

**KEPPEL PACIFIC OAK US REIT  
FINANCIAL STATEMENTS ANNOUNCEMENT  
UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020****TABLE OF CONTENTS**

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## INTRODUCTION

Keppel Pacific Oak US REIT is a Singapore real estate investment trust constituted by the Trust Deed dated 22 September 2017 between Keppel Pacific Oak US REIT Management Pte. Ltd., as the Manager of Keppel Pacific Oak US REIT and Perpetual (Asia) Limited, as the Trustee of Keppel Pacific Oak US REIT.

Keppel Pacific Oak US REIT is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017 ("Listing Date"). Keppel Pacific Oak US REIT'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 favourable economic and office fundamentals so as to provide sustainable distributions and strong total returns to Unitholders.

As at 31 December 2020, the portfolio of Keppel Pacific Oak US REIT comprises 13 office properties ("the Properties") in the United States across 8 key growth markets, with an aggregate NLA of 4,703,684 sq. ft. with approximately US\$1.30 billion in value, as follows:

- The Plaza Buildings
- Bellevue Technology Center
- The Westpark Portfolio
- Iron Point
- Westmoor Center
- Great Hills Plaza
- Westech 360
- 1800 West Loop South
- Bellaire Park
- 125 John Carpenter ("One Twenty Five")
- Powers Ferry
- Northridge Center I & II
- Maitland Promenade I & II

KORE was added into FTSE All World Small Cap Index on 20 March 2020 and MSCI Singapore Small Cap Index on 29 May 2020 which are important milestones for the REIT to increase its visibility among global investors and enhance its trading liquidity.

Following the amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited Listing Rules in relation to the introduction of half-yearly financial results reporting which were effective from 7 February 2020, Keppel Pacific Oak US REIT have adopted the half-yearly announcement of financial statements with effect from the financial year ending 31 December 2020 ("FY2020").

**SUMMARY OF KEPPEL PACIFIC OAK US REIT RESULTS  
FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2020**

	Group					
	Actual 2H 2020	Actual 2H 2019	+/(-)	Actual FY 2020	Actual FY 2019	+/(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	69,090	64,162	7.7	139,590	122,886	13.6
Property Expenses	(27,979)	(25,585)	9.4	(56,607)	(48,133)	17.6
Net Property Income <sup>(1)</sup>	41,111	38,577	6.6	82,983	74,753	11.0
Net Income for the period <sup>(2)</sup>	42,994	58,080	(26.0)	56,387	69,658	(19.1)
Income available for distribution to Unitholders <sup>(3)</sup>	29,519	26,025	13.4	58,628	50,783	15.4
Available distribution per Unit (DPU) (US cents) <sup>(4)</sup>	3.13	3.01	4.0	6.23	6.01	3.7
Annualised available for distribution yield (%) <sup>(5)</sup>				9.0%	7.7%	130bps

**Notes:**

- (1) Net property income was higher than 2019 actuals due to contributions from One Twenty Five that was acquired in November 2019 and higher rental income from 2H 2019 leasing activities and built-in rental escalation. For more details, please refer to Paragraph 8 – Review of Performance.
- (2) For information on the variance for net income, please refer to Paragraph 1(A)(i)(ii) – Consolidated Statement of Comprehensive Income and Distribution Statement as well as Paragraph 8 – Review of Performance.
- (3) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
- (4) DPU of 3.13 US cents for 2H 2020 was calculated based on 943,055,659 issued units as at 31 December 2020, while DPU of 3.01 US cents for 2H 2019 comprise an Advance Distribution of 1.95 US cents for the period from 1 July 2019 to 28 October 2019, calculated over a Unit base of 826,890,926 and a distribution of 1.06 US cents for the period from 29 October 2019 to 31 December 2019, calculated over a Unit base of 934,149,036.
- (5) Distribution yields for FY 2020 and FY 2019 are based on market closing prices of US\$0.690 and US\$0.780 per Unit as at last trading day of the respective periods.

## 1 UNAUDITED RESULTS FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2020

The Directors of Keppel Pacific Oak US REIT Management Pte. Ltd., as the Manager of Keppel Pacific Oak US REIT, advise the following unaudited results of the Group for the year ended 31 December 2020:

### 1 (A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT

Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Performance between Actual 2020 and 2019 results

	Note	Actual 2H 2020	Actual 2H 2019	+/(-)%	Actual FY 2020	Actual FY 2019	+/(-)%
		US\$'000	US\$'000		US\$'000	US\$'000	
<u>Consolidated Statement of Comprehensive Income</u>							
Rental income		51,781	47,333	9.4	103,186	91,209	13.1
Recoveries income		16,058	14,460	11.1	33,055	27,099	22.0
Other operating income		1,251	2,369	(47.2)	3,349	4,578	(26.8)
<b>Gross Revenue</b>		<b>69,090</b>	<b>64,162</b>	<b>7.7</b>	<b>139,590</b>	<b>122,886</b>	<b>13.6</b>
Utilities		(4,123)	(4,329)	(4.8)	(7,899)	(7,932)	(0.4)
Repairs and maintenance		(3,220)	(2,988)	7.8	(6,376)	(5,558)	14.7
Property management fees		(3,585)	(3,622)	(1.0)	(7,063)	(6,372)	10.8
Property taxes		(7,697)	(6,882)	11.8	(16,715)	(13,496)	23.9
Other property expenses		(9,354)	(7,764)	20.5	(18,554)	(14,775)	25.6
<b>Property expenses</b>		<b>(27,979)</b>	<b>(25,585)</b>	<b>9.4</b>	<b>(56,607)</b>	<b>(48,133)</b>	<b>17.6</b>
<b>Net Property Income</b>		<b>41,111</b>	<b>38,577</b>	<b>6.6</b>	<b>82,983</b>	<b>74,753</b>	<b>11.0</b>
Finance income		19	53	(64.2)	46	89	(48.3)
Finance expenses	1	(7,772)	(8,158)	(4.7)	(15,857)	(16,065)	(1.3)
Manager's base fee	2	(3,020)	(2,602)	16.1	(5,931)	(5,078)	16.8
Manager's performance fee	3	(681)	-	NM	(681)	-	NM
Trustee's fee	4	(86)	(62)	38.7	(200)	(122)	63.9
Fair value change in derivatives	5	2,976	613	>100	(8,594)	(8,775)	(2.1)
Other trust expenses	6	(206)	(1,703)	(87.9)	(2,125)	(2,929)	(27.4)
<b>Net income for the period before tax and fair value change in investment properties</b>		<b>32,341</b>	<b>26,718</b>	<b>21.0</b>	<b>49,641</b>	<b>41,873</b>	<b>18.6</b>
Net fair value change in investment properties	7	19,731	48,159	(59.0)	19,731	48,159	(59.0)
<b>Net income for the period before tax</b>		<b>52,072</b>	<b>74,877</b>	<b>(30.5)</b>	<b>69,372</b>	<b>90,032</b>	<b>(22.9)</b>
Tax expense	8	(9,078)	(16,797)	(46.0)	(12,985)	(20,374)	(36.3)
<b>Net income for the period</b>		<b>42,994</b>	<b>58,080</b>	<b>(26.0)</b>	<b>56,387</b>	<b>69,658</b>	<b>(19.1)</b>
<u>Distribution Statement</u>							
Net income for the period		42,994	58,080	(26.0)	56,387	69,658	(19.1)
Distribution adjustments	9	(13,475)	(32,055)	(58.0)	2,241	(18,875)	NM
<b>Income available for distribution to Unitholders</b>	10	<b>29,519</b>	<b>26,025</b>	<b>13.4</b>	<b>58,628</b>	<b>50,783</b>	<b>15.4</b>
<b>DPU (US cents)</b>		<b>3.13</b>	<b>3.01</b>	<b>4.0</b>	<b>6.23</b>	<b>6.01</b>	<b>3.7</b>

NM – Not meaningful

**Notes:**

- (1) Finance expenses comprise the following:

	<b>Actual 2H 2020</b>	<b>Actual 2H 2019</b>	<b>+/(-)%</b>	<b>Actual FY 2020</b>	<b>Actual FY 2019</b>	<b>+/(-)%</b>
	<b>US\$'000</b>	<b>US\$'000</b>		<b>US\$'000</b>	<b>US\$'000</b>	
Interest expense on borrowings	6,946	7,653	(9.2)	14,504	15,070	(3.8)
Amortisation of upfront debt-related transaction costs <sup>(a)</sup>	738	436	69.3	1,183	856	38.2
Dividends on preferred units	18	8	>100	36	26	38.5
Commitment fees	70	61	14.8	134	113	18.6
	<b>7,772</b>	<b>8,158</b>	<b>(4.7)</b>	<b>15,857</b>	<b>16,065</b>	<b>(1.3)</b>

- (a) Upfront debt-related transaction costs are amortised over the life of the borrowings.

The decrease in interest expense was largely due to lower interest rates on the unhedged portion of the loans and early refinancing completed during the year, and partially offset by additional interest expense incurred on the loan taken up to partially finance the acquisition of One Twenty Five in November 2019 as well as RCF drawdown during the year to finance capital expenditure and tenant improvements.

- (2) The Manager has elected to receive 100% of its base fee in the form of units for 2H 2020.
- (3) The Manager's performance fee is based on 25% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The Manager has elected to receive 100% of its performance fee in cash for FY 2020.
- (4) The increase in Trustee's fee was due to a higher deposited property and under provision of prior year fees.
- (5) This relates to fair value changes on the floating to fixed interest rate swaps entered into by the Group for hedging purpose due to movement in interest rates for the respective periods.
- (6) Other trust expenses comprise audit, tax compliance and other corporate expenses. The decrease in trust expenses were largely due to lower travelling related expenses for investor relations activities in 2020 and reduction in legal and professional fees.
- (7) Keppel Pacific Oak US REIT obtains independent appraisals on an annual basis and recognises change in fair value as gains / (losses) in the consolidated statement of comprehensive income. The fair value gain in investment properties relates to a net increase in the appraised fair value of investment properties, largely driven from the fair value gains from the Seattle properties – The Westpark Portfolio, The Plaza Buildings and Bellevue Technology Center, which more than offset the valuation loss from the remaining properties.

The outbreak of the COVID-19 (Novel Coronavirus) pandemic and subsequent stay-at-home and social distancing orders have resulted in uncertainty in the outlook of the office sector. The COVID-19 outbreak is still an evolving situation and its impact to the economy and real estate market is driven by the scale and longevity of the pandemic. Market activity and transactions since the pandemic are also limited. Hence, there exists a material uncertainty estimation to the valuations of the investment properties as compared to a standard market condition.

- (8) Tax expense comprises withholding, current and net deferred tax expenses. Current tax expense comprises mainly income tax expense on the Barbados entities, Keppel-KBS US REIT B1 SRL and Keppel-KBS US REIT B2 SRL.

On 7 April 2020, the United States Department of the Treasury released the final regulations under Section 267A (the "Final Regulations"). Pursuant to the Final Regulations, the Manager had completed the restructuring of the Group on 16 April 2020 to revert to a structure which does not involve the Barbados entities, largely following the structure which Keppel Pacific Oak US REIT used when it was initially listed, and which was disclosed in its Prospectus dated 2 November 2017. Henceforth, provision for Barbados income tax had ceased after the completion of the restructuring with effect from 16 April 2020.

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. Tax expense relate to deferred tax expense arising from capital allowances claimed on the investment properties and fair value changes in investment properties, if applicable.

The decrease in tax expense is mainly from lower deferred tax expense from a lower fair value gain in investment properties in 2020 compared to 2019, and in part from lower Barbados current income tax arising from the restructuring as mentioned above.

- (9) Included in distribution adjustments are the following:

	<b>Actual 2H 2020 US\$'000</b>	<b>Actual 2H 2019 US\$'000</b>	<b>+/(-)%</b>	<b>Actual FY 2020 US\$'000</b>	<b>Actual FY 2019 US\$'000</b>	<b>+/(-)%</b>
Property related non-cash items <sup>(a)</sup>	(700)	(2,530)	(72.3)	(2,341)	(4,997)	(53.2)
Manager's base fee paid/payable in units	3,020	2,602	16.1	5,931	5,078	16.8
Trustee's fee	86	62	38.7	200	122	63.9
Amortisation of upfront debt-related transaction costs <sup>(b)</sup>	738	436	69.3	1,183	856	38.2
Net deferred tax expense	9,108	16,540	(44.9)	12,557	19,557	(35.8)
Fair value change in derivatives	(2,976)	(613)	>100	8,594	8,775	(2.1)
Fair value change in investment properties	(19,731)	(48,159)	(59.0)	(19,731)	(48,159)	(59.0)
Others <sup>(c)</sup>	(3,020)	(393)	>100	(4,152)	(107)	>100
<b>Net distribution adjustments</b>	<b>(13,475)</b>	<b>(32,055)</b>	<b>(58.0)</b>	<b>2,241</b>	<b>(18,875)</b>	<b>NM</b>

(a) Property related non-cash items mainly comprise straight-line rent and amortisation of lease incentives.

(b) Upfront debt-related transaction costs are amortised over the life of the borrowings.

(c) Included in others are other non tax-deductible items and other adjustments.

- (10) The income available for distribution and DPU to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. Keppel Pacific Oak US REIT declares distribution on a half-yearly basis. Please refer to Paragraph 12 - Distributions for further information and breakdown.

## 1 (B)(i) STATEMENTS OF FINANCIAL POSITION

	Note	Group		+ / (-) %	Trust		+ / (-) %
		Actual 31-Dec-20 US\$'000	Actual 31-Dec-19 US\$'000		Actual 31-Dec-20 US\$'000	Actual 31-Dec-19 US\$'000	
<b>Current assets</b>							
Cash and cash equivalents		57,324	38,226	50.0	18,289	11,587	57.8
Trade and other receivables	1	4,194	5,295	(20.8)	27,920	10,920	>100
Prepaid expenses		236	232	1.7	106	54	96.3
<b>Total current assets</b>		<b>61,754</b>	<b>43,753</b>	<b>41.1</b>	<b>46,315</b>	<b>22,561</b>	<b>&gt;100</b>
<b>Non-current assets</b>							
Derivative asset	2	98	362	(72.9)	98	362	(72.9)
Investment properties	3	1,304,900	1,256,500	3.9	-	-	NM
Investment in subsidiaries		-	-	NM	1,138,298	1,138,584	-
<b>Total non-current assets</b>		<b>1,304,998</b>	<b>1,256,862</b>	<b>3.8</b>	<b>1,138,396</b>	<b>1,138,946</b>	<b>-</b>
<b>Total Assets</b>		<b>1,366,752</b>	<b>1,300,615</b>	<b>5.1</b>	<b>1,184,711</b>	<b>1,161,507</b>	<b>2.0</b>
<b>Current liabilities</b>							
Trade and other payables	4	20,038	24,140	(17.0)	3,592	4,239	(15.3)
Loans and borrowings	5	41,000	21,000	95.2	41,000	21,000	95.2
Rental security deposits		1,061	787	34.8	-	-	NM
Rent received in advance		7,441	7,358	1.1	-	-	NM
<b>Total current liabilities</b>	6	<b>69,540</b>	<b>53,285</b>	<b>30.5</b>	<b>44,592</b>	<b>25,239</b>	<b>76.7</b>
<b>Non-current liabilities</b>							
Loans and borrowings	5	462,872	456,984	1.3	462,872	456,984	1.3
Rental security deposits		5,170	5,582	(7.4)	-	-	NM
Derivative liability	2	15,150	6,820	>100	15,150	6,820	>100
Preferred units		125	125	NM	-	-	NM
Deferred tax liabilities	7	41,825	29,268	42.9	-	-	NM
<b>Total non-current liabilities</b>		<b>525,142</b>	<b>498,779</b>	<b>5.3</b>	<b>478,022</b>	<b>463,804</b>	<b>3.1</b>
<b>Total liabilities</b>		<b>594,682</b>	<b>552,064</b>	<b>7.7</b>	<b>522,614</b>	<b>489,043</b>	<b>6.9</b>
<b>Net assets</b>		<b>772,070</b>	<b>748,551</b>	<b>3.1</b>	<b>662,097</b>	<b>672,464</b>	<b>(1.5)</b>
<b>Represented by:</b>							
Unitholders' funds		<b>772,070</b>	<b>748,551</b>	<b>3.1</b>	<b>662,097</b>	<b>672,464</b>	<b>(1.5)</b>
<b>Net asset value per Unit (US\$)</b>		<b>0.82</b>	<b>0.80</b>	<b>2.5</b>	<b>0.70</b>	<b>0.72</b>	<b>(2.8)</b>

### Notes:

- (1) Included in trade and other receivables were accrued rental revenue from the tenants. Trade and other receivables of the Trust increased from higher dividend receivable from subsidiaries as there was an Advance Distribution paid during 2H 2019 for the distribution period from 1 July 2019 to 28 October 2019.
- (2) These relate to fair value of the interest rate swaps entered into by the Group for hedging purpose and the variance was due to movement in interest rates during the period.

- (3) Pursuant to Rule 703 of the Listing Manual of the SGX-ST, the Manager has obtained latest independent valuations for all properties; the values are tabulated in the Presentation Slides for “Second Half and Full Year 2020 Financial Results” under “Growing in Value”.

Investment properties are stated at fair value, which has been determined based on valuations performed by an independent valuer, JLL Valuation and Advisory, as at 31 December 2020 and after capitalisation of capital expenditures, tenant improvements, leasing costs and straight-line rent recognised during FY 2020. The valuation reports are available for inspection by prior appointment at the Manager’s registered office at 1 Harbourfront Avenue #18-01 Keppel Bay Tower Singapore 098632 during business hours for a period of three months from the date of this announcement.

All the investment properties held are freehold.

<b>Investment Properties</b>	<b>Carrying value US\$'000</b>
The Plaza Buildings	312,000
Bellevue Technology Center	152,400
The Westpark Portfolio	224,000
Westmoor Center	121,400
Great Hills Plaza	42,100
Westech 360	49,200
1800 West Loop South	79,900
Bellaire Park	52,900
One Twenty Five	102,000
Maitland Promenade I and II	92,300
Iron Point	42,300
Powers Ferry	16,400
Northridge Center I & II	18,000
	<hr/> <b>1,304,900</b> <hr/>
	<b>Carrying value US\$'000</b>
<b>Investment Properties</b>	
As at 1 January 2020	1,256,500
Capital expenditure, leasing costs and straight-line rent capitalised	28,669
Fair value change in investment properties	19,731
<b>As at 31 December 2020</b>	<hr/> <b>1,304,900</b> <hr/>

- (4) The decrease in trade and other payables was largely due to lower outstanding accrued capital expenditure and tenant improvements.
- (5) The higher amount of loans and borrowings were for the funding of capital expenditure and tenant improvements.
- (6) Notwithstanding the net current liability position, with the Group’s existing financial resources and US\$50 million of undrawn committed facilities, the Group believes that it will be able to refinance its borrowings and meet its current obligations as and when they fall due.
- (7) The movement in deferred taxes was due to the fair value gain and tax depreciation of the investment properties.



## 1 (B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES

	Group and Trust	
	As at 31-Dec-20	As at 31-Dec-19
	US\$'000	US\$'000
<u>Unsecured loans and borrowings</u>		
Amount repayable within one year	41,000	21,000
Amount repayable after one year	464,720	459,440
Less: Unamortised upfront debt-related transaction costs	(1,848)	(2,456)
<b>Total unsecured loans and borrowings</b>	<b>503,872</b>	<b>477,984</b>

### Notes:

As at 31 December 2020, the Group have gross borrowings comprising:

- (i) US\$449.7 million of non-current loans to partially finance the Properties
- (ii) US\$15.0 million of non-current loan drawn down from a committed revolving credit facility ("RCF") and US\$41.0 million current loan drawn down from an uncommitted RCF for funding of capital expenditures and tenant improvements.

The Group has further unutilised facilities of US\$59.0 million to meet its future obligations. 84.7% of the non-current term loans had been hedged using floating-for-fixed interest rate swaps. The year-to-date all-in average interest rate for borrowings, including upfront debt-related transaction costs, was 3.22%. Aggregate leverage, as defined in the Property Funds Appendix, is 37.0%.

## 1 (C) CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group			
		Actual 2H 2020	Actual 2H 2019	Actual FY 2020	Actual FY 2019
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>					
Net income before tax		52,072	74,877	69,372	90,032
Adjustments for:					
Property related non-cash items		(700)	(2,530)	(2,341)	(4,997)
Manager's fee paid/payable in Units		3,020	2,602	5,931	5,078
Interest income		(19)	(53)	(46)	(89)
Finance expenses		7,772	8,158	15,857	16,065
Fair value change in derivatives		(2,976)	(613)	8,594	8,775
Fair value change in investment properties		(19,731)	(48,159)	(19,731)	(48,159)
		<b>39,438</b>	<b>34,282</b>	<b>77,636</b>	<b>66,705</b>
<b>Changes in working capital</b>					
Trade and other receivables		1,300	(904)	1,097	(1,302)
Trade and other payables		1,278	4,567	(2,886)	5,996
Rental security deposits		(199)	(54)	(138)	476
Rent received in advance		1,049	847	83	1,945
<b>Cash generated from operations</b>		<b>42,866</b>	<b>38,738</b>	<b>75,792</b>	<b>73,820</b>
Tax paid		(1,001)	(365)	(1,184)	(380)
<b>Net cash generated from operations</b>		<b>41,865</b>	<b>38,373</b>	<b>74,608</b>	<b>73,440</b>
<b>Cash flows from investing activities</b>					
Acquisition of investment properties and related assets and liabilities		-	(99,813)	-	(144,942)
Additions to investment properties		(11,533)	(17,508)	(26,328)	(35,136)
Interest received		19	53	46	89
<b>Net cash used in investing activities</b>		<b>(11,514)</b>	<b>(117,268)</b>	<b>(26,282)</b>	<b>(179,989)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuance of units		-	75,607	-	75,607
Payment of transaction costs relating to issuance of units		-	(1,174)	-	(1,174)
Proceeds from new loans	1	120,000	66,000	140,000	121,000
Repayment of loan	1	(114,720)	(10,000)	(114,720)	(15,000)
Payment of debt related transaction costs		(575)	(255)	(575)	(505)
Financing expense paid on loans and borrowings		(7,226)	(7,773)	(14,887)	(15,136)
Financing expense paid on preferred shares		(18)	(8)	(36)	(26)
Distribution to Unitholders		(29,108)	(40,882)	(39,010)	(60,603)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(31,647)</b>	<b>81,515</b>	<b>(29,228)</b>	<b>104,163</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(1,296)</b>	<b>2,620</b>	<b>19,098</b>	<b>(2,386)</b>
Cash and cash equivalents at beginning of the period		58,620	35,606	38,226	40,612
<b>Cash and cash equivalents at end of the period</b>		<b>57,324</b>	<b>38,226</b>	<b>57,324</b>	<b>38,226</b>

### Notes:

- (1) Proceeds from new loans and repayment of loan includes a new US\$115 million 5-year term loan obtained in 2H 2020 to early refinance an existing loan of US\$114.7 million that is due on November 2021. For further information, please refer to the announcement on 16 July 2020 titled "New Loan Facility Obtained by Keppel Pacific Oak US REIT". The remaining proceeds from new loans relate to drawdowns from revolving credit facilities for funding of capital expenditures and tenant improvements for the respective periods.

## 1 (D)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Group	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
<b>At 1 January 2020</b>	<b>685,218</b>	<b>63,333</b>	<b>748,551</b>
<b>Operations</b>			
Net income for the period	-	13,393	13,393
<b>Unitholders' transactions</b>			
Reversal of issue costs previously taken into equity	211	-	211
Management fees paid in units	2,911	-	2,911
Distribution to Unitholders	(3,456)	(6,446)	(9,902)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(334)</b>	<b>(6,446)</b>	<b>(6,780)</b>
<b>At 30 June 2020</b>	<b>684,884</b>	<b>70,280</b>	<b>755,164</b>
<b>Operations</b>			
Net income for the period	-	42,994	42,994
<b>Unitholders' transactions</b>			
Management fees paid and payable in units <sup>(1)</sup>	3,020	-	3,020
Distribution to Unitholders	(10,892)	(18,216)	(29,108)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(7,872)</b>	<b>(18,216)</b>	<b>(26,088)</b>
<b>At 31 December 2020</b>	<b>677,012</b>	<b>95,058</b>	<b>772,070</b>
<b>Group</b>			
<b>At 1 January 2019</b>	<b>623,739</b>	<b>34,237</b>	<b>657,976</b>
<b>Operations</b>			
Net income for the period	-	11,578	11,578
<b>Unitholders' transactions</b>			
Management fees paid in units	2,476	-	2,476
Distribution to Unitholders	(5,423)	(14,298)	(19,721)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(2,947)</b>	<b>(14,298)</b>	<b>(17,245)</b>
<b>At 30 June 2019</b>	<b>620,792</b>	<b>31,517</b>	<b>652,309</b>
<b>Operations</b>			
Net income for the period	-	58,080	58,080
<b>Unitholders' transactions</b>			
Private placement <sup>(2)</sup>	75,607	-	75,607
Issue costs	(180)	-	(180)
Acquisition fees paid in units <sup>(3)</sup>	1,015	-	1,015
Management fees paid and payable in units <sup>(4)</sup>	2,602	-	2,602
Distribution to Unitholders	(14,618)	(26,264)	(40,882)
<b>Net increase / (decrease) in net assets resulting from Unitholders' transactions</b>	<b>64,426</b>	<b>(26,264)</b>	<b>38,162</b>
<b>At 31 December 2019</b>	<b>685,218</b>	<b>63,333</b>	<b>748,551</b>

	Units in issue and to be issued US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Total US\$'000
<b>Trust</b>			
<b>At 1 January 2020</b>	<b>685,218</b>	<b>(12,754)</b>	<b>672,464</b>
<b>Operations</b>			
Net profit for the period	-	3,041	3,041
<b>Unitholders' transactions</b>			
Reversal of issue costs previously taken into equity	211	-	211
Management fees paid in units	2,911	-	2,911
Distribution to Unitholders	(3,456)	(6,446)	(9,902)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(334)</b>	<b>(6,446)</b>	<b>(6,780)</b>
<b>At 30 June 2020</b>	<b>684,884</b>	<b>(16,159)</b>	<b>668,725</b>

<b>Operations</b>			
Net income for the period	-	19,460	19,460
<b>Unitholders' transactions</b>			
Management fees paid and payable in units <sup>(1)</sup>	3,020	-	3,020
Distribution to Unitholders	(10,892)	(18,216)	(29,108)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(7,872)</b>	<b>(18,216)</b>	<b>(26,088)</b>
<b>At 31 December 2020</b>	<b>677,012</b>	<b>(14,915)</b>	<b>662,097</b>

	Units in issue and to be issued US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Total US\$'000
<b>Trust</b>			
<b>At 1 January 2019</b>	<b>623,739</b>	<b>10,103</b>	<b>633,842</b>
<b>Operations</b>			
Net income for the period	-	3,278	3,278
<b>Unitholders' transactions</b>			
Management fees paid in units	2,476	-	2,476
Distribution to Unitholders	(5,423)	(14,298)	(19,721)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(2,947)</b>	<b>(14,298)</b>	<b>(17,245)</b>
<b>At 30 June 2019</b>	<b>620,792</b>	<b>(917)</b>	<b>619,875</b>

<b>Operations</b>			
Net income for the period	-	14,427	14,427
<b>Unitholders' transactions</b>			
Private placement <sup>(2)</sup>	75,607	-	75,607
Issue costs	(180)	-	(180)
Acquisition fees paid in units <sup>(3)</sup>	1,015	-	1,015
Management fees paid and payable in units <sup>(4)</sup>	2,602	-	2,602
Distribution to Unitholders	(14,618)	(26,264)	(40,882)
<b>Net increase / (decrease) in net assets resulting from Unitholders' transactions</b>	<b>64,426</b>	<b>(26,264)</b>	<b>38,162</b>
<b>At 31 December 2019</b>	<b>685,218</b>	<b>(12,754)</b>	<b>672,464</b>

**Notes:**

- (1) This comprise 2,003,604 units issued on 30 October 2020 as payment of management fees in units for 3Q 2020, based on the volume weighted average price for the last 10 business days up till 30 September 2020 as well as 2,208,999 units to be issued as payment of management fees in units for 4Q 2020 based on the volume weighted average price for the last 10 business days up till 31 December 2020.
- (2) 104,286,000 units were issued on 29 October 2019 for the Private Placement to raise US\$75.6 million of proceeds for the acquisition of One Twenty Five.
- (3) Keppel Pacific Oak US REIT issued 1,335,351 units as payment for the acquisition fee to the Manager in connection with the acquisition of One Twenty Five. The acquisition fee of US\$1,015,000 is based on 1% of the acquisition price.
- (4) This comprise 1,636,759 units issued on 31 October 2019 as payment of management fees in units for 3Q 2019, based on the volume weighted average price for the last 10 business days up till 30 September 2019 as well as 1,752,743 units to be issued as payment of management fees in units for 4Q 2019 based on the volume weighted average price for the last 10 business days up till 31 December 2019.

**1 (D)(ii) DETAILS OF ANY CHANGES IN UNITS**

<b>Units in Issue:</b>	<b>2020 Units</b>	<b>2019 Units</b>
At 1 January	934,149,036	821,731,379
New Units issued:		
- issue of Management base fees in units	4,825,854	3,535,556
<b>Total issued Units as at 30 June</b>	<b>938,974,890</b>	<b>825,266,935</b>
New Units issued:		
- Private Placement	-	104,286,000
- issue of acquisition fees in units	-	1,335,351
- issue of Management base fees in units	4,080,769	3,260,750
<b>Total issued Units as at 31 December</b>	<b>943,055,659</b>	<b>934,149,036</b>
New Units to be issued:		
- Management base fees in units to be issued <sup>(1)</sup>	2,208,999	1,752,743
<b>Total Units issued and to be issued as at 31 December</b>	<b>945,264,658</b>	<b>935,901,779</b>

**Notes:**

- (1) 2,208,999 units to be issued as payment of management fees in units for 4Q 2020 based on the volume weighted average price for the last 10 business days up till 31 December 2020.

**1 (D)(iii) TOTAL NUMBER OF ISSUED UNITS**

Keppel Pacific Oak US REIT does not hold any treasury units as at 31 December 2020 and 31 December 2019.

	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
<b>Total number of issued units</b>	943,055,659	934,149,036

**1 (D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS**

Not applicable.

**2. AUDIT**

The figures have neither been audited nor reviewed by the auditors.

### 3. AUDITORS' REPORT

Not applicable.

### 4. ACCOUNTING POLICIES

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2019.

### 5. CHANGES IN ACCOUNTING POLICIES

The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2020. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

### 6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	Actual 2H 2020	Actual 2H 2019	Actual FY 2020	Actual FY 2019
<b>EPU</b>				
Weighted average number of Units <sup>(1)</sup>	941,377,542	863,690,545	939,017,169	843,917,481
Net income for the period (US\$'000)	42,994	58,080	56,387	69,658
Basic and diluted EPU (US cents)	4.57	6.72	6.00	7.95
<b>DPU</b>				
Number of Units in issue at end of period	943,055,659	934,149,036	943,055,659	934,149,036
Income available for distribution to Unitholders (US\$'000)	29,519	26,025	58,628	50,783
DPU (US cents) <sup>(2)</sup>	3.13	3.01 <sup>(3)</sup>	6.23	6.01

#### Notes:

- (1) The weighted average number of units was based on the number of units in issue and issuable during the period.
- (2) The DPU was computed and rounded based on the number of units entitled to distribution at the end of the period.
- (3) DPU of 3.01 US cents for 2H 2019 comprise an Advance Distribution of 1.95 US cents for the period from 1 July 2019 to 28 October 2019, calculated over a Unit base of 826,890,926 and a distribution of 1.06 US cents for the period from 29 October 2019 to 31 December 2019, calculated over a Unit base of 934,149,036.

### 7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	Group		Trust	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Number of Units in issue and to be issued	945,264,658	935,901,779	945,264,658	935,901,779
Net assets (US\$'000)	772,070	748,551	662,097	672,464
NAV and NTA per Unit <sup>(1)</sup> (US\$)	0.82	0.80	0.70	0.72
Adjusted NAV and NTA per Unit <sup>(1)</sup> (US\$) (excluding Distributable Income)	0.79	0.79	0.67	0.71

**Notes:**

(1) The computation of NAV and NTA is based on number of units in issue and to be issued at the end of the period. NAV and NTA are the same as there is no intangible asset as at the end of the period.

**8. REVIEW OF PERFORMANCE**Review of performance for 2H 2020 vs 2H 2019

Overall, income available for distribution to Unitholders of US\$29.5 million for 2H 2020 was higher than 2H 2019 by 13.4%.

Gross revenue of US\$69.1 million for 2H 2020 was higher than 2H 2019 by 7.7% largely due to contribution from One Twenty Five. One Twenty Five, which was acquired on November 2019, contributed six months results to 2H 2020 compared to two months in 2H 2019. In addition, proactive efforts to drive leasing, built-in rental escalations and positive rental reversion across our portfolio also contributed to higher rental income. Recoveries income was also higher as a result of higher recoverable property expenses. The increase in rental and recoveries income were offset by lower non-cash straight-line rent and car park income as lesser leases were signed and fewer cars were parked in the premises respectively, due to the Covid-19 pandemic.

Property expenses of US\$28.0 million for 2H 2020 were higher than 2H 2019 by 9.4% mainly from One Twenty Five which contributed only two months in 2H 2019, as well as higher year-on-year property taxes and other property expenses for the existing portfolio. In addition, amortisation of leasing commission, which is a non-cash item and does not affect distribution, increase as a result of the leasing completed in prior years. The higher expenses were partially offset by lower utilities from the lower physical occupancy of the properties due to Covid-19.

As a result, net property income of US\$41.1 million for 2H 2020 was higher than 2H 2019 by 6.6%.

Finance expenses of US\$7.8 million for 2H 2020 were 4.7% lower than 2H 2019. The decrease in interest expense was largely due to lower interest rates on the unhedged portion of the loans and early refinancing of loans amounting to US\$114.7 million completed during the period, and partially offset by additional interest expense incurred on the loan taken up to partially finance the acquisition of One Twenty Five as well as RCF drawdown during the period to finance capital expenditure and tenant improvements.

Fair value gain in derivatives of US\$3.0 million in 2H 2020 was significantly higher than 2H 2019 due to movement in interest rates for the respective periods.

Net fair value gain in investment properties for 2H 2020 amounted to US\$19.7 million, largely driven from the fair value gains from the Seattle properties – The Westpark Portfolio, The Plaza Buildings and Bellevue Technology Center, which more than offset the net valuation loss from the remaining properties. This is in comparison to a net fair value gain of US\$48.2 million in 2H 2019.

Consequently, 2H 2020 net income before tax of US\$52.1 million was below 2H 2019 by 30.5%.

Tax expense of US\$9.1 million, mainly relating to deferred tax expenses, was lower than 2H 2019 due to lower deferred taxes recognised from the lower net fair value gain of the investment properties and partially offset by higher tax depreciation of the investment properties. Current tax was also lower as the Barbados corporate taxes had ceased with effect from 16 April 2020 post the restructuring.

Due to the net effects of the above, net income for 2H 2020 of US\$43.0 million was lower than 2H 2019 by 26.0%.

Review of performance for FY 2020 vs FY 2019

Overall, income available for distribution to Unitholders of US\$58.6 million for FY 2020 was higher than FY 2019 by 15.4%.

Gross revenue of US\$103.2 million for FY 2020 was higher than FY 2019 by 13.1% largely due to contribution from One Twenty Five. One Twenty Five, which was acquired on November 2019, contributed a full year results to FY 2020 compared to two months in FY 2019. In addition, proactive efforts to drive leasing, built-in rental escalations and positive rental reversion across our portfolio also contributed to higher rental income. Recoveries income was also higher as a result of higher recoverable property expenses. The increase in rental and recoveries income were offset by lower non-cash straight-line rent and car park income as lesser leases were signed and fewer cars were parked in the premises respectively, due to the Covid-19 pandemic.

Property expenses of US\$56.6 million for FY 2020 were higher than FY 2019 by 17.6% mainly from One Twenty Five which contributed only two months in FY 2019, as well as higher year-on-year other property expenses and recoverable expenses such as property taxes and repairs and maintenance for the existing portfolio. In addition, amortisation of leasing commission, which is a non-cash item and does not affect distribution, increase as a result of the leasing completed in prior years. These expenses were partially offset by lower utilities from the lower physical occupancy of the properties due to Covid-19.

As a result, net property income of US\$83.0 million for FY 2020 was higher than FY 2019 by 11.0%.

Finance expenses of US\$15.9 million for FY 2020 were 1.3% lower than FY 2019. The decrease in interest expense was largely due to lower interest rates on the unhedged portion of the loans and early refinancing of loans amounting to US\$114.7 million completed during the year, and partially offset by additional interest expense incurred on the loan taken up to partially finance the acquisition of One Twenty Five as well as RCF drawdown during the year to finance capital expenditure and tenant improvements.

Fair value loss in derivatives of US\$8.6 million in FY 2020 was lower than FY 2019 by 2.1% due to movement in interest rates for the respective periods.

Net fair value gain in investment properties for FY 2020 amounted to US\$19.7 million, largely driven from the fair value gains from the Seattle properties – The Westpark Portfolio, The Plaza Buildings and Bellevue Technology Center, which more than offset the valuation loss from the remaining properties. This is in comparison to a net fair value gain of US\$48.2 million in FY 2019.

Consequently, FY 2020 net income before tax of US\$69.4 million was below FY 2019 by 22.9%.

Tax expense of US\$13.0 million, mainly relating to deferred tax expenses, was lower than FY 2019 due to lower deferred taxes recognised from the lower fair value gain of the investment properties and partially offset by higher tax depreciation of the investment properties. Current tax was also lower to the Barbados corporate taxes which ceased with effect from 16 April 2020 post the restructuring.

Due to the net effects of the above, net income for FY 2020 of US\$56.4 million was lower than FY 2019 by 19.1%.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

In 3Q 2020, the US economy grew at an annual rate of 33.4%. The rebound followed a 31.4% decline in 2Q 2020, reflecting the continued resumption of economic activity that had been curtailed due to the COVID-19 pandemic and efforts to contain it. The leading contributors to the increase were health care and social assistance, durable goods manufacturing, as well as accommodation and food services<sup>1</sup>. The unemployment rate was 6.7% in December 2020<sup>2</sup>, down from its peak of 14.8% in April 2020.

In view of the continued risks to the economic outlook over the medium term, the Federal Open Market Committee voted to keep the federal funds rate at the range of 0-0.25%<sup>3</sup> during its December 2020 meeting, preserving the flow of credit and liquidity for strained businesses.

In its January 2021 Office National Report, CoStar reported 12-month average rent growth of -0.9% and average vacancy rate of 11.4%. Although work-from-home policies remain in place for some of the larger tech firms, they were responsible for some of the largest leases signed in 2H 2020.

Seattle – Bellevue/Redmond, which constitutes 44.5% of KORE's portfolio NPI, has 71.8% of its under-construction inventory pre-leased. In September 2020, Amazon signed for more than 2.0 million sf across two properties in Bellevue, Seattle<sup>4</sup>. Both buildings are under construction with plans to accommodate 25,000 of its employees by 2025. In the same month, Facebook bought REI's headquarters in Bellevue's Spring District, adding 400,000 sf to its more than 800,000 sf commitment in the district alone. In November 2020, Google also increased its footprint in the Eastside of Seattle with a purchase of 400,000 sf of office space in Kirkland, adding to its 200,000 sf it purchased earlier in August 2020<sup>5</sup>.

<sup>1</sup> U.S. Bureau of Economic Analysis, December 2020.

<sup>2</sup> U.S. Bureau of Labor Statistics, January 2021.

<sup>3</sup> Federal Reserve FOMC Statement, December 2020.

<sup>4</sup> Amazon announcement, 25 September 2020

<sup>5</sup> CoStar January 2021 Seattle, Washington Office Market Report.



## **11. RISK FACTORS AND RISK MANAGEMENT**

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

### **Tax risk**

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect Keppel Pacific Oak US REIT and its Subsidiaries.

Any change in the tax status of Keppel Pacific Oak US REIT and/or any of its direct and indirect subsidiaries (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 Keppel Pacific Oak US REIT 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 31 December 2017. As a result, Keppel Pacific Oak US REIT restructured certain subsidiaries (the "Barbados Restructuring") to comply specifically with the interpretations of Section 267A enacted then.

On 7 April 2020, the United States Department of the Treasury released the final regulations under Section 267A (the "Final Regulations"). 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 Keppel Pacific Oak US REIT used when it was initially listed, and which was disclosed in its Prospectus dated 2 November 2017.

The Manager will continue to monitor future changes and clarifications and will make future announcements, if and when appropriate.

### **Interest rate risk**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

### **Liquidity risk**

The Manager monitors and maintains the Group's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for capital and expense requirements so as to manage the cash position at any point of time.

### **Credit risk**

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease arrangements. Tenants are generally required to pay a security deposit as a multiple of monthly rents and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the tenant mix.

### **Currency risk**

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments denominated in foreign currencies. The Group's business is not exposed to significant currency risk as the portfolio of properties is located in the United States 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. Keppel Pacific Oak US REIT will receive US\$ distributions from the investment properties which will be passed to the Unitholders, either in US\$ or converted to SG\$ at the spot foreign exchange rate at the time of distribution. Keppel Pacific Oak US REIT is exposed to fluctuations in the cross-currency rates of the US\$ and SG\$ for operating expenses incurred in Singapore, which are not material. If and when appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

## Operational risk

The Manager oversees an active asset management program that has been put in place to oversee leasing, capital projects and the operations at the properties, including managing expenses, monitoring rental payments from tenants and evaluating the Group's counter-parties on an ongoing basis. Measures have been put in place to manage expenses, actively monitor rental payments from tenants and evaluate the Group's counter-parties on an ongoing basis. The Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, reviews disaster and pandemic business continuity plans, and updates and modifies them regularly.

## 12. DISTRIBUTIONS

### (a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Yes.

Name of Distribution	7 <sup>th</sup> Distribution for the period from 1 July 2020 to 31 December 2020
Distribution Type	a) Tax-exempt income distribution b) Capital distribution
Distribution Rate	a) Tax-exempt income distribution – 2.13 US cents per unit b) Capital distribution – 1.00 US cents per unit
Tax Rate	<u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel Pacific Oak US REIT.  <u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel Pacific Oak US REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel Pacific Oak US REIT units for Singapore income tax purposes.

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Distribution	4 <sup>th</sup> Advance Distribution for the period from 1 July 2019 to 28 October 2019 5 <sup>th</sup> Distribution for the period from 29 October 2019 to 31 December 2019
Distribution Type	c) Tax-exempt income distribution d) Capital distribution
Distribution Rate	4 <sup>th</sup> Advance Distribution for the period from 1 July 2019 to 28 October 2019 a) Tax-exempt income distribution – 1.28 US cents per unit b) Capital distribution – 0.67 US cents per unit  5 <sup>th</sup> Distribution for the period from 29 October 2019 to 31 December 2019 c) Tax-exempt income distribution – 0.69 US cents per unit d) Capital distribution – 0.37 US cents per unit
Tax Rate	<u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel Pacific Oak US REIT.

	<p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel Pacific Oak US REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel Pacific Oak US REIT units for Singapore income tax purposes.</p>
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**(c) Record date**

4 February 2021

**(d) Date payable**

31 March 2021

**13. DISTRIBUTION STATEMENT**

Other than as disclosed in Paragraph 12(a), no distribution has been declared / recommended.

**14. SEGMENTAL INFORMATION**

Segment revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

Not applicable. The Group operates within a single business segment and within a single geographical segment in the U.S.

**15. MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS**

In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to Paragraph 8 above for the review of actual performance.

**16. BREAKDOWN OF REVENUE**

	FY 2020	FY 2019	
	US\$'000	US\$'000	+ / (-) %
<b>First half year</b>			
Gross revenue reported <sup>(a)</sup>	70,500	58,724	20.1
Net income reported <sup>(a)</sup>	13,393	11,578	15.7
<b>Second half year</b>			
Gross revenue reported <sup>(b)</sup>	69,090	64,162	7.7
Net income reported <sup>(b)</sup>	42,994	58,080	(26.0)

**Notes:**

- (a) Gross revenue of US\$70.5 million for 1H 2020 was higher than 1H 2019 by 20.1% largely due to contribution from One Twenty Five which was acquired in November 2019. At the same time, new leases across the rest of the portfolio and positive rental reversion from lease renewals signed in 2H 2019, as well as the built-in rental escalation in the portfolio also contributed to higher rental income. There was also higher recoveries income as a result of higher recoverable property expenses.

The increase in net income for 1H 2020 as compared to 1H 2019 is generally consistent with the higher net property income for the period. For further information, please refer to the 1H 2020 results announcement.

- (b) Gross revenue of US\$69.1 million for 2H 2020 was higher than 2H 2019 by 7.7% largely due to contribution from One Twenty Five. One Twenty Five, which was acquired on November 2019, contributed six months results to 2H 2020 compared to two months in 2H 2019. In addition, proactive efforts to drive leasing, built-in rental escalations and positive rental reversion across our portfolio also contributed to higher rental income. Recoveries income was also higher as a result of higher recoverable property expenses. The increase in rental and recoveries income were offset by lower non-cash straight-line rent and car park income as lesser leases were signed and fewer cars were parked in the premises respectively, due to the Covid-19 pandemic.

Net income for 2H 2020 is lower than the same period year-on-year mainly due to a comparative lower net after tax fair value gain in investment properties of US\$14.3 million (2019: US\$34.8 million). Excluding the effects of the fair value changes in investment properties, adjusted net income for 2H 2020 of US\$28.7 million would have been higher than 2019 of US\$23.3 million.

**17. INTERESTED PERSON TRANSACTIONS**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than S\$100,000)	
	Actual FY 2020 US\$'000	Actual FY 2019 US\$'000
<u>Keppel Pacific Oak US REIT Management Pte. Ltd.</u>		
- Manager's management fees	5,931	5,078
- Manager's performance fees	681	-
- Acquisition fees	-	1,015
<u>Perpetual (Asia) Ltd</u>		
- Trustee fees	200	122
<u>Pacific Oak Strategic Opportunity REIT and its subsidiaries</u>		
- Acquisition of investment properties	-	101,500

Keppel Pacific Oak US REIT has not obtained a general mandate from Unitholders for Interested Person Transactions for the financial period under review.

## 18. BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY2020 US\$'000	FY2019 US\$'000
1 January 2019 to 30 June 2019 (paid)	-	24,758
1 July 2019 to 28 October 2019 (paid)	-	16,124
29 October 2019 to 31 December 2019 (paid)	-	9,901
1 January 2020 to 30 June 2020 (paid)	29,109	-
1 July 2020 to 31 December 2020 (to be paid)	29,519	-
	58,628	50,783

### Notes:

(1) Please refer to Paragraph 12(a) for details of the distribution to be paid.

## 19. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

## 20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

The past performance of Keppel Pacific Oak US REIT is not necessarily indicative of its future performance. Certain statements made in this presentation 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 unitholder 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 presentation. None of the Manager, the trustee of Keppel Pacific Oak US REIT or any of their respective advisors, representative or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. 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 the possible loss of the 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 (“**SGXST**”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

**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**

**Tan Weiqiang, Marc**  
**Company Secretary**  
**27 January 2021**