

Keppel Pacific Oak US REIT Presentation for Maybank Kim Eng

22 June 2021

Important Notice

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

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

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

Content Outline

Page 3	Overview
Page 8	1Q 2021 Key Business and Operational Updates
Page 14	Market Outlook
Page 20	Additional Information

Constituent of:



MSCI Singapore Small Cap Index



FTSE All World Small Cap Index
FTSE ST Singapore Shariah Index

Overview

Tenant lounge at
The Westpark Portfolio
Redmond, Seattle, Washington





Unique exposure to key US growth markets

Benefitting from solid US office real estate fundamentals

Tax advantaged structure

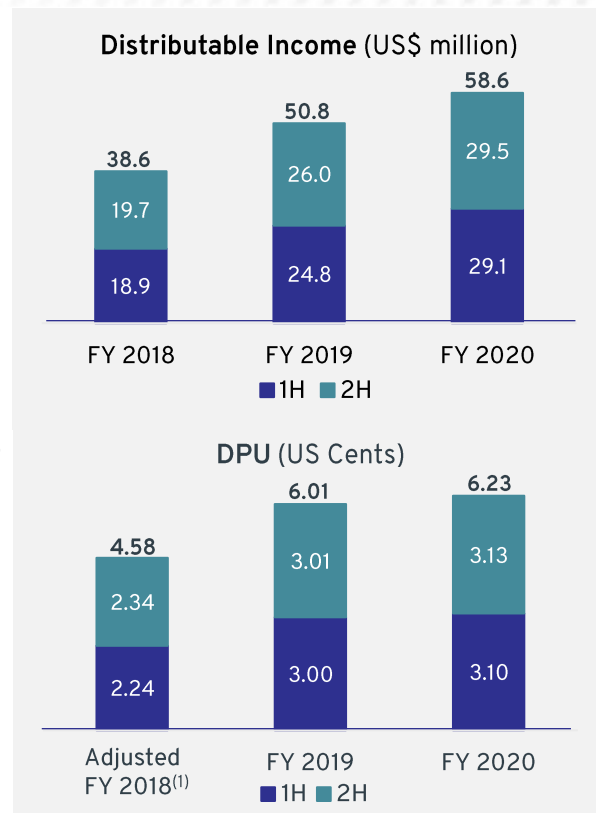
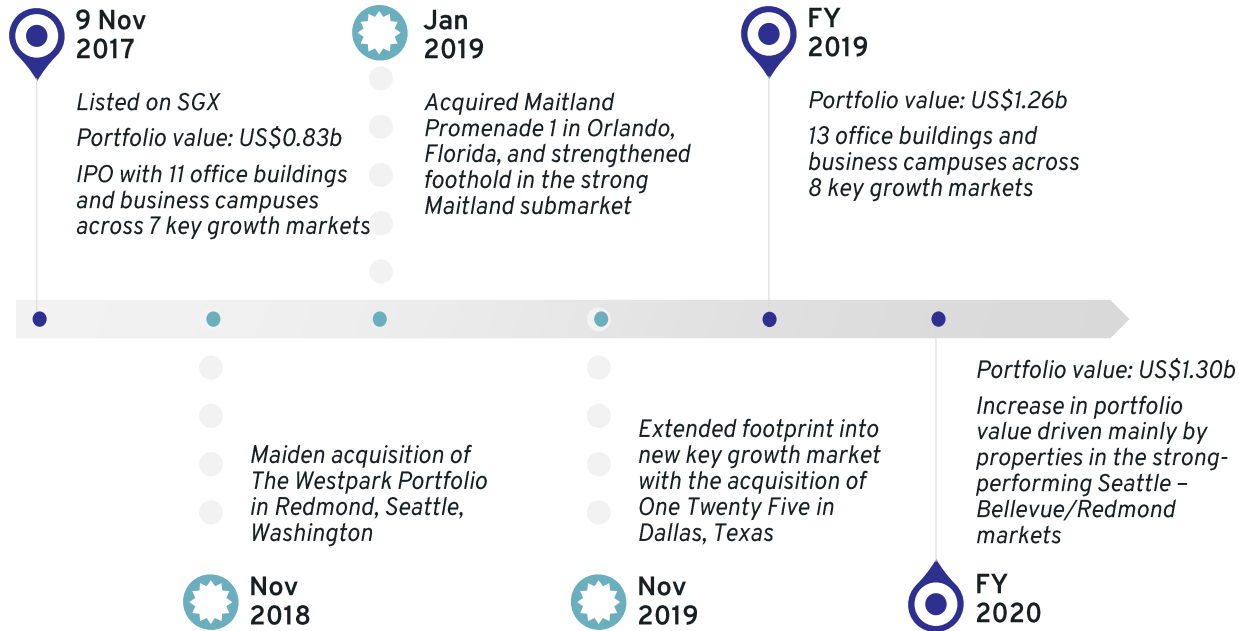
Sponsors*	<ul style="list-style-type: none"> Keppel Capital and KORE Pacific Advisors (“KPA”)
US Asset Manager	<ul style="list-style-type: none"> Pacific Oak Capital Advisors LLC, also advisor for Pacific Oak Strategic Opportunity REIT
Manager	<ul style="list-style-type: none"> Keppel Pacific Oak US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

*Refer to slide 22 for more information on the Sponsors

About Keppel Pacific Oak US REIT (KORE)

Distinctive US office REIT focused on key growth markets significantly driven by tech and innovation

Successful Execution of Growth Strategy



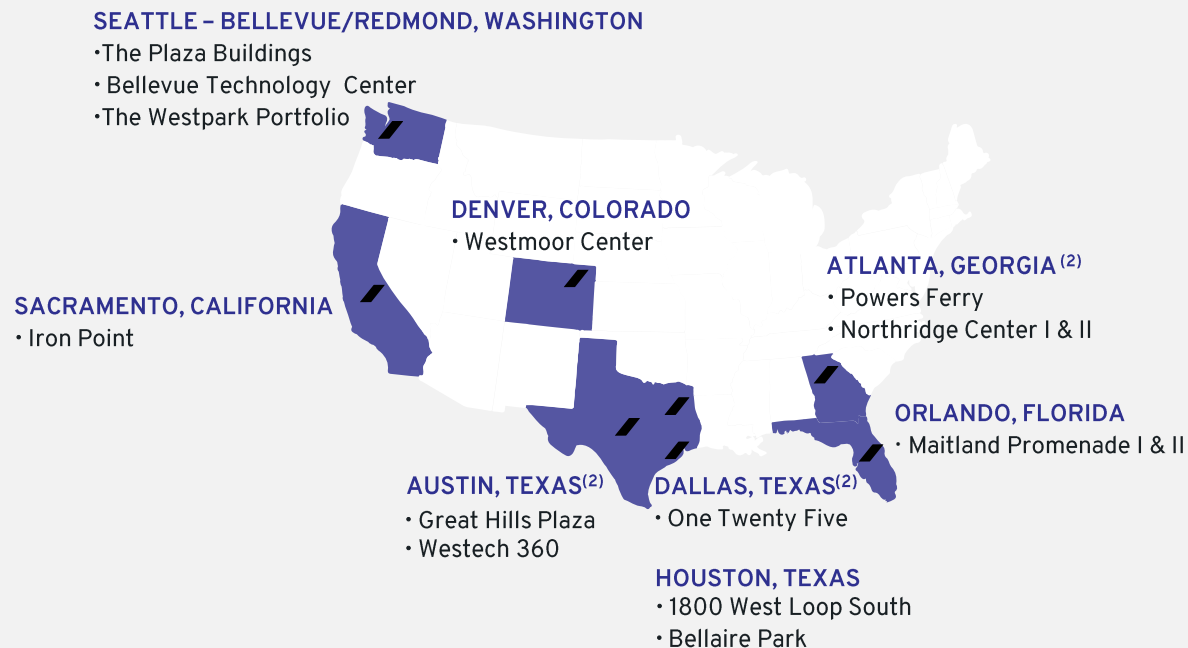
(1) Adjusted Actual FY 2018 was calculated based on the weighted average number of Units for FY 2019 of 843,917,481 Units to remove the effects of the enlarged Unit base in FY 2019 for comparison purpose.

Magnet Cities for Businesses and Individuals

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

- ✓ Low or no taxes in most markets
- ✓ GDP, employment and population growth above national average
- ✓ Highly-educated workforce
- ✓ Amenity-rich locations
- ✓ Good infrastructure with lower congestion
- ✓ COVID-accelerated suburban appeal

Majority of KORE's key growth markets are located in Super Sun Belt and 18-Hour cities⁽¹⁾



➤ KORE is well poised to capture growth from population migration and suburbanisation trends

Key Growth Markets Driven By Tech And Innovation



91.6%
Portfolio Committed
Occupancy

Exposure to tech hubs and tech-tenancy will provide income resilience as businesses accelerate their digital transformation strategies.

SEATTLE - BELLEVUE/REDMOND, Washington



The Plaza Buildings
Occupancy: 93.1%



Bellevue Technology Center
Occupancy: 96.1%



The Westpark Portfolio
Occupancy: 94.6%

ATLANTA, Georgia



Powers Ferry
Occupancy: 80.1%



Northridge Center I & II
Occupancy: 77.9%

DENVER, Colorado



Westmoor Center
Occupancy: 96.8%

SACRAMENTO, California



Iron Point
Occupancy: 96.4%

AUSTIN, Texas



Great Hills Plaza
Occupancy: 100%



Westtech 360
Occupancy: 72.2%

HOUSTON, Texas



1800 West Loop South
Occupancy: 77.8%



Bellaire Park
Occupancy: 91.6%

ORLANDO, Florida

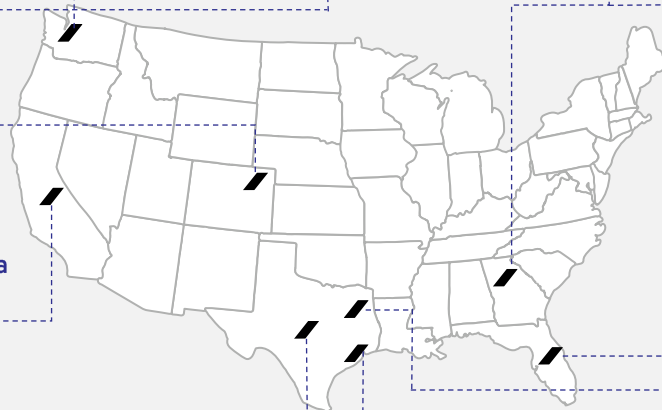


Maitland Promenade I & II
Occupancy: 94.5%

DALLAS, Texas



One Twenty Five
Occupancy: 96.0%



1Q 2021 Key Business and Operational Updates

*Tenant space at
The Westpark Portfolio
Redmond, Seattle, Washington*



Financial Performance

Distributable Income for 1Q 2021 was US\$14.9m, 3.6% above 1Q 2020, supported by:

- New and expansion leases from the tech hubs of Seattle – Bellevue/Redmond and Denver



Strong balance sheet with significant liquidity

- Low gearing of 37.5% with no long-term refinancing requirements until November 2022
- Cash and undrawn facilities of US\$93.5m as at 31 March 2021



Financial Highlights

	1Q 2021 (US\$ 'm)	1Q 2020 (US\$ 'm)	% Change
Gross Revenue	34.6	35.3	(2.1)
Net Property Income (NPI)	20.4	21.0	(2.8)
Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions)	20.5	20.0	2.7
Income Available for Distribution⁽¹⁾	14.9	14.4	3.6

Robust financial position and healthy aggregate leverage

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

As at 31 March 2021

Total Debt

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

Available Facilities

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

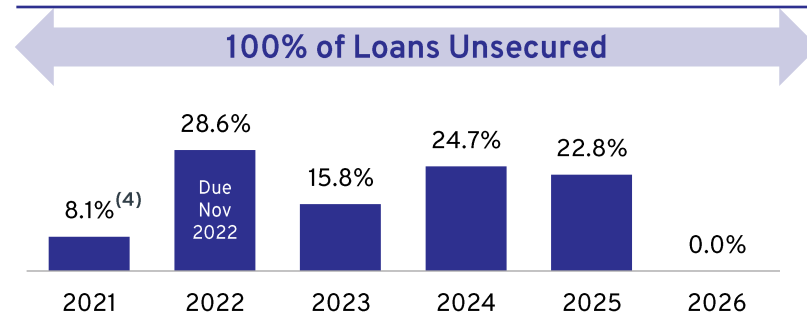
Aggregate Leverage⁽¹⁾ 37.5%

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

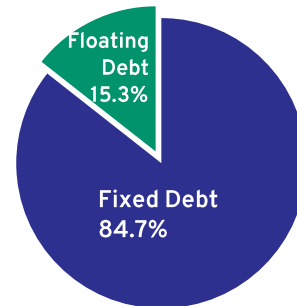
Interest Coverage⁽³⁾ 4.8 times

Average Term to Maturity 2.7 years

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁽⁵⁾

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

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

(2) Includes amortisation of upfront debt financing costs.

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

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

(5) Based on the 15.3% floating debt, US\$41m revolving credit facility drawn which are unhedged and the total number of Units in issue as at 31 March 2021.

Stable income with visible organic growth

~128,000 sf of space leased in 1Q 2021, equivalent to 2.7% of portfolio NLA



+5.7% positive rent reversion driven by rent growth in Seattle – Bellevue/Redmond and Austin



Leasing activities driven mainly by demand from professional services, finance and insurance, and tech



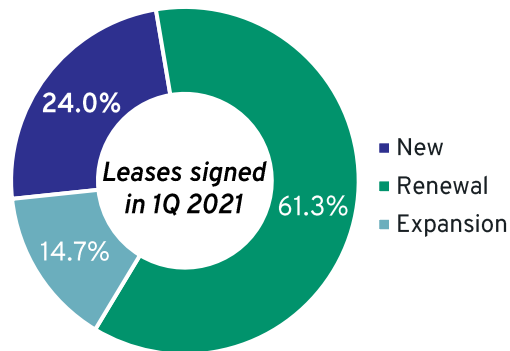
~98% of rent collected in 1Q 2021, and received limited rent deferment requests amounting to only ~0.5% of NLA



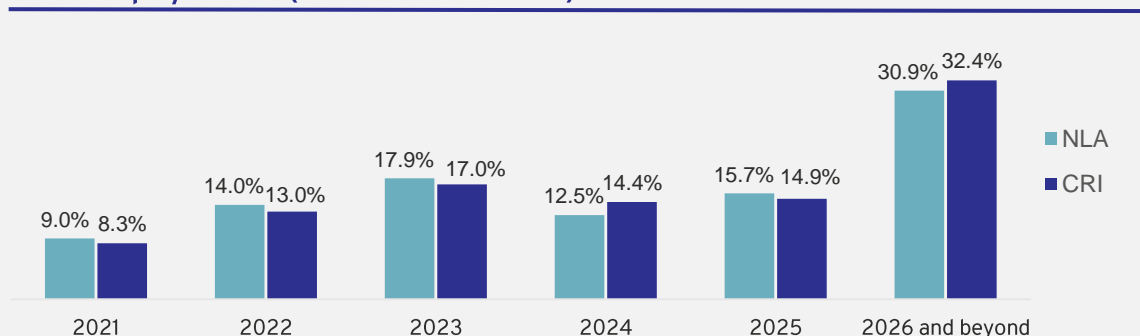
In-place rents are ~8% below asking rents, which provides an avenue for organic growth



3.7 years Portfolio WALE by CRI as at 31 March 2021⁽¹⁾



Lease Expiry Profile (as at 31 March 2021)



Tech Focused Tenant Composition and Industry Exposure

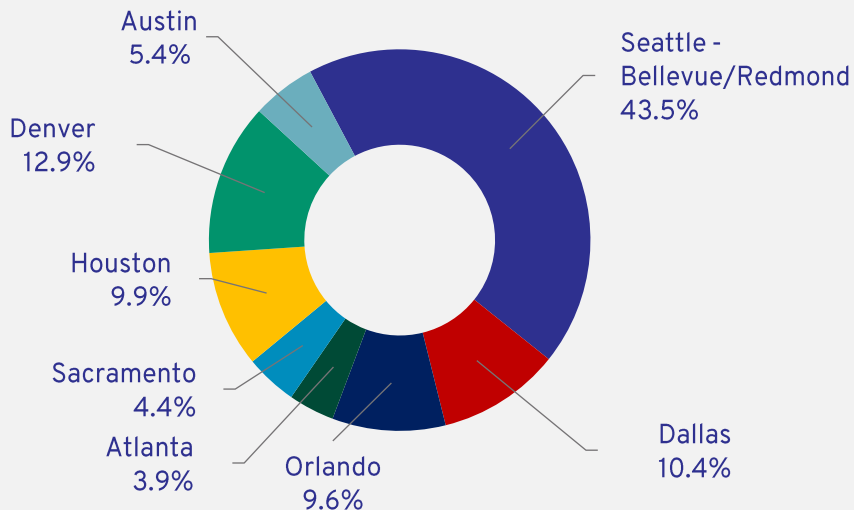


KORE's buildings and business campuses in the tech hubs of Seattle – Bellevue/Redmond, Austin and Denver contribute ~62% of NPI⁽¹⁾

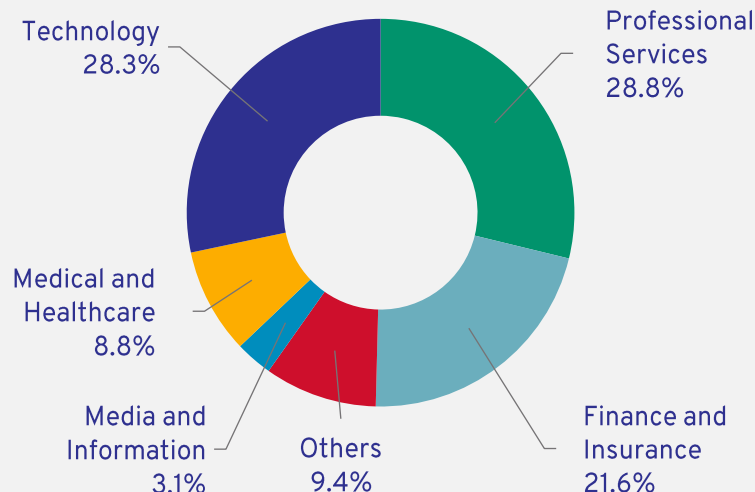


Over 37% of KORE's portfolio NLA is comprised of high quality tenants from the growing and defensive sectors of technology, and medical/healthcare

Geographic Diversification by NPI⁽¹⁾ contribution as at 31 March 2021



Industry Diversification by NLA as at 31 March 2021



Low Tenant Concentration Risk



Top 10 tenants contribute only 20.4% of CRI

Majority are established tech companies

As at 31 March 2021

Top 10 Tenants	Sector	Asset	% of CRI
Ball Aerospace	Technology	Westmoor Center	3.1
Lear	Technology	The Plaza Buildings	2.8
Oculus VR	Technology	The Westpark Portfolio	2.4
Zimmer Biomet Spine	Technology	Westmoor Center	2.0
Spectrum	Media & Information	Maitland Promenade I & II	1.9
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Center	1.7
Bio-Medical Applications	Medical & Healthcare	One Twenty Five	1.7
US Bank	Finance & Insurance	The Plaza Buildings	1.7
Auth0	Technology	The Plaza Buildings	1.7
Reed Group	Technology	Westmoor Center	1.4
Total			20.4
WALE by (NLA)			4.3 years
WALE by (CRI)			4.5 years

Market Outlook

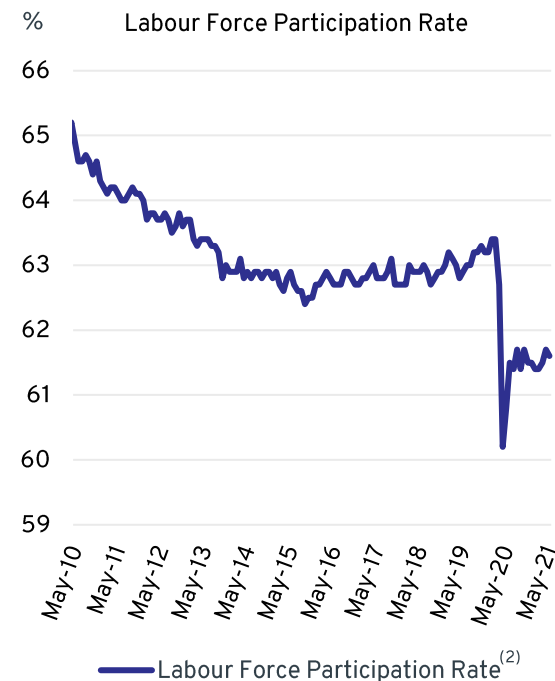
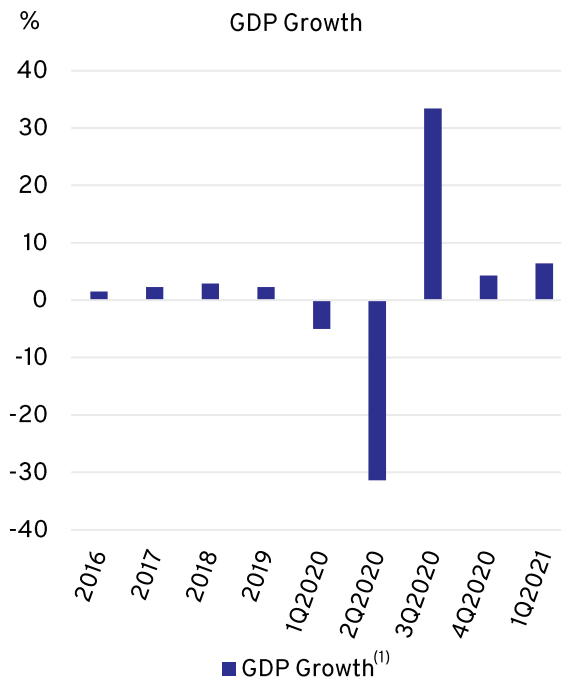
*Westmoor Center
Denver, Colorado*



US Economy: Recovery Apace

Continued resumption of economic activity in 2021

- US Real GDP increased 6.4% q-o-q in 1Q 2021 reflecting the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic⁽¹⁾.
- Unemployment rate was 5.8% in May 2021, down considerably from its high of 14.8% in April 2020⁽²⁾.
- Labour force participation rate was 61.7% in May 2021, with 6.6 million persons seeking jobs⁽²⁾.
- Economy will continue to benefit from the US government's support:
 - US\$1.9 trillion COVID-19 stimulus package announced in March 2021⁽³⁾.



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

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

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

KORE Has Assets In Some Of The Fastest Growing States In The US

KORE is well poised to benefit from 'The Great American Move' into Sunbelt states and 18-Hour cities

Demographic trends accelerated by COVID-19⁽¹⁾:

- Move to Sun Belt states and 18-Hour cities
- Suburban migration
- Public open spaces
- Building safety/health concerns
- Affordable housing

Reasons for moving:

- ✓ **Less dense:** COVID-19 has caused people to move out of large metro areas at higher rates in 2020 than in 2019⁽²⁾
- ✓ **Bang for your buck:** People are leaving high-cost cities in exchange for lower cost of living⁽³⁾
- ✓ **Housing costs:** Amid the pandemic, people are flocking to cities with cheaper housing options⁽³⁾
- ✓ **Tax incentives:** States with low-or zero-income taxes are attracting the most people and companies⁽⁴⁾

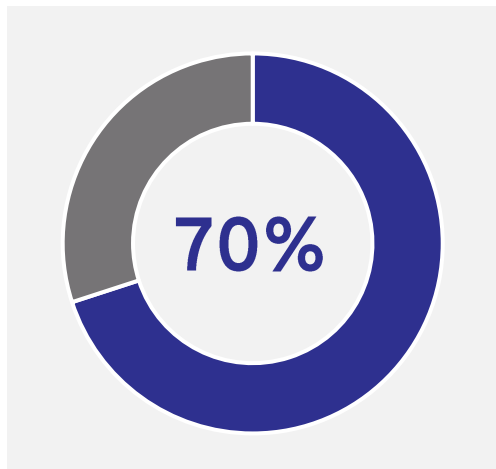
Fastest Growing States from 2010-2020⁽⁵⁾

Utah	18.4%
Idaho	17.3%
Texas*	15.9%
North Dakota	15.8%
Nevada	15.0%
Colorado*	14.8%
District of Columbia	14.6%
Florida*	14.6%
Washington*	14.6%
Arizona	11.9%

**States which KORE has a presence in*

CEOs And Employees Want To Return To Offices

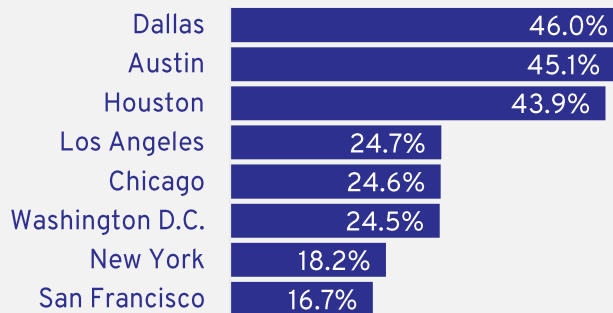
- Progress in vaccinations and the removal of COVID-19 restrictions are raising confidence and optimism.



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

Employee Office Visits

(as at 2 Jun 2021)⁽²⁾



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

People Vaccinated in the US

(% of total Population)⁽³⁾

At Least One Dose

52%

Fully Vaccinated

43%

Total Vaccine Doses Administered: 309,322,545

- COVID-19 cases and deaths in the US have dropped to their lowest levels in nearly a year, and the number of people vaccinated continues to grow.

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

(2) Kastle Systems Back to Office Barometer.

(3) Centers for Disease Control and Prevention (CDC) COVID Data Tracker, as at 14 June 2021.

Companies Accelerating Their Return-to-Office Plans

fn

Financial News

JPMorgan asks City staff to start trek back to the office from 21 June

All employees will be expected to come back, a memo to staff says

The New York Times

Goldman Sachs Asks Most Employees to Return to Office by Late June

Most employees at the big banks have been working from home since the pandemic began last year, but Goldman's plans signal that some executives are eager to attempt a return to office life.

By Kate Kelly and Lauren Hirsch

May 4, 2021

Forbes

Apple Employees Will Return To The Office Three Days A Week Starting In September

Keppel Pacific Oak US REIT

THE REAL DEAL
NEW YORK REAL ESTATE NEWS

Facebook's NYC offices will open to employees in July

Offices will open at 25% capacity at first

New York

May. 26, 2021 09:45 AM

Bloomberg

BlackRock Plans Staff Return in September, With Some Remote Work

By Annie Massa

May 15, 2021, 5:53 AM GMT+8

Mastercard Maps Out Plans to Return U.S. Workers to Offices

By Jennifer Surane

May 19, 2021, 10:40 PM GMT+8

Updated on May 19, 2021, 11:18 PM GMT+8

- ▶ Firm expects workers in at least two days a week at first
- ▶ Human connection 'an important part of who we are,' CEO says

Committed to Deliver Long-Term Value



Exposure to growth and defensive sectors of technology, as well as medical and healthcare.



Highly diversified portfolio with low tenant concentration risk.



100% unsecured debt, low aggregate leverage of 37.5% with no long-term refinancing requirements until November 2022.



Positive average rental reversion of 5.7%, driven mainly by rent growth in Seattle - Bellevue/Redmond and Austin.



Healthy committed occupancy of 91.6% and WALE of 3.7 years by CRI. Visible organic growth from 2.6% built-in average annual rental escalations.



Trading liquidity with index inclusion - Constituents to the FTSE All World Small Cap, MSCI Singapore Small Cap and FTSE ST Singapore Shariah Indices.

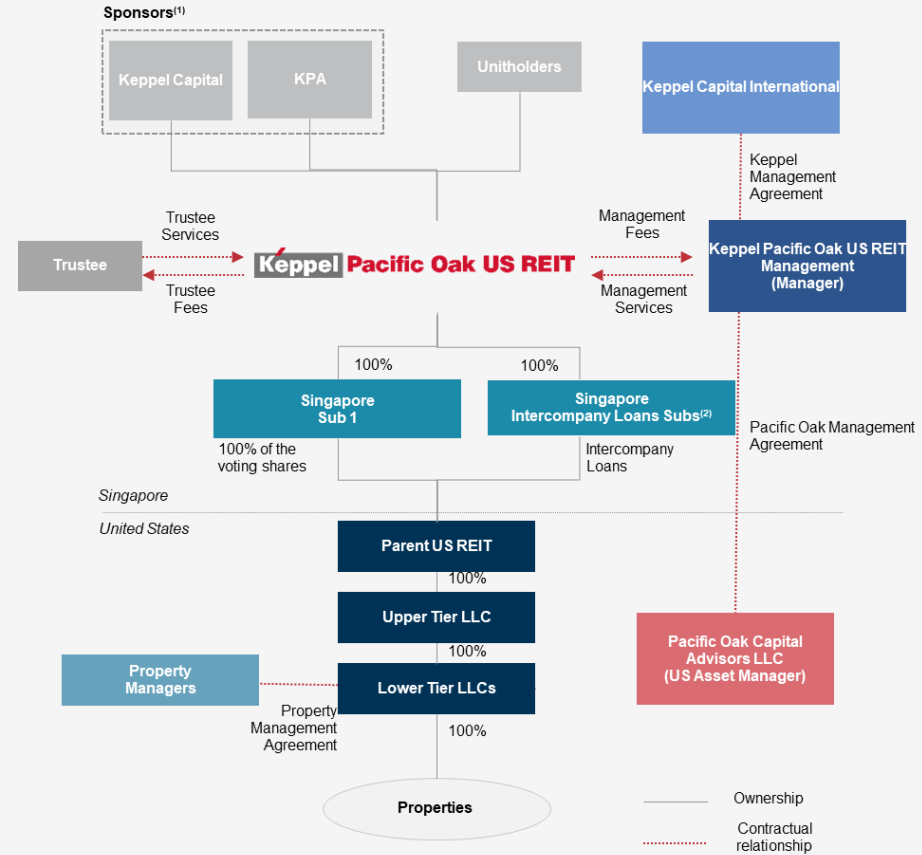
Additional Information

*Westech 360
Austin, Texas*



Trust Structure

- ✓ Tax-efficient structure for holding US properties
 - No US corporate tax (21%) and US withholding tax (30%)
 - No Singapore corporate tax (17%) and Singapore withholding tax (10%)
 - Subject to limited tax
- ✓ Leverage Sponsors' expertise and resources to optimise returns for Unitholders
- ✓ Alignment of interests among Sponsors, Manager and Unitholders



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

Strong Sponsors: Keppel Capital and KORE Pacific Advisors



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



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

Thank You

For more information,
please visit www.koreusreit.com

Connect with us on: 

OUR SUSTAINABILITY COMMITMENT

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



ENVIRONMENTAL STEWARDSHIP

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



RESPONSIBLE BUSINESS

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



PEOPLE AND COMMUNITY

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