

KEPPEL PACIFIC OAK US REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024

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INTRODUCTION

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 ("Listing Date"). 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 favourable economic and office fundamentals so as to provide sustainable distributions and strong total returns to Unitholders.

As at 31 December 2024, the portfolio of KORE comprises 13 office properties ("the Properties") in the United States across eight key growth markets, with an aggregate NLA of 4,803,594 sq. ft. and approximately US\$1.33 billion in value, as follows:

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

On 15 February 2024, KORE announced its Recapitalisation Plan and the suspension of distribution.

Recapitalisation Options

Several options were evaluated to recapitalise KORE's balance sheet including divestments, equity fund raising (EFR) and reduction of distributions. KORE was not able to divest any properties at a price that would be beneficial to KORE and its Unitholders because of the difficult U.S. real estate market. Based on discussions with various banks, an EFR was unlikely to raise enough equity capital in the present market environment to solve leverage concerns on a long-term basis and would likely require KORE to seek additional capital from Unitholders again in the near future. In relation to the suspension of distributions, the drop in valuation of KORE's assets announced on 30 January 2024 created a loss situation for the financial year ended 31 December 2023 in which any distribution would be in excess of the combination of profits and the US\$75 million loans due for refinancing by 4Q 2024¹.

Decision To Suspend Distributions

The Manager determined the best option for KORE and its Unitholders is to suspend distributions beginning 2H 2023. KORE expects distributions will be suspended through the 2H 2025 in respect of distribution that would otherwise be paid in 1H 2026. This option is expected to provide significantly more capital over two years compared to what an EFR could raise today. If market conditions allow, distributions may re-commence at an earlier date than planned.

For more details, please refer to KORE's announcement dated 15 February 2024 on the Recapitalisation Plan and suspension of distribution and the Media Release for the full year ended 31 December 2023.

¹ This takes into account paragraph 7.3 of Appendix 6 to the Code on Collective Investment Schemes ("Property Funds Appendix") which states that if "the manager declares a distribution that is in excess of profits, the manager should certify, in consultation with the trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, the property fund will be able to fulfil, from the deposited property of the property fund, the liabilities of the property fund as they fall due".

**SUMMARY OF KEPPEL PACIFIC OAK US REIT RESULTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024**

	Group					
	2H 2024	2H 2023	+/(−)	FY 2024	FY 2023	+/(−)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	72,065	74,846	(3.7)	146,437	150,757	(2.9)
Property Expenses	(35,790)	(32,616)	9.7	(68,147)	(64,657)	5.4
Net Property Income (NPI)	36,275	42,230	(14.1)	78,290	86,100	(9.1)
Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions) ⁽¹⁾	40,016	43,440	(7.9)	83,442	87,591	(4.7)
Net Loss for the period ⁽²⁾	(27,311)	(91,847)	(70.3)	(6,894)	(67,725)	(89.8)
Income available for distribution to Unitholders	23,813	26,111	(8.8)	47,627	52,223	(8.8)
Amount distributed to Unitholders ⁽³⁾	-	-	-	-	26,112	(100.0)
Distribution per Unit (DPU) (US cents) ^{(3), (4)}	-	-	-	-	2.50	(100.0)

Notes:

- (1) Adjusted net property income which excludes non-cash straight-line rent, lease incentives and amortisation of leasing commission, was down 4.7% year-on-year. This decline was mainly due to lower cash rental income stemming from higher vacancies from The Plaza Buildings and Iron Point, as well as increased repair and maintenance expenses. For further details, please refer to Other Information: Paragraph C – Review of Performance.
- (2) For information on the variance for net loss, please refer to Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Distribution Statement as well as Other information: Paragraph C – Review of Performance.
- (3) Distributions have been suspended for the period starting from 2H 2023. For more details, please refer to Introduction on page 2.
- (4) DPU for 1H 2023 was calculated based on 1,044,450,254 issued Units as at 30 June 2023.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024**

	Note	Group					
		2H 2024	2H 2023	+/(-)%	FY 2024	FY 2023	
		US\$'000	US\$'000		US\$'000	US\$'000	
Rental income		49,772	53,407	(6.8)	101,515	105,916	(4.2)
Recoveries income		20,291	19,279	5.2	41,100	40,579	1.3
Other operating income		2,002	2,160	(7.3)	3,822	4,262	(10.3)
Gross Revenue		72,065	74,846	(3.7)	146,437	150,757	(2.9)
Utilities		(5,140)	(5,002)	2.8	(9,801)	(9,833)	(0.3)
Repairs and maintenance		(8,831)	(6,747)	30.9	(14,692)	(12,505)	17.5
Property management fees		(4,491)	(4,066)	10.5	(8,480)	(7,916)	7.1
Property taxes		(7,910)	(7,946)	(0.5)	(16,447)	(16,989)	(3.2)
Other property expenses		(9,418)	(8,855)	6.4	(18,727)	(17,414)	7.5
Property expenses		(35,790)	(32,616)	9.7	(68,147)	(64,657)	5.4
Net Property Income		36,275	42,230	(14.1)	78,290	86,100	(9.1)
Finance income		691	461	49.9	1,315	818	60.8
Finance expenses	3	(13,789)	(12,916)	6.8	(27,571)	(24,643)	11.9
Manager's base fee		(2,646)	(2,902)	(8.8)	(5,292)	(5,803)	(8.8) (i)
Trustee's fee		(91)	(95)	(4.2)	(180)	(191)	(5.8)
Fair value change in derivatives		(7,745)	(10,268)	(24.6)	(7,234)	(9,441)	(23.4) (ii)
Other trust expenses		(1,774)	(1,276)	39.0	(3,560)	(3,325)	7.1 (iii)
Net income for the period before net fair value change in investment properties		10,921	15,234	(28.3)	35,768	43,515	(17.8)
Net fair value change in investment properties	5	(46,663)	(142,263)	(67.2)	(46,663)	(142,263)	(67.2) (iv)
Net loss for the period before tax		(35,742)	(127,029)	(71.9)	(10,895)	(98,748)	(89.0)
Tax credit		8,431	35,182	(76.0)	4,001	31,023	(87.1) (v)
Net loss for the period		(27,311)	(91,847)	(70.3)	(6,894)	(67,725)	(89.8)
Earnings per Unit (US cents)		(2.61)	(8.79)		(0.66)	(6.48)	(ix)

NM – Not meaningful

**CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024**

	Group						
	2H 2024	2H 2023	+/(-)%	FY 2024	FY 2023	+/(-)%	
	US\$'000	US\$'000		US\$'000	US\$'000		
Net loss for the period	(27,311)	(91,847)	(70.3)	(6,894)	(67,725)	(89.8)	
<u>Distribution adjustments</u>							
Property related non-cash items	3,741	1,210	>100	5,152	1,491	>100	(vi)
Trustee's fee	91	95	(4.2)	180	191	(5.8)	
Amortisation of upfront debt-related transaction costs	368	359	2.5	727	674	7.9	(vii)
Net deferred tax income	(8,430)	(35,183)	(76.0)	(4,001)	(31,025)	(87.1)	(v)
Fair value change in derivatives	7,745	10,268	(24.6)	7,234	9,441	(23.4)	(ii)
Net fair value change in investment properties	46,663	142,263	(67.2)	46,663	142,263	(67.2)	(iv)
Others	946	(1,054)	NM	(1,434)	(3,087)	(53.5)	(viii)
Net distribution adjustments	51,124	117,958	(56.7)	54,521	119,948	(54.5)	
Income available for distribution to Unitholders	23,813	26,111	(8.8)	47,627	52,223	(8.8)	
DPU (US cents)	-	-	-	-	2.50	(100.0)	(ix)

Notes for Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Distribution Statement:

- (i) The Manager has elected to receive 100% of its base fee in the form of cash for FY 2024 and FY 2023.
- (ii) This relates to fair value changes on the floating to fixed interest rate swaps entered into by the Group for hedging purpose due to movements in interest rates for the respective periods. The net fair value change in derivatives has no impact on the distributable income to the Unitholders.
- (iii) Other trust expenses comprise audit, tax compliance and other corporate expenses. The increase in trust expenses was largely due to higher tax and professional fees.
- (iv) 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 net fair value loss in investment properties relates to a net decrease in the appraised fair value of investment properties after taking into consideration the capital expenditure and tenants improvement spending in FY 2024, mainly from The Plaza Buildings, Westmoor Center, Iron Point, Bellaire Park and Bellevue Technology Center. Excluding the capital expenditure and tenant improvements spending for FY 2024, the appraised value for FY 2024 remains relatively flat compared to FY 2023 on a portfolio basis.

	US\$'000
Independent property valuation as at 31 December 2023	1,326,310
Capital expenditure for 2024	46,763
Book value before independent valuations	1,373,073
Independent property valuation as at 31 December 2024	1,326,410
Net fair value losses	46,663

For more information on the details of valuation techniques and inputs, please refer to Note 9(d) (Fair value measurement of investment properties).

- (v) Tax credit comprises current tax and net deferred tax.

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 credit relates to deferred tax asset arising from fair value changes in investment properties, partially offset by capital allowance claimed on the investment properties.

- (vi) Property related non-cash items mainly comprise straight-line rent and amortisation of lease incentives.
- (vii) Upfront debt-related transaction costs are amortised over the life of the borrowings.
- (viii) Included in others are other non tax-deductible items and other adjustments.
- (ix) Earnings per Unit (EPU) and Distribution per Unit (DPU)

	Group			
	2H 2024	2H 2023	FY 2024	FY 2023
EPU				
Weighted average number of Units ⁽¹⁾	1,044,450,254	1,044,450,254	1,044,450,254	1,044,450,254
Net loss for the period (US\$'000)	(27,311)	(91,847)	(6,894)	(67,725)
Basic and diluted EPU (US cents)	(2.61)	(8.79)	(0.66)	(6.48)
DPU				
Number of Units in issue at end of period	1,044,450,254	1,044,450,254	1,044,450,254	1,044,450,254
Income available for distribution to Unitholders (US\$'000)	23,813	26,111	47,627	52,223
DPU (US cents) ⁽²⁾	-	-	-	2.50

Notes:

- 1) The weighted average number of units was based on the number of units in issue and issuable during the period.
- 2) No distribution was declared for FY 2024 and 2H 2023. For more details, please refer to Introduction on page 2.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	Group			Trust			
		Actual 31-Dec-24 US\$'000	Actual 31-Dec-23 US\$'000	+/(-) %	Actual 31-Dec-24 US\$'000	Actual 31-Dec-23 US\$'000	+/(-) %	
Current assets								
Cash and cash equivalents		44,193	43,777	1.0	11,670	4,417	>100	
Trade and other receivables		5,369	4,275	25.6	18,606	34,480	(46.0)	(i)
Prepaid expenses		602	343	75.5	469	262	79.0	
Derivative assets		2,536	687	>100	2,536	687	>100	(ii)
Total current assets		52,700	49,082	7.4	33,281	39,846	(16.5)	
Non-current assets								
Derivative assets		8,863	18,284	(51.5)	8,863	18,284	(51.5)	(ii)
Investment properties	5	1,326,410	1,326,310	NM	-	-	-	(iii)
Investments in subsidiaries		-	-	-	1,281,859	1,238,559	3.5	
Total non-current assets		1,335,273	1,344,594	(0.7)	1,290,722	1,256,843	2.7	
Total Assets		1,387,973	1,393,676	(0.4)	1,324,003	1,296,689	2.1	
Current liabilities								
Trade and other payables		32,644	33,259	(1.8)	4,838	5,045	(4.1)	(iv)
Loans and borrowings	4	58,977	74,957	(21.3)	58,977	74,957	(21.3)	
Rental security deposits		1,257	1,105	13.8	-	-	-	
Rent received in advance		7,301	6,720	8.6	-	-	-	
Total current liabilities		100,179	116,041	(13.7)	63,815	80,002	(20.2)	
Non-current liabilities								
Loans and borrowings	4	545,846	524,610	4.0	545,846	524,610	4.0	
Rental security deposits		5,216	5,060	3.1	-	-	-	
Derivative liability		-	338	(100.0)	-	338	(100.0)	(ii)
Preferred units	6	1,124	1,124	-	-	-	-	
Deferred tax liabilities		19,298	23,299	(17.2)	-	-	-	(v)
Total non-current liabilities		571,484	554,431	3.1	545,846	524,948	4.0	
Total liabilities		671,663	670,472	0.2	609,661	604,950	0.8	
Net assets		716,310	723,204	(1.0)	714,342	691,739	3.3	
Represented by:								
Unitholders' funds		716,310	723,204	(1.0)	714,342	691,739	3.3	
Net asset value per Unit (US\$)		0.69	0.69	-	0.68	0.66	3.0	(vi)

Notes:

- (i) Included in trade and other receivables were accrued rental revenue from the tenants. Trade and other receivables of the Trust decreased due to the timing of dividend distributions from subsidiaries. In FY 2023, dividends were distributed semi-annually, while in FY 2024, they were distributed quarterly.
- (ii) These relate to fair value of the interest rate swaps entered into by the Group for hedging purposes and the variance was due to movements in interest rates during the period.
- (iii) All the investment properties held are freehold. For more information on the investment properties movement and details of valuation techniques and inputs, please refer to Note 5 Investment properties and Note 9(d) (Fair value measurement of investment properties).
- (iv) The decrease in trade and other payables was largely due to lower accrued property tax, capital expenditure and tenant improvements spending.
- (v) The movement in deferred taxes were due to the tax depreciation and fair value changes on the investment properties. The reduction in deferred tax liabilities was primarily due to the tax credit resulting from the fair value changes in investment properties.
- (vi) Net asset value ("NAV") and Net tangible asset ("NTA") per Unit

	Group		Trust	
	As at 31-Dec-24	As at 31-Dec-23	As at 31-Dec-24	As at 31-Dec-23
Number of Units in issue and to be issued	1,044,450,254	1,044,450,254	1,044,450,254	1,044,450,254
Net assets (US\$'000)	716,310	723,204	714,342	691,739
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.69	0.69	0.68	0.66
Adjusted NAV and NTA per Unit ⁽¹⁾ ⁽²⁾ (US\$(excluding Distribution declared)	0.69	0.69	0.68	0.66

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.
- (2) No distribution was declared for FY 2024 and 2H 2023. For more details, please refer to Introduction on page 2.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024**

	Group			
	2H 2024	2H 2023	FY 2024	FY 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Net loss before tax	(35,742)	(127,029)	(10,895)	(98,748)
Adjustments for:				
Property related non-cash items	3,741	1,210	5,152	1,491
Finance income	(691)	(461)	(1,315)	(818)
Allowance/(reversal of allowance) for expected credit losses	366	(31)	428	(350)
Finance expenses	13,789	12,916	27,571	24,643
Fair value change in derivatives	7,745	10,268	7,234	9,441
Net fair value change in investment properties	46,663	142,263	46,663	142,263
	35,871	39,136	74,838	77,922
Changes in working capital				
Trade and other receivables	(793)	(190)	(1,522)	(27)
Trade and other payables	1,020	9,989	41	5,719
Prepaid expenses	1,144	1,242	(259)	98
Rental security deposits	69	17	308	3
Rent received in advance	469	295	581	523
Cash generated from operations	37,780	50,489	73,987	84,238
Tax paid	-	-	-	(2)
Net cash generated from operations	37,780	50,489	73,987	84,236
Cash flows from investing activities				
Additions to investment properties	(21,585)	(26,383)	(51,915)	(46,694)
Interest received	691	461	1,315	818
Net cash used in investing activities	(20,894)	(25,922)	(50,600)	(45,876)
Cash flows from financing activities				
Redemption of preferred units	-	-	-	(250)
Repayment of loan	(139,000)	(10,220)	(139,000)	(10,220)
Proceeds from new loan	139,000	29,720	144,300	31,920
Payment of debt related transaction costs	(784)	-	(798)	(524)
Financing expense paid on loans and borrowings	(13,792)	(12,360)	(27,338)	(23,654)
Financing expense paid on preferred units	(67)	(68)	(135)	(143)
Distribution to Unitholders	-	(26,112)	-	(55,148)
Net cash used in financing activities	(14,643)	(19,040)	(22,971)	(58,019)
Net increase/ (decrease) in cash and cash equivalents	2,243	5,527	416	(19,659)
Cash and cash equivalents at beginning of the period	41,950	38,250	43,777	63,436
Cash and cash equivalents at end of the period	44,193	43,777	44,193	43,777

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024**

Group	Note	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2024		687,002	36,202	723,204
Operations				
Net income for the period		-	20,417	20,417
Unitholders' transactions				
Distribution to Unitholders ⁽¹⁾		-	-	-
Net decrease in net assets resulting from Unitholders' transactions		-	-	-
At 30 June 2024	7	687,002	56,619	743,621
Operations				
Net loss for the period		-	(27,311)	(27,311)
Unitholders' transactions				
Distribution to Unitholders ⁽¹⁾		-	-	-
Net decrease in net assets resulting from Unitholders' transactions		-	-	-
At 31 December 2024	7	687,002	29,308	716,310

Group	Note	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2023		708,832	137,245	846,077
Operations				
Net income for the period		-	24,122	24,122
Unitholders' transactions				
Distribution to Unitholders		(11,907)	(17,129)	(29,036)
Net decrease in net assets resulting from Unitholders' transactions		(11,907)	(17,129)	(29,036)
At 30 June 2023	7	696,925	144,238	841,163
Operations				
Net loss for the period		-	(91,847)	(91,847)
Unitholders' transactions				
Distribution to Unitholders		(9,923)	(16,189)	(26,112)
Net decrease in net assets resulting from Unitholders' transactions		(9,923)	(16,189)	(26,112)
At 31 December 2023	7	687,002	36,202	723,204

Trust	Note	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2024		687,002	4,737	691,739
Operations				
Net income for the period		-	15,359	15,359
Unitholders' transactions				
Distribution to Unitholders ⁽¹⁾		-	-	-
Net decrease in net assets resulting from Unitholders' transactions		-	-	-
At 30 June 2024	7	687,002	20,096	707,098
Operations				
Net income for the period		-	7,244	7,244
Unitholders' transactions				
Distribution to Unitholders ⁽¹⁾		-	-	-
Net decrease in net assets resulting from Unitholders' transactions		-	-	-
At 31 December 2024	7	687,002	27,340	714,342

Trust	Note	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2023		708,832	15,435	724,267
Operations				
Net income for the period		-	16,763	16,763
Unitholders' transactions				
Distribution to Unitholders		(11,907)	(17,129)	(29,036)
Net decrease in net assets resulting from Unitholders' transactions		(11,907)	(17,129)	(29,036)
At 30 June 2023	7	696,925	15,069	711,994
Operations				
Net income for the period		-	5,857	5,857
Unitholders' transactions				
Distribution to Unitholders		(9,923)	(16,189)	(26,112)
Net decrease in net assets resulting from Unitholders' transactions		(9,923)	(16,189)	(26,112)
At 31 December 2023	7	687,002	4,737	691,739

Notes:

- (1) Distributions have been suspended for the period starting from 2H 2023. For more details, please refer to Introduction on page 2.

**CONDENSED CONSOLIDATED PORTFOLIO STATEMENT
AS AT 31 DECEMBER 2024**

Description of property	Location	Tenure of land	Fair value as at 31-Dec-24 US\$'000	Fair value as at 31-Dec-23 US\$'000	Percentage of total net assets as at 31-Dec-24 %	Percentage of total net assets as at 31-Dec-23 %
The Plaza Buildings	Seattle, Washington, US	Freehold	299,700	307,700	41.8	42.6
Bellevue Technology Center	Seattle, Washington, US	Freehold	139,600	140,600	19.5	19.4
The Westpark Portfolio	Seattle, Washington, US	Freehold	227,000	224,000	31.7	31.0
Great Hills Plaza	Austin, Texas, US	Freehold	45,000	43,600	6.3	6.0
Westech 360	Austin, Texas, US	Freehold	48,500	47,100	6.7	6.5
Westmoor Center	Denver, Colorado, US	Freehold	103,000	105,700	14.4	14.6
105 Edgeview	Denver, Colorado, US	Freehold	55,910	56,710	7.8	7.8
Bridge Crossing	Nashville, Tennessee, US	Freehold	41,400	41,300	5.8	5.7
1800 West Loop South	Houston, Texas, US	Freehold	74,300	75,600	10.4	10.5
Bellaire Park	Houston, Texas, US	Freehold	47,300	47,300	6.6	6.5
One Twenty Five	Dallas, Texas, US	Freehold	105,000	107,000	14.7	14.8
Maitland Promenade I & II	Orlando, Florida, US	Freehold	101,600	91,500	14.2	12.7
Iron Point	Sacramento, California, US	Freehold	38,100	38,200	5.3	5.3
Total investment properties			1,326,410	1,326,310	185.2	183.4
Other assets and liabilities (net)			(610,100)	(603,106)	(85.2)	(83.4)
Net assets			716,310	723,204	100.0	100.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024

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 Manager has elected to receive 100% of its base fee for FY 2024 and FY 2023 in cash.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

This condensed consolidated interim financial statements for the six months and full year ended 31 December 2024 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. This condensed consolidated interim financial statements do not include all the disclosures included in the Group's financial report. However, selected explanatory notes are included to explain events and transactions that are significant to provide an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2024.

The condensed consolidated interim financial statements are presented in US Dollars (USD or US\$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise stated.

As at 31 December 2024, the Group's current liabilities exceeded its current assets by US\$47.5 million (2023: US\$67.0 million) and the Trust's current liabilities exceeded its current assets by US\$30.5 million (2023: US\$40.2 million) respectively.

The Group announced on 15 February 2024 its recapitalisation plan to recapitalise its balance sheet and address the Group's capital needs and leverage concerns for the next two years. As part of the plan, the Manager decided to temporarily suspend distributions for the period starting from 2H 2023 through the 2H 2025 in respect of distribution that would otherwise be paid in 1H 2026. Please refer to KORE's announcement dated 15 February 2024 on the Recapitalisation Plan and suspension of distribution and the Media Release for the full year ended 31 December 2023.

Notwithstanding the above, the Manager has prepared the Group's financial statements on a going concern basis and have applied significant judgement in evaluating the Group's ability to meet its obligations as and when they fall due. The suspension of distribution ensures that the Group maintains sufficient liquidity to meet its current obligations as and when they fall due within the next twelve months as well as maintaining a lower aggregate leverage thereby improving the likelihood of refinancing of the loans maturing. Nevertheless, the Group's refinancing ability is subject to market conditions and potential variability in lenders' credit decisions.

2.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's Annual Report for the financial year ended 31 December 2023.

The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2024. 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.

2.3 Critical Accounting Judgments and Estimates

In the process of applying the Group's accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 December 2023 that is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and with significant updates since the audited financial statements as at 31 December 2023 are disclosed in Note 9(d) (Fair value measurement of investment properties).

3. FINANCE EXPENSES

	Group			
	2H 2024	2H 2023	FY 2024	FY 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense on borrowings	13,341	12,432	26,682	23,769
Amortisation of upfront debt-related transaction costs	368	359	727	674
Financing expense on preferred units	67	68	135	143
Commitment fees	13	57	27	57
	13,789	12,916	27,571	24,643

4. LOANS AND BORROWINGS

	Group and Trust	
	31-Dec-24	31-Dec-23
	US\$'000	US\$'000
<u>Unsecured loans and borrowings</u>		
Amount repayable within one year	59,000	75,000
Amount repayable after one year	548,220	526,920
Less: Unamortised upfront debt-related transaction costs	(2,397)	(2,353)
Total unsecured loans and borrowings	604,823	599,567
 Total borrowings as a percentage of the Group's net assets	 84.4%	 82.9%
 Total borrowings as a percentage of the Trust's net assets	 84.7%	 86.7%

As at 31 December 2024, the Group have gross borrowings comprising:

- (i) US\$535.0 million of non-current term loans and US\$13.2 million of non-current loan drawn down from a committed revolving credit facility ("RCF") to partially finance the Properties.
- (ii) US\$25.0 million and US\$34.0 million of current loans drawn down from a committed and uncommitted RCF to partially finance the Properties.

In 4Q 2024, the Group had refinanced loan facilities of US\$20.0 million that were due in 4Q 2024 and early refinanced loan facilities of US\$40.0 million that were originally due in 1Q 2025.

As at 31 December 2024, the Group has an uncommitted unutilised facilities of US\$61.0 million and a committed unutilised facility of US\$36.8 million to meet its future obligations. 66.6% of the 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 4.45%. Excluding upfront debt-related transaction costs, the year-to-date average interest rate is 4.33%. Aggregate leverage, as defined in the Property Funds Appendix, is 43.7%.

The Manager is committed to maintaining financial stability by strategically managing leverage and interest coverage ratios. This involves diversifying funding sources and optimizing the capital structure by implementing appropriate debt-equity levels. Both aggregate leverage and the interest coverage ratio (ICR)² are regularly monitored and reviewed by management and the Board of Directors of the Manager on at least a quarterly basis.

For additional information on how the Manager oversees and manages KORE's aggregate leverage and ICR, please refer to "Other Information: Paragraph F – Risk Factors and Risk Management.

Sensitivity analysis on the impact of changes in EBITDA³ and weighted average interest rate on KORE's ICR:

	ICR (times)
For the period ended 31 December 2024	2.6
<u>Scenario 1:</u> 100 basis point increase in the weighted average interest rate	2.3
<u>Scenario 2:</u> 10% decrease in the EBITDA	2.3

² ICR is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 28 November 2024.

³ EBITDA is computed as the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation) as defined in Appendix 6 of the Code on Collective Investment Schemes revised on 28 November 2024.

5. INVESTMENT PROPERTIES

Investment properties comprise commercial office properties which are leased to external tenants.

	Group	
	31-Dec-24	31-Dec-23
	US\$'000	US\$'000
As at beginning of the financial period	1,326,310	1,423,370
Capital expenditure, leasing cost and straight-line rent capitalised	46,763	45,203
Net fair value changes in investment properties	(46,663)	(142,263)
As at end of the financial period	1,326,410	1,326,310

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2024. The valuations for the year ended 31 December 2024 and 31 December 2023 were performed by Jones Lang La Salle for all properties. 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 9(d).

6. PREFERRED UNITS

	Group	
	31-Dec-24	31-Dec-23
	US\$'000	US\$'000
As at beginning of the financial period	1,124	1,374
Redemption preferred units	-	(250)
As at end of the financial period	1,124	1,124

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% (31 December 2023: 12.0%-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.

7. UNITS IN ISSUE AND TO BE ISSUED

a) Details of any changes in Units for the six months and full year ended 31 December

There were no changes in Units for the six month and full year ended 31 December 2024 and 31 December 2023.

b) Total number of issued Units

Keppel Pacific Oak US REIT does not hold any treasury units as at 31 December 2024 and 31 December 2023.

	As at 31 December 2024	As at 31 December 2023
Total number of issued units	1,044,450,254	1,044,450,254

c) Sales, transfers, disposal, cancellation or use of treasury units

Not applicable.

8. 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	
	FY 2024	FY 2023
	US\$'000	US\$'000
Manager's base fees paid/payable to the Manager	5,292	5,803
Trustee fees paid/payable	180	191

9. 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:

Group	31-Dec-2024 US\$'000			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	11,399	-	11,399
Total financial assets	-	11,399	-	11,399
Non-financial assets				
Investment properties				
- <i>Commercial</i>	-	-	1,326,410	1,326,410
Total non-financial assets	-	-	1,326,410	1,326,410
Liabilities measured at fair value				
Financial liabilities				
Derivative liability				
- <i>Interest rate swap</i>	-	-	-	-
Total financial liabilities	-	-	-	-

Group	31-Dec-2023 US\$'000			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	18,971	-	18,971
Total financial assets	-	18,971	-	18,971
Non-financial assets				
Investment properties				
- <i>Commercial</i>	-	-	1,326,310	1,326,310
Total non-financial assets	-	-	1,326,310	1,326,310
Liabilities measured at fair value				
Financial liabilities				
Derivative liability				
- <i>Interest rate swap</i>	-	338	-	338
Total financial liabilities	-	338	-	338

31-Dec-2024 US\$'000				
	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
Trust				
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	11,399	-	11,399
Total financial assets	-	11,399	-	11,399
Liabilities measured at fair value				
Financial liabilities				
Derivative liability				
- <i>Interest rate swap</i>	-	-	-	-
Total financial liabilities	-	-	-	-

31-Dec-2023 US\$'000				
	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
Trust				
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	18,971	-	18,971
Total financial assets	-	18,971	-	18,971
Liabilities measured at fair value				
Financial liabilities				
Derivative liability				
- <i>Interest rate swap</i>	-	338	-	338
Total financial liabilities	-	338	-	338

c) Level 2 fair value measurements

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.

d) Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy as at 31 December 2024.

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\$10.00 to US\$46.00 (2023: US\$13.00 to US\$46.00)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	Discount rate of 8.00% to 9.50% (2023: 7.50% to 9.50%)	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 7.00% to 8.00% (2023: 7.00% to 8.00%)	
Direct capitalisation method	Rental rates per square foot per year of US\$10.00 to US\$46.00 (2023: US\$13.00 to US\$46.00)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	Capitalisation rate of 6.75% to 8.50% (2023: 6.75% to 8.50%)	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.
Market or Direct comparison approach	Price per square foot of US\$149.91 to US\$553.98 (2023: US\$151.34 to US\$570.40)	Higher price per square foot would result in a higher fair value, while lower price would result in a lower fair value.

The Group carries its investment properties at fair value with changes in fair value being recognised in profit or loss account, determined annually by independent professional valuers 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\$1,326.4 million as at 31 December 2024 (31 December 2023: US\$1,326.3 million).

Given the volatile macroeconomic environments as well as the operational risks at property level, there is a material uncertainty in the estimation to the valuations of the investment properties as compared to a standard market condition.

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

10. FINANCIAL RATIOS

	Group	
	FY 2024	FY 2023
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- Including performance component of the Manager's management fees	1.23	1.13
- Excluding performance component of the Manager's management fees	1.23	1.13
Portfolio turnover rate ⁽²⁾	—	—

⁽¹⁾ 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. No performance fee was recorded for FY 2024 (FY 2023: NIL).

⁽²⁾ 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.

11. SEGMENT ANALYSIS

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

OTHER INFORMATION FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024

A. AUDIT

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

B. AUDITORS' REPORT

Not applicable.

C. REVIEW OF PERFORMANCE

Review of performance for 2H 2024 vs 2H 2023

Gross revenue of US\$72.1 million for 2H 2024 was lower than 2H 2023 by 3.7%. Rental income was lower year-on-year mainly due to the reduction in non-cash amortisation of straight-line rent and lease incentives as well as higher free rent as a result of timing differences in leases completed for the respective periods. In addition, there are higher vacancies from The Plaza Buildings and Iron Point, along with higher one-off termination fees received in 2H 2023. This was partially offset by the higher recoveries income as a result of higher recoverable property expenses in 2H 2024.

Property expenses of US\$35.8 million for 2H 2024 were higher than 2H 2023 by 9.7%. This increase was primarily attributed to higher year-on-year costs related to repairs and maintenance, property management fees, and other property-related expenses. In addition, amortisation of leasing commissions, which is a non-cash item and does not affect distribution, increased as a result of the leases completed.

As a result, net property income of US\$36.3 million for 2H 2024 was lower than 2H 2023 by 14.1%. Excluding the non-cash adjustments such as straight-line rent, lease incentives and amortisation of leasing commissions which has no impact on distributable income, adjusted net property income was 7.9% lower year-on-year.

Finance expenses of US\$13.8 million for 2H 2024 were higher than 2H 2023 by 6.8%, largely due to higher interest rates on the unhedged portion of the loans as well as additional RCF drawn down in 2023 to finance capital expenditures and tenant improvements spending.

Fair value loss in derivatives of US\$7.7 million in 2H 2024 as compared to a loss of US\$10.3 million in 2H 2023 was due to movements in interest rates for the respective periods.

Based on independent valuations performed, the portfolio valuation for FY 2024 remains relatively flat compared to that of FY 2023. However, after taking into consideration the capital expenditure and tenant improvements spending in FY 2024, a net fair value loss of US\$46.7 million was recognised for FY 2024, primarily from The Plaza Buildings, Westmoor Center, Iron Point, Bellaire Park and Bellevue Technology Center. The decline was largely due to the increase in discount rates across the portfolio, which were partially offset by higher rental rates and occupancy for certain properties.

There was a tax credit of US\$8.4 million in 2H 2024 mainly due to deferred tax asset recognised on the fair value loss in investment properties in FY 2024. This was partially offset by the deferred taxes recognised from tax depreciation on capital allowance claimed on the investment properties.

Due to the net effects of the above, the Group has a net loss of US\$27.3 million for 2H 2024, lower than 2H 2023 net loss of US\$91.8 million.

Overall, income available for distribution to Unitholders of US\$23.8 million for 2H 2024 was lower than 2H 2023 by 8.8%, mainly due to lower cash net property income and higher financing costs. The Manager has elected to receive 100% of its base fee for 2H 2024 and 2H 2023 amounting to US\$2.6 million and US\$2.9 million respectively in cash.

Review of performance for FY 2024 vs FY 2023

Gross revenue of US\$146.4 million for FY 2024 was lower than FY 2023 by 2.9%. Rental income was lower year-on-year mainly due to the reduction in non-cash amortisation of straight-line rent and lease incentives as a result of timing differences in leases completed for the respective periods. In addition, there are higher vacancies from The Plaza Buildings and Iron Point as well as lower carpark income from reduced usage by construction workers from neighbouring developments at The Plaza Buildings in FY 2024. This was partially offset by the higher recoveries income as a result of higher recoverable property expenses in FY 2024.

Property expenses of US\$68.1 million for FY 2024 were higher than FY 2023 by 5.4%. This increase was primarily attributed to higher year-on-year costs related to repairs and maintenance, property management fees, and other property-related expenses. In addition, amortisation of leasing commissions, which is a non-cash item and does not affect distribution, increased as a result of the leases completed.

As a result, net property income of US\$78.3 million for FY 2024 was lower than FY 2023 by 9.1%. Excluding the non-cash adjustments such as straight-line rent, lease incentives and amortisation of leasing commissions which has no impact on distributable income, adjusted net property income was 4.7% lower year-on-year.

Finance expenses of US\$27.6 million for FY 2024 were higher than FY 2023 by US\$3.0 million or 11.9%, largely due to the higher interest rates on the unhedged portion of the loans as well as additional RCF drawn down in 2023 to finance capital expenditures and tenant improvements spending.

Fair value loss in derivatives of US\$7.2 million in FY 2024 as compared to a loss of US\$9.4 million in FY 2023 was due to movements in interest rates for the respective periods.

Based on independent valuations performed, the portfolio valuation for FY 2024 remains relatively flat compared to that of FY 2023. However, after taking into consideration the capital expenditure and tenant improvements spending in FY 2024, a net fair value loss of US\$46.7 million was recognised for FY 2024, primarily from The Plaza Buildings, Westmoor Center, Iron Point, Bellaire Park and Bellevue Technology Center. The decline was largely due to the increase in discount rates across the portfolio, which were partially offset by higher rental rates and occupancy for certain properties.

There was a tax credit of US\$4.0 million in FY 2024 mainly due to deferred tax asset recognised on the fair value loss in investment properties in FY 2024. This was partially offset by the deferred taxes recognised from tax depreciation on capital allowance claimed on the investment properties.

Due to the net effects of the above, the Group recorded a net loss of US\$6.9 million for FY 2024, lower than the net loss of US\$67.7 million recorded for FY 2023.

Overall, income available for distribution to Unitholders of US\$47.6 million for FY 2024 was lower than FY 2023 by 8.8% mainly due to lower cash net property income and higher financing costs. The Manager has elected to receive 100% of its base fee for FY 2024 and FY 2023 amounting to US\$5.3 million and US\$5.8 million respectively in cash.

D. VARIANCE FROM FORECAST STATEMENT

Not applicable.

E. PROSPECTS

US job openings rose to a six-month high in November at 8.1 million. The advance was mainly due to openings at professional and business services – which stand at an almost two-year high – as well as finance and insurance⁴.

The annual inflation rate in the US rose for a 3rd consecutive month to 2.9% in December 2024 from 2.7% in November, in line with expectations. The rise is partly influenced by low base effects from last year⁵. In January, the Fed held rates steady at 4.25%-4.5%, adopting a "wait and see" stance on Trump's economic policies. This pause follows three consecutive cuts, which lowered the key lending rate by a full percentage point. The Fed expressed that "labour market conditions remain solid" but noted "inflation remains somewhat elevated", removing its earlier reference to progress toward the 2% target⁶.

In relation to the office leasing market, the variance in leasing momentum among different geographic regions is beginning to narrow as the recovery spreads more broadly—while Sun Belt markets still lead with over 95% of pre-pandemic activity over the last six months, gateway markets have recovered to a significant degree as well, reaching 76% of pre-pandemic activity in the second half of the year. With many companies establishing regular office attendance requirements in recent years, downsizing rates have fallen significantly, allowing emerging organic demand growth to drive gains for the overall market⁷.

The Trump administration has on 20 January 2025 issued a memorandum to the heads of federal departments and agencies, to as soon as practicable get their employees back to their respective duty stations full-time⁸.

In terms of interstate migration, Sun Belt states—including Texas, North Carolina, South Carolina, Florida and Tennessee continue to be the most popular destinations⁹.

For more details, please refer to Keppel Pacific Oak US REIT's Media Release for the full year ended 31 December 2024.

⁴ Business Times, US job openings rise to six-month high on business services, 8 January 2025

⁵ Trading Economics, January 2025

⁶ Business Times, US Federal Reserve pauses rate cuts, will 'wait and see' on Trump policies, 30 January 2025

⁷ JLL Research, U.S. Office Market Dynamics, Q4 2024

⁸ <https://www.whitehouse.gov/presidential-actions/2025/01/return-to-in-person-work/>. Accessed on 24 January 2025

⁹ Wall Street Journal. The Sanctuary State Migrant Boom, December 2024

F. 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 monitors the tenant mix. The Manager mitigates credit risk through staggered lease maturities and diversifying revenue sources, ensuring no single tenant contributes a significant percentage of the Group's gross income.

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.

Capital Management risk

The group's ability to secure financing is susceptible to factors such as the cyclical nature of the property market and risks associated with market disruptions, potentially impacting liquidity, interest rates and the overall availability of funding sources. While the Group may face challenges with its future borrowing capacity to fund working capital, capital expenditure and refinancing existing debt obligations, the Manager continues to adopt a prudent and proactive approach towards capital management.

G. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

No distribution declared for 2H 2024. For more details, please refer to Introduction on page 2.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No distribution declared for 2H 2023. For more details, please refer to Introduction on page 2.

H. DISTRIBUTION STATEMENT

Other than as disclosed in Other information: Paragraph G - Distributions, no distribution declared/ recommended.

I. 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 C above for the review of actual performance.

J. BREAKDOWN OF REVENUE

	FY 2024 US\$'000	FY 2023 US\$'000	+/(-) %
First half year			
Gross revenue reported	74,372	75,911	(2.0)
Net income reported	20,417	24,122	(15.4)
Second half year			
Gross revenue reported	72,065	74,846	(3.7)
Net loss reported	(27,311)	(91,847)	(70.3)

NM – Not meaningful

K. BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY 2024 US\$'000	FY2023 US\$'000
1 July 2024 to 31 December 2024	-	-
1 January 2024 to 30 June 2024	-	-
1 January 2023 to 30 June 2023 (paid)	-	26,112
	-	26,112

L. 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 2024 US\$'000	Actual FY 2023 US\$'000
<u>Keppel Pacific Oak US REIT Management Pte. Ltd.</u>		
- Manager's management fees	5,292	5,803
<u>Perpetual (Asia) Ltd</u>		
- Trustee fees	180	191

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

M. 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.

N. 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

Darren Tan/ Lee Yingqi

Company Secretary

4 February 2025