submit his/her vote by 5.00 p.m. on 8 April 2022, being 7 working days before the date of the AGM.
5. **Personal Data Privacy:** By submitting this Proxy Form, a Unitholder accepts and agrees to the personal data terms set out in the Notice of AGM dated 29 March 2022.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM.

### ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ (Name(s))

\_\_\_\_\_ (NRIC/Passport/Company Registration Number(s)) of

\_\_\_\_\_ (Address)

being a Unitholder/Unitholders of Keppel Pacific Oak US REIT, hereby appoint:

Name	Address	NRIC/Passport number	Proportion of unitholdings	
			No. of units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport number	Proportion of unitholdings	
			No. of units	%

or failing him/her, or if no persons are named above, the Chairman of the Annual General Meeting (the "Chairman"), as my/our proxy/proxies to attend, speak and vote on my/our behalf at the Annual General Meeting of Keppel Pacific Oak US REIT ("AGM") to be convened and held by way of electronic means on 20 April 2022 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies (other than the Chairman) will vote or abstain from voting at his/her/their discretion, as he/she/they may determine on any other matter arising at the AGM. In the absence of specific directions in respect of a resolution, any appointment of the Chairman as your proxy for that resolution will be treated as invalid.

No.	Resolution	For*	Against*	Abstain*
<b>Ordinary Business</b>				
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel Pacific Oak US REIT for the financial year ended 31 December 2021 and the Auditor's Report thereon.			
2.	To re-appoint Messrs Ernst & Young LLP as the Auditor of Keppel Pacific Oak US REIT and authorise the Manager to fix the Auditor's remuneration.			
3.	To endorse the appointment of Mr Peter McMillan III as Director.			
4.	To endorse the appointment of Mr Soong Hee Sang as Director.			
<b>Special Business</b>				
5.	To authorise the Manager to issue Units and to make or grant convertible instruments.			
6.	To approve the renewal of the Unit Buy-Back Mandate			

\* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Units in the boxes provided. If you wish to abstain from voting on a resolution, please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of Units which you wish to abstain from voting in the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total Number of Units Held

Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

IMPORTANT: Please read the notes overleaf before completing this Proxy Form

Fold and glue all sides firmly

**Notes to the Proxy Form:**

1. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 and maintained by The Central Depository (Pte) Limited ("CDP")), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of Keppel Pacific Oak US REIT, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
2. **In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and as such a Unitholder will not be able to attend the AGM in person. A Unitholder (whether an individual or a corporate) who wishes to exercise his/her/its voting rights at the AGM may (a) vote "live" via electronic means at the AGM or appoint a proxy (other than the Chairman) to vote "live" via electronic means at the AGM on his/her/its behalf; or (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM.** A proxy need not be a Unitholder. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. The Proxy Form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions, and no later than 5.00 p.m. on 8 April 2022 to specify voting instructions, including but not limited to, whether they wish to vote "live" via electronic means. A CPF/SRS investor who wishes to vote may (a) vote "live" via electronic means at the AGM by pre-registering at <https://www.koreusreit.com/agm2022> by no later than 10.30 a.m. on 18 April 2022; or (b) appoint the Chairman as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective relevant intermediary to specify his/her voting instructions by 5.00 p.m. on 8 April 2022, being 7 working days before the date of the AGM.

Fold along this line (1)



**Keppel Pacific Oak US REIT Management Pte. Ltd.**  
**(as manager of Keppel Pacific Oak US REIT)**  
**c/o Boardroom Corporate & Advisory Services Pte. Ltd.**  
1 HarbourFront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

Fold along this line (2)

4. The Proxy Form must be submitted in the following manner:
  - (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) if submitted electronically, be submitted via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com),in either case, by **10.30 a.m. on 18 April 2022, being 48 hours before the time appointed for holding this AGM.**
5. A Unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
6. Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy shall be deemed to be revoked if a Unitholder attends the "live" broadcast of the AGM.
7. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney, must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
10. Any reference to a time of day is made by reference to Singapore time.

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