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MEDIA RELEASE

Unaudited Results of Keppel Pacific Oak US REIT for the Fourth Quarter and Full Year ended 31 December 2019

21 January 2020

The Directors of Keppel Pacific Oak US REIT Management Pte. Ltd., as Manager of Keppel Pacific Oak US REIT, are pleased to announce the unaudited results of Keppel Pacific Oak US REIT for the fourth quarter and full year ended 31 December 2019.

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The materials are also available at www.koreusreit.com, www.kepcapital.com and www.kepcorp.com

Keppel Pacific Oak US REIT achieves 31.4% year-on-year growth in distributable income for FY 2019

Highlights

- Distribution yield of 7.7% as at 31 December 2019.
- 11.3% increase in distribution per Unit (DPU) year-on-year (y-o-y) for FY 2019 at 6.01 US cents.
- Strong rental reversion – 14.3% for FY 2019, in addition to average ~2.6% annual rent escalations.
- Over 36% of tenants in the key growth sectors of technology and healthcare.
- Low tenant concentration – 19.4% of cash rental income (CRI) attributed to top 10 tenants.

Summary of Results

	Actual 4Q 2019 (US$'000)	Actual 4Q 2018 (US$'000)	% Change	Actual FY 2019 (US$'000)	Actual FY 2018 (US$'000)	% Change
Gross Revenue	33,771	24,502	37.8	122,886	93,525	31.4
Property Expenses	(13,704)	(9,866)	38.9	(48,133)	(36,802)	30.8
Net Property Income	20,067	14,636	37.1	74,753	56,723	31.8
Income Available for Distribution(1)	13,623	10,258	32.8	50,783	38,634	31.4
DPU (US cents) for the period	1.51	1.25	20.8	6.01	5.40	11.3
Distribution yield (%)(2)	-	-	-	7.7%	8.9%	(120bps)
Adjusted DPU (US cents)(3)	**1.51**	**1.22(3)**	**23.8**	**6.01**	**4.58(3)**	**31.2**

	Actual 4Q 2019 (US$'000)	Forecast 4Q 2019(4) (US$'000)	% Change	Actual FY 2019 (US$'000)	Forecast FY 2019(4) (US$'000)	% Change
Gross Revenue	33,771	24,100	40.1	122,886	96,401	27.5
Property Expenses	(13,704)	(10,037)	36.5	(48,133)	(40,149)	19.9
Net Property Income	20,067	14,063	42.7	74,753	56,252	32.9
Income Available for Distribution(1)	13,623	10,054	35.5	50,783	40,218	26.3
DPU (US cents) for the period	1.51	1.58	(4.4)	6.01	6.32	(4.9)
Distribution yield (%)(2)	-	-	-	7.7%	7.2%	50bps
Adjusted DPU (US cents)(3)	**1.51**	**1.19(3)**	**26.9**	**6.01**	**4.77(3)**	**26.0**

(1) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
(2) Actual FY 2019 and FY 2018 distribution yields are based on market closing prices of US$0.780 and US$0.610 per Unit as at last trading day of the respective periods. Forecast FY 2019 distribution yield is based on the listing price of US$0.880 per Unit.
(3) Adjusted DPU for Actual 4Q 2018 and FY 2018 as well as Forecast 4Q 2019 and FY 2019 were calculated based on the weighted average number of units for FY 2019 of 843,917,481 units to remove the effects of the enlarged unit base in FY 2019 for comparison purpose.
(4) Forecast for 4Q 2019 and FY 2019 were respectively derived from one quarter and the full year forecast of the Projection Year 2019 as disclosed in the Prospectus.

Financial Performance

Keppel Pacific Oak US REIT (KORE) has achieved distributable income (DI) of US$50.8 million for FY 2019, 31.4% higher than the DI for FY 2018, and exceeding the IPO forecast for the same period by 26.3%. DI for 4Q 2019 was US$13.6 million, which also exceeded DI for 4Q 2018, and the IPO forecast by 32.8% and 35.5%, respectively.

The stronger y-o-y performance for FY 2019 was driven mainly by positive rental reversion of 14.3% for the whole portfolio, especially from the tech focused markets of Seattle and Austin; full-year contributions from

The Westpark Portfolio, which was acquired in December 2018; as well as the two acquisitions in January and November 2019 – Maitland Promenade I in Orlando, Florida, and One Twenty Five in Dallas, Texas.

DPU for FY 2019 was 6.01 US cents, 31.2% above the adjusted DPU for FY 2018 and 26.0% above the IPO forecast adjusted DPU. This translated to a distribution yield of 7.7% based on the market closing price of US$0.780 per Unit as at the last trading day on 31 December 2019. KORE, which declares its distributions semi-annually, will be paying out DPU of 1.06 US cents[1] for the period from 29 October 2019 to 31 December 2019.

Portfolio Review

During the year, the Manager strengthened KORE's portfolio with two DPU-accretive acquisitions, extending its presence to a total of eight key growth markets. The first was Maitland Promenade I in Orlando, Florida, in January 2019; and the second was One Twenty Five in Dallas, a key economic hub of North Central Texas, in November 2019.

The Manager's proactive leasing strategy yielded strong outcomes with approximately 836,000 sf leased for the whole of 2019. This was equivalent to about 17.8% of KORE's portfolio by net lettable area (NLA), bringing KORE's portfolio committed occupancy to 93.6% as at end-2019.

In 2019, KORE had positive portfolio rental reversion of 14.3% as a result of sustained rent increases. These were driven significantly by positive office demand and expansion of its tenants at its buildings and business campuses in the fast-growing tech hubs of Seattle and Austin. As at 31 December 2019, over 36% of tenants were in the key growth sectors of technology and healthcare.

Weighted average lease expiry[2] by CRI for KORE's portfolio and top 10 tenants was 4.2 years and 5.6 years respectively. Tenant concentration risk remains low with the top 10 tenants accounting for only 19.4% of CRI.

Capital Management

Maintaining its prudent approach towards capital management, the weighted average term to maturity of KORE's debt was 2.9 years with an all-in average cost of debt of 3.69% per annum as at end-2019.

All of KORE's borrowings are US dollar-denominated and 100% unsecured, providing the REIT funding flexibility as it continues to pursue long-term growth. There are no long-term debt refinancing requirements until November 2021. Aggregate leverage and interest coverage ratios were 36.9% and 4.8 times, respectively.

The Manager continues to limit interest rate exposure with floating-to-fixed interest rate swaps. As at 31 December 2019, 81.0% of the REIT's non-current loans have been hedged.

Market Outlook

The US economy continued to expand at an annual rate of 2.1%[3] in the third quarter of 2019, continuing its longest expansion on record. The unemployment rate and labour force participation rate remained unchanged at 3.5% and 63.2% respectively in December 2019[4]. Notable job growth occurred in retail trade and health care sectors.

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[1] Excludes the 1.95 US cents advanced distribution for the period from 1 July 2019 to 28 October 2019, which was paid out on 26 December 2019.

[2] Weighted average lease expiry, by NLA, was 4.3 years and 5.5 years for the portfolio and top 10 tenants respectively.

[3] U.S. Bureau of Economic Analysis, December 2019.

[4] U.S. Department of Labor Statistics, December 2019.

[5] Federal Reserve Board minutes, November - December 2019.

At its December 2019 meeting, the Federal Open Market Committee voted to keep the federal funds rate at its target range of 1.50-1.75%[5] in a unanimous decision based on sustained expansion of economic activity, strong labour market conditions and persistently low inflation.

In its January Office National Report, CoStar reported a vacancy rate of 9.9%, near historic lows, following positive gains in absorption and strong leasing activity. The fourth quarter of 2019 marked the 35th consecutive quarter of rent increases. Over this span, rent growth averaged 3.4% (p.a.). with the strongest rent growth occurring in the tech markets of Austin and Seattle, among others. Asking rent rose 5.0% in Austin and 4.8% in Seattle, ranking them fifth and seventh respectively in terms of 12-month asking rent growth. Seattle and Austin make up over 48% of KORE's portfolio by CRI.

Looking Ahead

Leveraging KORE's strategic exposure to the fast-expanding tech hubs and the REIT's unique value proposition of having its office towers and business campus style properties that are desired by many companies, especially tech ones. the Manager remains focused on its long-term goal of delivering stable distributions and strong total returns for Unitholders.

The Manager will also continue its strategy of pursuing value accretive acquisitions in first choice submarkets in key US growth markets with strong visible organic growth opportunities supported by positive rental reversion opportunities. The Manager's continued prudent approach towards capital management and its proactive leasing efforts will also see KORE capture rental escalations and positive rental reversions as leases expire.

- End -

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

Keppel Pacific Oak US REIT (KORE), previously known as Keppel-KBS 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. KORE's investment strategy is to principally invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets of the United States (US) with positive economic and office fundamentals that outpace that of the US national average, as well as the average of the gateway cities, so as to provide sustainable distributions and strong total returns for Unitholders.

As at 31 December 2019, KORE's portfolio comprised a balanced mix of 13 freehold office buildings and business campuses across eight key growth markets driven by innovation and technology in the US. With a combined asset value of US$1.26 billion and an aggregate net lettable area of over 4.7 million sf, KORE has an extensive and diversified tenant base, some of which are from the growth and defensive sectors such as the technology, as well as medical and healthcare sectors, which will continue to support and drive growth.

KORE is a technology-focused office REIT with over 50% of the portfolio in the technology hubs of Seattle, Austin and Denver. The remainder of the portfolio is located in the key growth markets of Houston, Dallas, Orlando, Sacramento and Atlanta.

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

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

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