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MEDIA RELEASE

Unaudited Results of Keppel Pacific Oak US REIT for the Half Year ended 30 June 2021

26 July 2021

The Directors of Keppel Pacific Oak US REIT Management Pte. Ltd., as Manager of Keppel Pacific Oak US REIT, are pleased to announce the unaudited results of Keppel Pacific Oak US REIT for the half year ended 30 June 2021.

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Keppel Pacific Oak US REIT achieves 2.8% year-on-year growth in distributable income for 1H 2021

Highlights

- Distributable income (DI) of US\$29.9 million for the first half of 2021 (1H 2021) was 2.8% higher year-on-year (y-o-y), driven by positive rental reversions and built-in annual rental escalations across the portfolio, as well as lower expenses, partially offset by lower y-o-y occupancy.
- Distribution per Unit (DPU) for 1H 2021 was 3.16 US cents, 1.9% higher y-o-y.
- Approximately 302,000 sf in office space was committed in 1H 2021, bringing KORE's committed occupancy to 90.5% as at 30 June 2021 and reducing lease expiries to 7.7% for the remainder of 2021.
- KORE's average in-place rents are approximately 8% below asking rents.

Summary of Results

| | 2Q 2021 (US\$'000) | 2Q 2020 (US\$'000) | % Change | 1H 2021 (US\$'000) | 1H 2020 (US\$'000) | % Change |
|---|-----------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|
| Gross Revenue | 33,798 | 35,174 | (3.9) | 68,383 | 70,500 | (3.0) |
| Net Property Income | 20,225 | 20,921 | (3.3) | 40,587 | 41,872 | (3.1) |
| Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions) | 20,356 | 20,254 | 0.5 | 40,868 | 40,231 | 1.6 |
| Income Available for Distribution⁽¹⁾ | 15,000 | 14,697 | 2.1 | 29,937 | 29,109 | 2.8 |
| DPU (US cents) for the period | 1.58 | 1.56 | 1.3 | 3.16 | 3.10 | 1.9 |
| Distribution yield (%) ⁽²⁾ | - | - | - | 8.1% | 8.9% | (80 bps) |

(1) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

(2) The annualised distribution yield for 1H 2021 is on a basis of 181 days (1H 2020: 182 days) and pro-rated to 365 days (2020: 366 days). Distribution yields for 1H 2021 and 1H 2020 are based on market closing prices of US\$0.785 and US\$0.700 per Unit as at the last trading day of the respective periods.

Financial Performance

Keppel Pacific Oak US REIT (KORE) has achieved DI of US\$15.0 million for 2Q 2021, bringing DI for 1H 2021 to US\$29.9 million, 2.1% and 2.8% above that of 2Q 2020 and 1H 2020 respectively.

The improved financial performance for 1H 2021 was driven by several factors, including positive rental reversions and built-in annual rental escalations across the portfolio, as well as lower expenses, partially offset by lower y-o-y occupancy.

DPU for 1H 2021 was 3.16 US cents, 1.9% above 1H 2020's DPU of 3.10 US cents. Distribution yield was 8.1% based on the market closing price of US\$0.785 per Unit as at the last trading day on 30 June 2021. KORE declares its distributions semi-annually, and Unitholders can expect to receive their distributions on 28 September 2021.

Portfolio Review

In 1H 2021, KORE committed approximately 302,000 sf of office space, equivalent to about 6.4% of its total portfolio by net lettable area. Most of the leasing activity occurred in the technology hubs of Seattle – Bellevue/Redmond and Denver. This brought KORE's portfolio committed occupancy to 90.5% as at 30 June 2021, with 7.7% of leases by cash rental income (CRI) expiring for the remainder of the year.

KORE continued to achieve positive rental reversion of 5.4% in 1H 2021, driven mainly by the technology hubs of Seattle – Bellevue/Redmond and Austin. At the same time, average rental collections for 1H 2021 remained strong at approximately 98%. Approximately 36% of KORE's tenants operate in the key growth sectors of technology, as well as medical and healthcare – two of the fastest growing industries in the US¹. In 2020, the estimated direct contribution of the technology sector to the US economy was 10.5%. US net technology employment accounted for approximately 7.9% of the overall workforce and is projected to grow at an estimated 2.0% year-over-year reaching 12.4 million in 2021².

The weighted average lease expiry by CRI for KORE's portfolio and top 10 tenants was 3.5 years and 4.5 years respectively. Tenant concentration risk remains low with the top 10 tenants accounting for only 20.5% of CRI.

Capital Management

KORE continues to maintain a strong and flexible balance sheet with significant liquidity. All of KORE's borrowings are US dollar-denominated and 100% unsecured, providing the REIT funding flexibility as it continues to pursue long-term growth.

As at 30 June 2021, KORE's all-in average cost of debt was 2.82% p.a. Aggregate leverage and interest coverage ratio were 37.1% and 4.9 times respectively. The weighted average term to maturity of KORE's debt was

2.5 years, with no long-term debt refinancing requirements until November 2022. The Manager continues to manage its interest rate exposure with floating-to-fixed interest rate swaps. As at 30 June 2021, 84.7% of the REIT's non-current loans have been hedged.

Market Outlook

In 1Q 2021, the US economy grew 6.4% quarter-on-quarter reflecting the continued economic recovery, reopening of establishments, and continued positive government response related to the COVID-19 pandemic³. The unemployment rate was by 5.9% in June 2021, considerably down from its high of 14.8% in April 2020⁴.

In its July 2021 Office National Report, CoStar reported average rent growth of -1.5% for the last 12 months. Over the same period, average rent growth for KORE's key growth markets was -0.2%, while growth in the gateway cities was -2.5%.

Although leasing activity remained subdued across the US, technology giants continued their leasing momentum, with Amazon accounting for the two biggest leases in 1Q 2021, committing approximately 700,000 sf in Boston and 605,000 sf in Bellevue where KORE has a presence in. This brought Amazon's total space commitment in Bellevue to approximately 6 million sf⁵ as part of its plans to create more than 25,000 new jobs in the city over the next few years⁶. Meanwhile, Google announced in May 2021 plans to spend more than US\$7 billion on office spaces and data centres this year and create more than 10,000 new full-

¹ U.S. Bureau of Labor Statistics, Employment Projections – 2019-2029.

² CompTIA Cyberstates Report, 2021.

³ U.S. Bureau of Economic Analysis, June 2021.

⁴ U.S. Bureau of Labor Statistics, July 2021.

⁵ CoStar Office National Report, 1 July 2021.

⁶ <https://www.aboutamazon.com/news/job-creation-and-investment/bringing-additional-jobs-to-bellevue>

time jobs⁷. In July 2021, Facebook signed an additional lease for 300,000 sf, bringing its space commitment in Bellevue's Spring District to approximately 1.6 million sf⁸.

Looking Ahead

While government aid and stimulus has helped boost consumer spending and mitigate the economic impact of the COVID-19 pandemic in the US, broad concerns remain over the pace of inflation fuelled by the fiscal and monetary policy.

Notwithstanding that, with continued progress in the pace of vaccinations across the US, the Manager remains confident of the long-term prospects of its key growth markets, and is proactively seeking expansion opportunities to expand and solidify its presence in Super Sun Belts and 18-Hour Cities of the US⁹ that are characterised by factors including low or no taxes, as well as economic and employment growth that are above the national average.

At the same time, improving leasing metrics will continue to be a key focus in its efforts to deliver stable returns and long term value for Unitholders. KORE's average in-place rents which are approximately 8% below asking rents, will provide an avenue of organic growth for the REIT. The Manager's continued prudent approach towards capital management and its proactive leasing efforts will also see KORE capture rental escalations and positive rental reversions as leases expire.

- End -

About Keppel Pacific Oak US REIT (www.koreusreit.com)

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'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 of the United States (US) with positive economic and office fundamentals, so as to provide sustainable distributions and strong total returns for Unitholders.

KORE is a technology-focused office REIT with the technology hubs of Seattle – Bellevue/Redmond, Austin and Denver contributing more than half of its net property income. Its portfolio comprises a balanced mix of freehold office buildings and business campuses across key growth markets significantly driven by innovation and technology in the US. These quality properties have a diversified tenant base led by tenants in the growth and defensive sectors such as technology, as well as medical and healthcare.

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

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

⁸ <https://425business.com/facebook-adding-another-bellevue-building-in-spring-district/>

⁹ Source: 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 and Seattle.

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

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

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