



FORWARD TOGETHER

Report to Unitholders 2019

Keppel Pacific Oak US REIT

VISION

To be the preferred real estate investment trust offering Unitholders the opportunity to invest in a distinctive portfolio of office properties in the United States.

MISSION

To deliver sustainable distributions and strong total returns to our Unitholders through investments in high quality office buildings with a strategic focus on key growth markets in the United States.

02 OVERVIEW

Key Figures for 2019	2
Corporate Profile and Strategic Direction	3
Keppel Pacific Oak US REIT's Properties	4
Financial Highlights	6
Quarterly Results	7
Chairman's Statement	8
Trust Structure	12
Board of Directors	13
Senior Management	15
Milestones	16
Investor Relations	17

19 OPERATIONS REVIEW

Independent Market Review	19
Property Portfolio	36
– At a Glance	40
• The Plaza Buildings, Seattle, Washington	42
• Bellevue Technology Center, Seattle, Washington	43
• The Westpark Portfolio, Seattle, Washington	44
• Westmoor Center, Denver, Colorado	45
• Great Hills Plaza, Austin, Texas	46
• Westech 360, Austin, Texas	47
• 1800 West Loop South, Houston, Texas	48
• Bellaire Park, Houston, Texas	49
• One Twenty Five, Dallas, Texas	50
• Maitland Promenade I & II, Orlando, Florida	51
• Iron Point, Sacramento, California	52
• Powers Ferry, Atlanta, Georgia	53
• Northridge Center I & II, Atlanta, Georgia	54
Financial Review	55

61 SUSTAINABILITY REPORT

Sustainability Framework	61
Letter to Stakeholders	62
About this Report	63
Managing Sustainability	64
Environmental Stewardship	67
Responsible Business	69
People and Community	71
GRI Content Index	75

78 FINANCIAL STATEMENTS

Report of the Trustee	78
Statement by the Manager	79
Independent Auditor's Report	80
Statements of Financial Position	83
Consolidated Statement of Comprehensive Income	84
Distribution Statement	85
Statements of Changes in Unitholders' Funds	86
Consolidated Statement of Cash Flows	88
Portfolio Statement	89
Notes to the Financial Statements	90

115 GOVERNANCE

Corporate Governance	115
Risk Management	134

136 OTHER INFORMATION

Additional Information	136
Unit Price Performance	137
Statistics of Unitholdings	139
Corporate Information	141



OUR QUALITY PROPERTIES MEET THE GROWING DEMAND FOR OFFICE SPACES IN KEY GROWTH MARKETS IN THE US.

Forward together with our stakeholders, we will continue to grow Keppel Pacific Oak US REIT in markets where key metrics, including economic, population and employment growth, generally outpace the US national average and the average of the gateway cities.



KEY FIGURES FOR 2019

Stable Portfolio Committed Occupancy

93.6%

Leased 836,000 sf of space in 2019, equivalent to 17.8% of the portfolio's total net lettable area (NLA).

Strong Positive Rental Reversion

14.3%

Achieved strong average rental reversion of 14.3% across the portfolio, supported by strong leasing demand and rent growth across the key growth markets.

Low Tenant Concentration Risk

19.4%

Low concentration risk with top 10 tenants contributing only 19.4% of the portfolio's cash rental income (CRI) and comprising only 16.9% of the portfolio's NLA.

Exposure to Growth and Defensive Sectors

36.3%

Technology and healthcare tenants comprise 36.3% of the portfolio by NLA with the technology hubs of Seattle, Denver and Austin contributing 58.3% of CRI.

Growth in Distributable Income

31.4%

Contributions from the newly acquired properties, strong leasing momentum, rental escalations and positive rental reversions saw year-on-year growth in distributable income to US\$50.8 million, 31.4% above that of 2018.

Increase in Distribution Per Unit (DPU)

31.2%¹

Achieved DPU of 6.01 US cents in 2019, 31.2% above 2018's adjusted DPU¹ and 26.0% above adjusted DPU for the initial public offering (IPO) forecast² respectively.

Aggregate Leverage

36.9%

All-in average cost of debt was 3.69% per annum, with interest coverage ratio at 4.8 times. Weighted average term to maturity of debt was 2.9 years with no long-term refinancing requirements until November 2021. 100% of the debt is unsecured.

Portfolio Value

US\$1.26b

Grew 51.8% from US\$0.83 billion at IPO and 23.5% from US\$1.02 billion at end-2018 due to acquisitions and net fair value gains from the properties.

¹ Adjusted DPU for Actual FY2018 and Forecast FY2019 were calculated based on the weighted average number of Units for FY2019 of 843,917,481 Units to remove the effects of the enlarged Unit base in FY2019 for comparison purpose.

² Forecast FY2019 was derived from the Projection Year 2019 as disclosed in the Prospectus.

CORPORATE PROFILE AND STRATEGIC DIRECTION

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 generally outpace the US national average, and 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. The assets have a combined 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 technology, as well as medical and

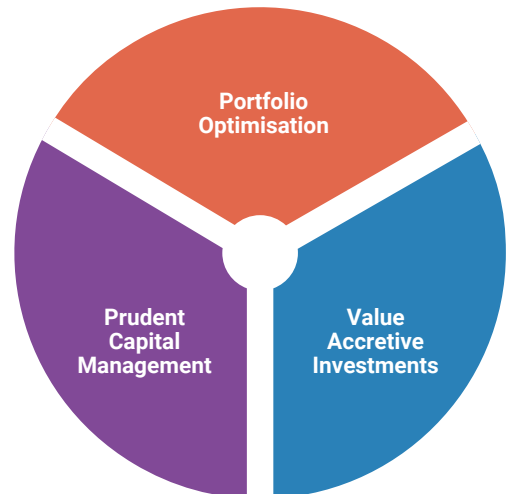
healthcare, which will continue to support and drive growth.

KORE is a technology-focused office REIT with over 50% of the portfolio in the technology hubs of Seattle, Denver and Austin. 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.

KEPPEL PACIFIC OAK US REIT SEEKS TO BE THE PREFERRED REAL ESTATE INVESTMENT TRUST OFFERING UNITHOLDERS THE OPPORTUNITY TO INVEST IN A DISTINCTIVE PORTFOLIO OF OFFICE PROPERTIES IN KEY GROWTH MARKETS IN THE UNITED STATES.

The Manager aims to deliver sustainable distributions and strong total returns to Unitholders through three strategic thrusts.



PORTFOLIO OPTIMISATION

- Focused leasing strategy targeting growth and defensive sectors
- Proactive and effective asset management
- Maximise rental rates and capture positive rental reversions

VALUE ACCRETIVE INVESTMENTS

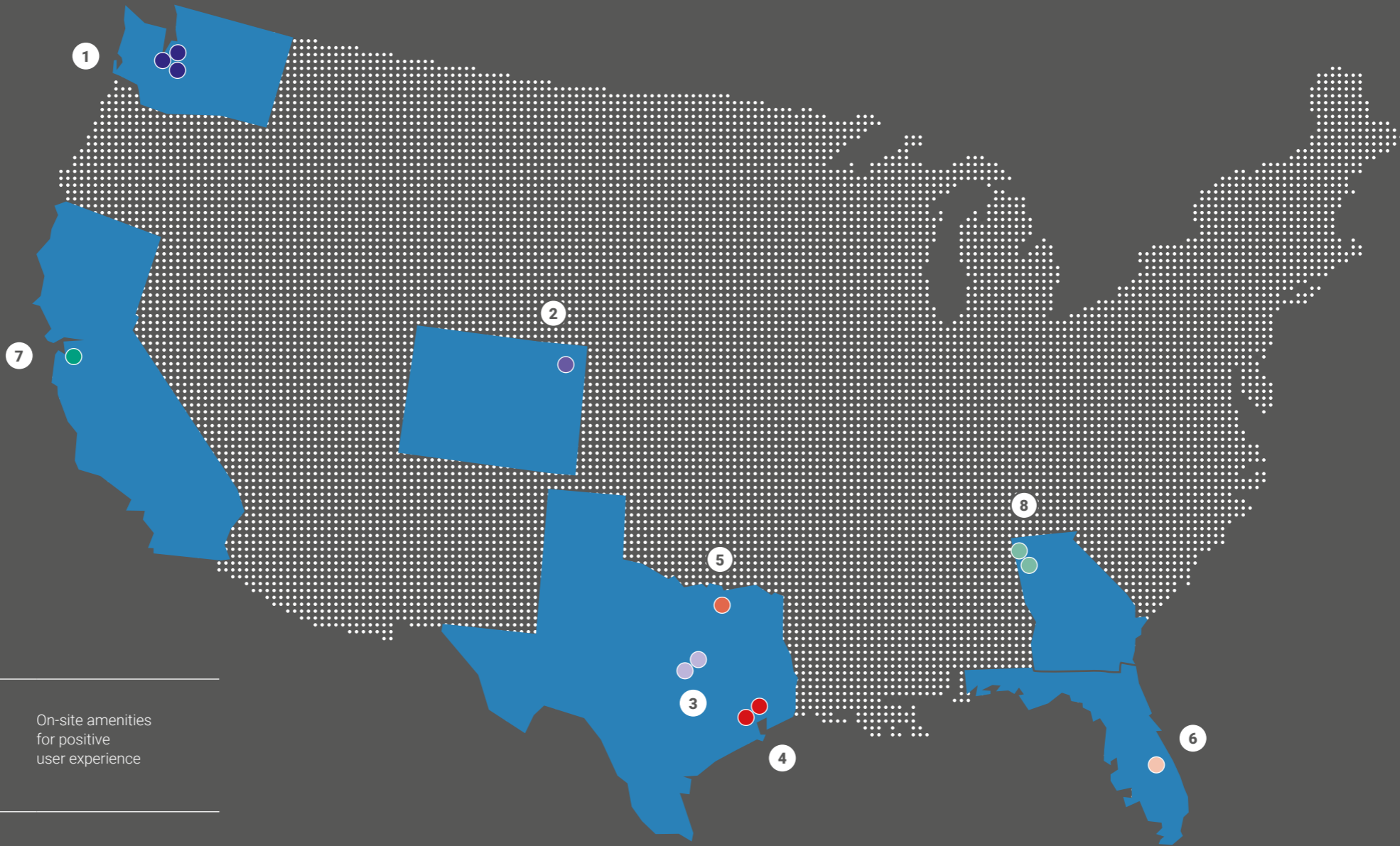
- Pursue growth opportunities to create long term value
- Target key growth markets with strong office fundamentals
- Focus on first choice submarkets with strong macroeconomic growth indicators that outpace the US national average and the average of the gateway cities

PRUDENT CAPITAL MANAGEMENT

- Effective hedging to mitigate impact of unfavourable interest rate movements
- Acquire funding at optimal costs
- Fortify balance sheet and maintain an optimal capital structure

KEPPEL PACIFIC OAK US REIT'S PROPERTIES

DISTINCTIVE PORTFOLIO OF 13 QUALITY FREEHOLD OFFICE BUILDINGS AND BUSINESS CAMPUSES ACROSS EIGHT KEY GROWTH MARKETS IN THE UNITED STATES



- 1 SEATTLE, WASHINGTON**
- The Plaza Buildings
 - Bellevue Technology Center
 - The Westpark Portfolio

- 2 DENVER, COLORADO**
- Westmoor Center

- 3 AUSTIN, TEXAS**
- Great Hills Plaza
 - Westtech 360

- 4 HOUSTON, TEXAS**
- 1800 West Loop South
 - Bellaire Park¹

- 5 DALLAS, TEXAS**
- One Twenty Five

- 6 ORLANDO, FLORIDA**
- Maitland Promenade I & II

- 7 SACRAMENTO, CALIFORNIA**
- Iron Point

- 8 ATLANTA, GEORGIA**
- Powers Ferry
 - Northridge Center I & II

PORTFOLIO CHARACTERISTICS



Key growth markets with favourable economic and office fundamentals above the national average



On-site amenities for positive user experience



Attractive area amenities that decision makers and talent desire



High quality lease and financing structures that offer stability



Proximity to prestigious universities and an educated talent pool



Accessible to alternative transit options

¹ Previously known as West Loop I & II.

OVERVIEW

FINANCIAL HIGHLIGHTS

RESULTS HIGHLIGHTS AND RATIOS

for the financial year ended 31 December

	2019 Actual US\$'000	2019 Forecast ¹ US\$'000	Change %	2018 Actual US\$'000
Gross revenue	122,886	96,401	27.5	93,525
Net property income	74,753	56,252	32.9	56,723
Income available for distribution to Unitholders ²	50,783	40,218	26.3	38,634
Available distribution per Unit (DPU) (US cents)	6.01	6.32	(4.9)	5.40
Available for distribution yield (%) ³	7.70	7.20	50 bps	8.90
DPU (US cents) restated for Rights Issue	6.01	5.89 ⁴	2.0	5.19 ⁴
Adjusted DPU (US cents)	6.01	4.77 ⁵	26.0	4.58 ⁵
Weighted average all-in interest rate (% per annum)	3.69	3.28	41 bps	3.54
Interest coverage ratio (times)	4.80	5.30	(9.4)	5.60

BALANCE SHEET HIGHLIGHTS AND RATIOS

as at 31 December

	2019 US\$'000	2018 US\$'000	Change %
Investment properties	1,256,500	1,016,750	23.5
Total assets ⁶	1,300,615	1,067,112	21.9
Gross borrowings ^{6,7}	480,440	374,440	28.3
Total liabilities	552,064	409,136	34.9
Unitholders' funds	748,551	657,976	13.8
Units in issue and to be issued as at balance sheet date ('000)	935,902	823,490	13.7
Net asset value (NAV) per Unit (US\$)	0.80	0.80	–
Adjusted NAV per Unit, excluding distribution (US\$) ⁸	0.79	0.78	1.3
Unit price as at balance sheet date (US\$)	0.78	0.61	27.9
Discount to NAV (%) ⁹	(2.5)	(23.8)	21.3pp
Aggregate leverage (%) ⁶	36.9	35.1	180 bps

¹ The forecast figures were derived from the Projection Year 2019 as disclosed in the IPO Prospectus.

² The distributable income is based on 100% of the taxable income available for distribution to Unitholders.

³ The distribution yield is based on market closing price of US\$0.78 per Unit as at last trading day of FY2019. Forecast FY2019 and Actual FY2018 distribution yields are based on the listing price and FY2018 market closing price of US\$0.88 and US\$0.61 per Unit respectively.

⁴ Forecast DPU for FY2019 as well as Actual DPU for FY2018 were restated for the effects of the Rights Issue. The computation of the restatement is in accordance with Paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

⁵ Adjusted DPU for Forecast FY2019 as well as Actual FY2018 were calculated based on the weighted average number of Units for FY2019 of 843,917,481 Units to remove the effects of the enlarged Unit base in FY2019 for comparison purpose.

⁶ Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

⁷ Gross borrowings relates to bank borrowings drawn down from loan facilities.

⁸ Adjusted NAV per Unit as at 31 December 2019 excludes distributable income of 1.06 US cents per Unit for the financial period from 29 October 2019 to 31 December 2019.

⁹ Based on NAV as at 31 December 2019 and 31 December 2018.

OVERVIEW

QUARTERLY RESULTS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Full Year
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000
Gross Revenue									
2019 Actual	29,444	24	29,280	24	30,391	25	33,771	27	122,886
2019 Forecast	24,100	25	24,101	25	24,100	25	24,100	25	96,401
2018 Actual	23,710	25	22,641	24	22,672	25	24,502	26	93,525
Net Property Income									
2019 Actual	18,188	24	17,988	24	18,510	25	20,067	27	74,753
2019 Forecast	14,061	25	14,065	25	14,063	25	14,063	25	56,252
2018 Actual	14,699	26	13,794	24	13,594	24	14,636	26	56,723
Distributable Income									
2019 Actual	12,354	24	12,404	25	12,402	24	13,623	27	50,783
2019 Forecast	10,054	25	10,055	25	10,055	25	10,054	25	40,218
2018 Actual	9,454	24	9,453	24	9,469	25	10,258	27	38,634

KORE'S FOCUS ON THE GROWTH AND DEFENSIVE TECHNOLOGY AND HEALTHCARE SECTORS IS A DISTINCTIVE FACTOR AND A CORNERSTONE OF OUR STRATEGY.

DEAR UNITHOLDERS,

On behalf of the Board and management, I am pleased to present the annual report for Keppel Pacific Oak US REIT (KORE) for the financial year ended 31 December 2019 (FY2019).

2019 YEAR IN REVIEW

2019 was another exciting year for KORE. As we look back at KORE's second year since its listing in November 2017, we find ourselves stronger, with a solid portfolio, a focused strategy and a compelling value proposition for our Unitholders and tenants.

Amid uncertainties around trade tensions and geopolitical issues, we continued to operate our business with rigour and focus, and delivered on all of our initial public offering (IPO) forecasts. We also completed two strategic acquisitions in 2019, expanding KORE's footprint to eight key growth markets across the United States (US), and more importantly, providing the REIT with strong visible growth opportunities over the long term.

Distributable income (DI) for FY2019 was US\$50.8 million and distribution per Unit (DPU) was 6.01 US cents, exceeding the adjusted DPU for the IPO forecast¹ by 26.0%². This also compares favourably to the DI of US\$38.6 million and adjusted DPU of 4.58 US cents² achieved in the preceding year.

Net property income (NPI) for FY2019 was US\$74.8 million, reflecting strong underlying performance across our key growth markets and continuing growth over the previous year by 31.8%, as well as outperformance of the IPO forecast by 32.9%. The increase was driven by contributions from the newly acquired properties, strong leasing

momentum, rental escalations and positive rental reversions across our portfolio.

With over 50% of our portfolio in the key technology (tech) hubs of Seattle, Denver and Austin, KORE's focus on the growth and defensive tech and healthcare sectors is a distinctive factor and a cornerstone of our strategy.

NEW NAME, SAME SOLID INVESTMENT

In September 2019, we changed our name from Keppel-KBS US REIT to Keppel Pacific Oak US REIT. Just as the oak tree is a symbol of strength and stability, our new name reflects our steady commitment to continue providing strong total returns and sustainable distributions to our Unitholders.

At the same time, the reorganisation and transition of the Core Plus Team, previously under KBS Capital Advisors LLC, to the new US asset manager, Pacific Oak Capital Advisors LLC, has since been completed.

Notwithstanding the change, the scope of asset management functions remains the same, and KORE continues to receive the full support from the same team of professionals who will source and manage core real estate for the REIT.

PURSuing LONG-TERM VALUE

As part of our growth strategy, we concluded two value accretive acquisitions in 2019 – Maitland Promenade I in Orlando, Florida, and One Twenty Five in Dallas, Texas.

The acquisition of Maitland Promenade I was completed in January 2019. The property is adjacent to Maitland Promenade II, which allows us to harness operational synergies and manage the two assets as one business campus.

In November 2019, we entered a new key growth market, Dallas, one of the largest and fastest growing cities in the US, with the addition of One Twenty Five. One Twenty Five is an office complex with two Class A buildings located in the economic hub of North Central Texas. The DPU-accretive acquisition, which is supported by positive leasing dynamics, strong office fundamentals and high quality tenants, further strengthened KORE's portfolio in several ways, including an increased exposure to the growth and defensive medical and healthcare sector.

The strategic addition of One Twenty Five also increased KORE's total net lettable area by 10.5% to over 4.7 million sf of quality office spaces. KORE's assets have a combined value of US\$1.26 billion as at end-2019, up 51.8% from US\$0.83 billion at listing and 23.5% from US\$1.02 billion at end-2018.

KORE's portfolio boasts a very low tenant concentration risk with over 440 distinct tenants, and our top 10 tenants contributing only 19.4% of total cash rental income. Our diversified tenant base comprises an uncommon and advantageous mix of tech tenants at 28.1%³, as well as healthcare tenants at 8.2%³, which will continue to support our portfolio and drive growth.

DRIVING OPERATIONAL EXCELLENCE

A key focus for 2019 was boosting leasing and occupancy levels across the portfolio. KORE ended the year with 93.6% in portfolio committed occupancy, an increase from the 91.6% at the end of 2018. We achieved this through the outstanding efforts of our leasing and asset management teams who signed a total of 119 leases, representing 836,000 sf of quality space and equivalent to 17.8%³ of KORE's portfolio.

Over two-thirds of leasing activities occurred in KORE's properties in the tech hubs of Seattle, Denver and Austin, with demand largely coming from the fast-growing tech and professional services sectors.

Over the course of 2019, we also refreshed existing assets to create additional value for our tenants. Completed asset enhancement works included a new café and fitness centre in



PETER MCMILLAN III
Chairman

Westmoor Center in Denver, Colorado, as well as new conference rooms, a modern café, tenant lounge and new fitness centre at 1800 West Loop South in Houston, Texas. These investments enhanced the appeal and competitiveness of these properties, which brought increased leasing traction and tenant engagement.

On the capital management front, a key initiative in 2019 was the equity fundraising exercise for the acquisition of One Twenty Five. This was done by way of a private placement in October 2019, and met with strong demand from new and existing institutional, as well as other accredited investors.

Priced at the top end of the range at US\$0.725 per new Unit, the offering was more than four times subscribed, raising gross proceeds of approximately US\$75.6 million to partially fund the acquisition.

The success of our capital raising initiatives is underpinned by a sound and prudent capital management strategy and an extensive investor outreach programme.

Distinctive Focus on Key Growth Markets

8

KORE's portfolio comprises a balanced mix of 13 freehold office buildings and business campuses across eight key growth markets in the US.

Percentage of Tech and Healthcare Tenants

36.3%

As at end-2019, 36.3%³ of KORE's tenants were from the growth and defensive tech and healthcare sectors.

¹ Forecast FY2019 was derived from the Projection Year 2019 as disclosed in the Prospectus.

² Adjusted DPU for Actual FY2018 and Forecast FY2019 were calculated based on the weighted average number of Units for FY2019 of 843,917,481 Units to remove the effects of the enlarged Unit base in FY2019 for comparison purpose.

³ Percentage by net lettable area.

CHAIRMAN'S STATEMENT



As at end-2019, we maintained a healthy interest coverage ratio of 4.8 times. Our aggregate leverage was 36.9% with 100% unsecured debt and no long-term debt refinancing requirements until November 2021. The all-in average cost of debt stood at 3.69% per annum, with weighted average term to maturity of 2.9 years. To limit interest rate exposure, 81.0% of non-current borrowings have been hedged with floating-to-fixed interest rate swaps.

positive office market fundamentals led by the major tech hubs of Seattle, Denver and Austin.

Through our acquisitions, property optimisation and asset enhancement activities, we have elevated the quality of our portfolio, positioning KORE well for continued growth and value creation in 2020. With limited supply and attractive office fundamentals in our key growth markets, we look forward to continued improvements in both our occupancy metrics and NPI.

On the investment front, we will continue to selectively acquire and deepen our footprint in key growth markets where key metrics, including economic, population and employment growth, generally outpace that of the US national average, as well as the average of the gateway cities. We believe this strategy will sustain growth and build shareholder value over the long term.

Driving operational excellence will also remain a key focus. Where feasible, we will seek opportunities to optimise our assets and create additional value for our tenants. We will also continue to proactively explore refinancing options to take advantage of the low interest rate environment and lengthen our debt maturity profile.

FORWARD TOGETHER

In 2019, the US economy continued to expand at a pace of 2.3%¹ per annum. Notwithstanding projections of slowing growth, unemployment remains near 50-year lows, broadly supporting

¹ Source: U.S. Bureau of Economic Analysis, January 2020.

COMMITTED TO BEST PRACTICES

We recognise the importance of sustainable growth in our pursuit of long-term value creation for Unitholders and are committed to adopting and deploying best practices in the area of environmental, social and governance (ESG) as part of KORE's business strategy and day-to-day operations.

In sustainability management, we are guided by the three strategic thrusts of Environmental Stewardship, Responsible Business, as well as nurturing our People and Communities wherever we operate. To communicate our ESG approach, KORE's Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards, has been included as part of this Annual Report.

The Board of Directors has reviewed and approved the material ESG factors, and considers them as part of KORE's strategy formulation. The Board also oversees the management and monitoring of the ESG factors and evaluates them periodically.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank our Unitholders, business partners and valued tenants for their continued support and trust in KORE. I would also like to express my appreciation to my fellow Board members for their counsel, as well as thank the management team and staff for their steadfast dedication and contributions.

As we head into our third year since listing, we believe that our focus on well-positioned office properties in key growth markets in the US will reward Unitholders in the form of sustainable returns and long-term value.

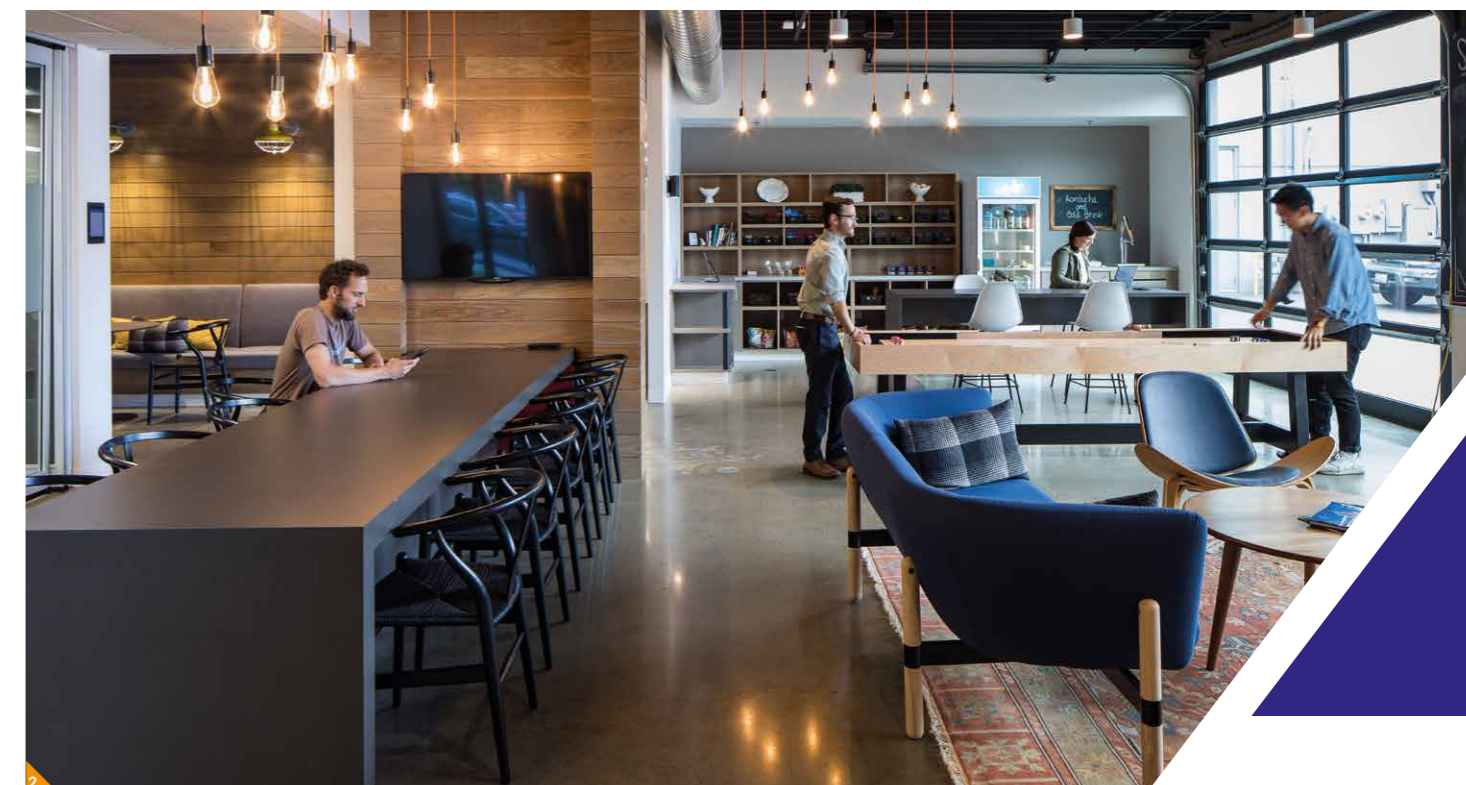
Yours sincerely,

PETER MCMILLAN III
Chairman
20 February 2020

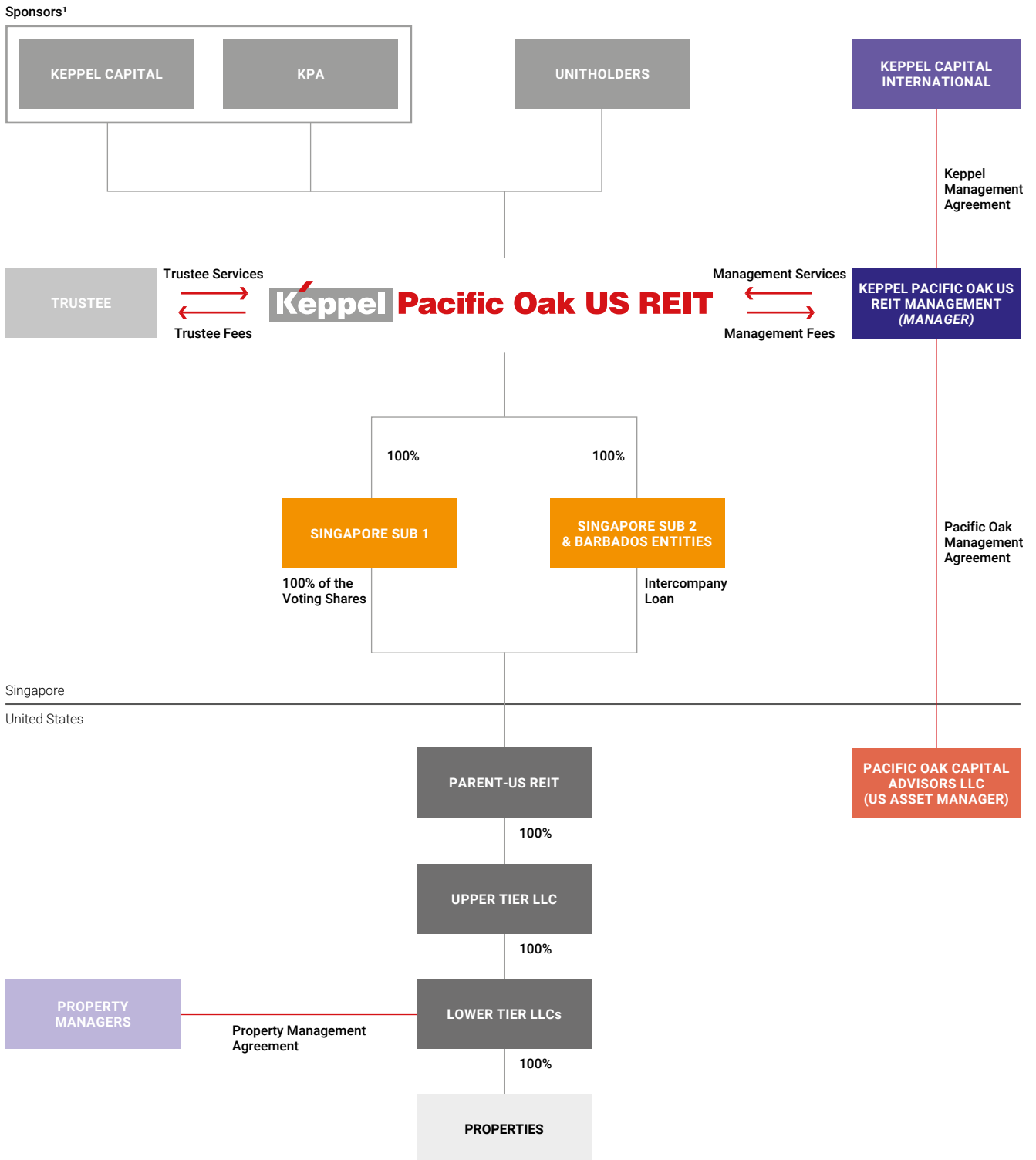
Our acquisitions, property optimisation and asset enhancement efforts have elevated the quality of our portfolio, positioning KORE well for continued growth and value creation in 2020.

¹ The value accretive acquisition of One Twenty Five in the key growth market of Dallas has strengthened KORE's portfolio and enhanced its income resilience.

² The Westpark Portfolio is in Seattle, one of KORE's eight key growth markets where population, economic and employment growth generally outpace that of the US national average, as well as the average of the gateway cities.



TRUST STRUCTURE



¹ Keppel Capital holds a deemed 7.33% stake in Keppel Pacific Oak US REIT (KORE). Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a 6.87% stake in KORE. KPA holds a deemed interest of 0.46% in KORE, for a total of 7.33%.

Note: Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.

BOARD OF DIRECTORS

Board Committees

A Audit and Risk Committee

N Nominating and Remuneration Committee



PETER MCMILLAN III, AGE 62
Chairman and
Non-Executive Director

Date of first appointment as a director:
19 October 2017

**Length of service as a director
(as at 31 December 2019):**
2 years 2 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Arts (Honours) in Economics,
Clark University;
Master of Business Administration,
Wharton Graduate School of Business,
University of Pennsylvania

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Pacific Oak Strategic Opportunity REIT, Inc;
Pacific Oak Strategic Opportunity REIT II, Inc;
TCW Mutual Funds;
Metwest Mutual Funds

Major Appointments (other than directorships):
Co-founder, Pacific Oak Capital Advisors LLC;
Co-founder and Managing Partner,
Willowbrook Capital Group, LLC;
Co-founder, Temescal Canyon Partners

**Past Directorships held over the preceding
5 years (from 1 January 2015 to
31 December 2019):**
KBS Real Estate Investment Trust, Inc;
KBS Real Estate Investment Trust II, Inc;
KBS Real Estate Investment Trust III, Inc;
KBS Growth and Income REIT;
TCW Alternatives Funds

Others:
Nil



SOONG HEE SANG, AGE 61
Independent Director

Date of first appointment as a director:
19 October 2017

**Length of service as a director
(as at 31 December 2019):**
2 years 2 months

Board Committee(s) served on:
Chairman of Audit and Risk Committee;
Member of Nominating and
Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Science (Honours) in
Estate Management,
National University of Singapore;
Master of Business Administration,
National University of Singapore

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Mercatus Co-operative Limited

Major Appointments (other than directorships):
Nil

**Past Directorships held over the preceding
5 years (from 1 January 2015 to
31 December 2019):**
Various companies related to investments by
GIC Real Estate

Others:
Former Managing Director (London),
GIC Real Estate Pte Ltd

A **N**

BOARD OF DIRECTORS



JOHN J. AHN, AGE 55
Independent Director



Date of first appointment as a director:
19 October 2017

**Length of service as a director
(as at 31 December 2019):**
2 years 2 months

Board Committee(s) served on:
Member of Audit and Risk Committee;
Member of Nominating and
Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Arts in Economics
(Minor in Political Science), Williams College

Present Directorships (as at 1 January 2020):
Listed companies
Hanmi Financial Corporation

Other principal directorships
Hanmi Bank

Major Appointments (other than directorships):
Chief Executive Officer,
Great American Capital Partners

**Past Directorships held over the preceding
5 years (from 1 January 2015 to
31 December 2019):**
Nil

Others:
Nil



KENNETH TAN JHU HWA, AGE 46
Independent Director



Date of first appointment as a director:
19 October 2017

**Length of service as a director
(as at 31 December 2019):**
2 years 2 months

Board Committee(s) served on:
Chairman of Nominating and
Remuneration Committee;
Member of Audit and Risk Committee

Academic & Professional Qualification(s):
Bachelor of Arts in Economics
(First Class Honours), Cambridge University

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Southern Capital Group Private Limited

Major Appointments (other than directorships):
Co-Managing Partner and Managing Director,
Southern Capital Group Private Limited

**Past Directorships held over the preceding
5 years (from 1 January 2015 to
31 December 2019):**
Lupa Holdings Pte Ltd; Qualitas Healthcare
Pte Ltd; Southern Capital Advisors Limited;
Mulberry Capital GP Ltd; Southern Capital
Partners Limited; Mulberry Capital Partners
Limited; Fullerton Healthcare Group Pte
Limited; Southern Capital Management Pte Ltd;
Cassis International Pte Ltd

Others:
Nil



PAUL THAM, AGE 38
Non-Executive Director

Date of first appointment as a director:
13 July 2017

**Length of service as a director
(as at 31 December 2019):**
2 years 5 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Science in Civil & Environmental
Engineering, Cornell University;
Master of Business Administration,
Singapore Management University

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Nil

Major Appointments (other than directorships):
Chief Executive Officer,
Keppel REIT Management Limited
(the manager of Keppel REIT)

**Past Directorships held over the preceding
5 years (from 1 January 2015 to
31 December 2019):**
Ocean Mineral Singapore Pte Ltd;
Ocean Mineral Singapore Holding Pte Ltd;
Various subsidiaries of Keppel Capital Holdings
Pte Ltd

Others:
Nil

SENIOR MANAGEMENT

DAVID SNYDER, AGE 49
**Chief Executive Officer and
 Chief Investment Officer**

Mr Snyder was part of the management team that led the successful listing of Keppel Pacific Oak US REIT and has been the Chief Executive Officer and Chief Investment Officer since its listing on 9 November 2017.

Prior to his current appointment, Mr Snyder was a consultant to KBS Capital Advisors where he managed the AFRT portfolio.

From 2008 to 2015, Mr Snyder was the Chief Financial Officer of KBS Capital Advisors and five of its non-traded REITs. In addition to his CFO responsibilities, he led the negotiation for the transfer of the AFRT portfolio comprised of over 800 properties valued at over US\$1.7 billion. He subsequently managed that portfolio for KBS Real Estate Investment Trust.

From 1998 to 2008, Mr Snyder was the Financial Controller for Nationwide Health Properties, a publicly traded healthcare REIT. Prior to that he was the Director of Financial Reporting for Regency Health Services.

He started his career as an auditor at Arthur Andersen LLP after graduating from Biola University with a Bachelor of Science in Business Administration.

Present Directorships (as at 1 January 2020):
 Keppel Pacific Oak US REIT Management, Inc;
 Various subsidiaries of Keppel Pacific Oak US REIT

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
 Nil

ANDY GWEE, AGE 43
Chief Financial Officer

Mr Gwee has more than 19 years of experience in the accounting, finance and auditing industry. He was part of the management team that led the successful listing of Keppel Pacific Oak US REIT and has been the Chief Financial Officer since its listing on 9 November 2017.

Prior to joining the Manager, Mr Gwee was the Head of Finance at Keppel DC REIT Management Pte Ltd, the manager of Keppel DC REIT.

From 2012 to 2015, Mr Gwee was the Senior Finance Manager at Keppel Corporation Limited, where he assisted the Chief Financial Officer and Group Controller in the Keppel Group's financial and reporting functions.

From 2000 to 2012, Mr Gwee was at PricewaterhouseCoopers LLP Singapore in an audit function where he was the engagement manager for leading clients and local listed groups.

Mr Gwee graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from the Nanyang Technological University of Singapore. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

Present Directorships (as at 1 January 2020):
 Keppel Pacific Oak US REIT Management, Inc;
 Various subsidiaries of Keppel Pacific Oak US REIT

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
 Various subsidiaries of Keppel DC REIT

GRACE CHIA, AGE 40
Head, Investor Relations

Ms Chia has over 17 years of experience in corporate communications and investor relations, and was part of the team that successfully listed Keppel Pacific Oak US REIT on 9 November 2017.

She started her career with Keppel Corporation Limited and has held various positions within the Keppel Group over the last 17 years.

Some of her previous appointments include the Senior Manager of Investor Relations at Keppel REIT Management Limited, the manager of Keppel REIT, where she facilitated continuous two-way communication with investors, analysts and key stakeholders, as well as ensured clear and timely disclosure of pertinent information.

Ms Chia was also with the Group Corporate Communications division at Keppel Corporation Limited where she managed the communications efforts for the Keppel Group's offshore and marine division and subsequently, the property division.

Ms Chia graduated with a Bachelor of Commerce from the University of Western Australia.

Present Directorships (as at 1 January 2020):
 Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
 Nil

MILESTONES

The strategic acquisition of One Twenty Five, an office complex with two Class A buildings in Dallas, Texas, was completed in November 2019.



Q1 2019

Completed the acquisition of Maitland Promenade I in Orlando, Florida, on 16 January 2019.

Achieved distributable income (DI) of US\$12.4 million for 1Q 2019, 30.7% above DI for 1Q 2018 and 22.9% above DI for IPO Forecast 1Q 2019¹. Distribution per Unit (DPU) was 1.50 US cents for 1Q 2019, 30.4% above 1Q 2018 adjusted DPU² and 23.0% above the IPO Forecast adjusted DPU for 1Q 2019² respectively.

Q2 2019

Achieved DI of US\$12.4 million for 2Q 2019, bringing DI for 1H 2019 to US\$24.8 million, 30.9% above DI for 1H 2018 and 23.1% above DI for IPO Forecast 1H 2019¹. DPU was 1.50 US cents for 2Q 2019, bringing DPU for 1H 2019 to 3.00 US cents, 31.0% above 1H 2018 adjusted DPU³ and 23.0% above adjusted DPU for Forecast 1H 2019³ respectively.

Convened first Annual General Meeting and obtained Unitholders' approval for all resolutions.

Q3 2019

Announced name change to Keppel Pacific Oak US REIT.

Announced the acquisition of One Twenty Five in Dallas, Texas, for US\$101.5 million, strengthening KORE's portfolio and extending the REIT's presence to eight key growth markets.

Achieved DI of US\$12.4 million for 3Q 2019, bringing DI for 9M 2019 to US\$37.2 million, 31.0% above DI for 9M 2018 and 23.2% above DI for IPO Forecast 9M 2019¹. DPU was 1.50 US cents for 3Q 2019, bringing DPU for 9M 2019 to 4.50 US cents, 31.2% above 9M 2018 adjusted DPU⁴ and 23.3% above adjusted DPU for IPO Forecast 9M 2019⁴ respectively.

Q4 2019

Entered into the Pacific Oak Management Agreement and appointed Pacific Oak Capital Advisors LLC as the new US Asset Manager.

Convened Extraordinary General Meeting for the proposed acquisition of One Twenty Five, where a majority of Unitholders (99.7%) voted in support of the acquisition in recognition of its strong visible growth opportunities, portfolio diversification and income resilience.

Launched private placement to partially fund the acquisition of One Twenty Five. The private placement was more than four times subscribed with strong demand from new and existing institutional, as well as other accredited investors. The issue price was fixed at the top end of the range at US\$0.725 per new Unit.

Completed the acquisition of One Twenty Five on 1 November 2019.

Achieved DI of US\$13.6 million for 4Q 2019, bringing DI for FY2019 to US\$50.8 million, 31.4% above DI for FY2018 and 26.3% above DI for Forecast FY2019¹. DPU was 1.51 US cents for 4Q 2019, bringing DPU for FY2019 to 6.01 US cents⁵, 31.2% above FY2018 adjusted DPU⁶ and 26.0% above adjusted DPU for IPO Forecast FY2019⁶ respectively.

¹ Forecast FY2019 was derived from the Projection Year 2019 as disclosed in the Prospectus.

² Adjusted DPU for Forecast 1Q 2019 and Actual 1Q 2018 were calculated based on the actual number of Units as at 31 March 2019 of 823,489,620 Units for comparison purpose.

³ Adjusted DPU for Forecast 2Q 2019 and 1H 2019, as well as Actual 2Q 2018 and 1H 2018 were calculated based on the actual number of Units as at 30 June 2019 of 825,266,935 Units for comparison purpose.

⁴ Adjusted DPU for Forecast 3Q 2019 and 9M 2019, as well as Actual 3Q 2018 and 9M 2018 were calculated based on the actual number of Units as at 30 September 2019 of 826,890,926 Units for comparison purpose.

⁵ Includes an advanced distribution of 1.95 US cents for the period from 1 July 2019 to 28 October 2019 paid on 26 December 2019.

⁶ Adjusted DPU for Forecast FY2019 and Actual FY2018 were calculated based on the weighted average number of Units for FY2019 of 843,917,481 Units for comparison purpose.

INVESTOR RELATIONS

INCREASED ENGAGEMENT AND MORE TARGETED MESSAGING HAS DEEPEDED THE INVESTMENT COMMUNITY'S APPRECIATION OF KORE'S VALUE PROPOSITION AS A TECH-FOCUSED REIT IN KEY GROWTH MARKETS OF THE US.



Regular engagement with Unitholders allows them to have a better understanding of KORE's strategy and business operations.

DEEPENING ENGAGEMENT

Through regular one-on-one meetings, conference calls, post-results engagements and non-deal roadshows, the Manager engaged a total of 404 local and international investors and analysts in Singapore, Bangkok, Hong Kong, Kuala Lumpur, Manila, as well as three new markets of Seoul, Tel Aviv and Tokyo in 2019.

In May 2019, a site visit was conducted for analysts to KORE's properties in its key growth markets of Seattle, Austin and Houston. Analysts experienced first-hand the vibrant, modern communities where KORE's properties are located and toured its amenity-rich business campuses favoured by tech tenants.

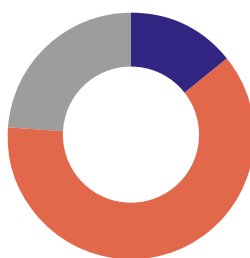
As part of its investor education programme, the Manager participated in the annual REITs Symposium jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS), and supported by The Business Times. It also took part in several platforms targeted at retail investors and family offices, including CEO presentations at the DBS Private Bank-REITAS Forum, the Singapore Exchange's (SGX) Corporate Insights seminar on "Finding Opportunities in US Assets" and the SGX-REITAS seminar on "Understanding REITs with US Assets". Participants gained constructive insights into the US office property landscape and a better understanding of KORE's key growth markets.

The Manager, through Keppel Capital, is also a member of the Investor Relations Professionals Association (Singapore), which promotes continuous improvement of professional competencies among investor relations professionals. The Keppel Group also supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to empower the investment community through ongoing investor education.

EFFECTIVE COMMUNICATION

The Manager engages the media through luncheons and interviews with the CEO and senior management team, in addition to responding to media queries promptly. In 2019, the Manager extended its media outreach to include financial bloggers, providing them with a better grasp of KORE's business operations and growth strategies.

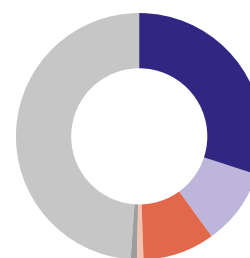
UNITHOLDING BY INVESTOR TYPE (%) as at 7 February 2020



● Sponsors and related parties	14.3
● Retail	62.0
● Institutional	23.7
Total	100.0

Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.

UNITHOLDING BY GEOGRAPHY¹ (%) as at 7 February 2020



● Singapore	30.2
● Asia (excluding Singapore)	10.0
● North America	9.4
● United Kingdom (UK)	0.8
● Europe (excluding UK)	0.8
● Others ²	48.8
Total	100.0

¹ Excluding sponsors and related parties.

² Others comprise the rest of the world, as well as unidentified holdings and holdings below the analysis threshold.

INVESTOR RELATIONS

KORE convened its inaugural Annual General Meeting (AGM) on 17 April 2019, which was attended by 137 Unitholders. At the meeting, the Board and senior management reported on KORE's performance for the financial period from listing on 9 November 2017 to 31 December 2018, as well as addressed questions and comments from Unitholders.

On 15 October 2019, an Extraordinary General Meeting (EGM) was held for the acquisition of One Twenty Five in Dallas. At the meeting, Unitholders were provided with details of the acquisition and given the opportunity to raise questions, as well as engage with the Board and senior management. The EGM was attended by 100 Unitholders and 99.7% voted in favour of the acquisition.

All resolutions at the general meetings were polled electronically, with results announced during the meeting and published on the SGX on the same day. An independent scrutineer was also appointed to validate the voting procedures and oversee the process. Minutes of the general meetings are also available on the corporate website.

TIMELY AND RELIABLE DISCLOSURES

Guided by a clearly defined set of principles and best practices set out in its investor relations policy, multiple platforms and

communication channels are used to effect timely disclosures of corporate actions and business developments.

Following a December 2018 announcement by the US Department of the Treasury on proposed regulations under Section 267A of the US Internal Revenue Code, the Manager organised a teleconference with analysts in January 2019 to provide clarifications on the announcement and its non-material impact on KORE.

Each quarter, the Manager organises analyst teleconferences following the release of KORE's financial results. At the same time, post-results engagements address queries that investors have on the REIT's performance and operations.

All communication materials, including news releases, announcements, quarterly financial statements and presentations are published on the SGX and KORE's website, providing users with easy access to the most up-to-date financial and corporate information. Interested parties who wish to be notified on updates and announcements can also subscribe to email alerts via KORE's website.

To help investors understand their tax obligations as a Unitholder, the Manager distributes investor packs that contain instructions and relevant tax forms.

Further information on taxation is also published on KORE's website, along with a hotline and email address for queries.

In 2019, KORE was recognised for its strong corporate governance:

- Singapore Corporate Awards – Best Annual Report (Merit) under the First-Year Listed Companies category
- Governance Index for Trusts (GIFT) – Ranked 6th out of 46 REITs and business trusts

Research Coverage

- Citi
- Credit Suisse
- DBS
- RHB

Unitholder Enquiries

For more information, please contact the investor relations team at:

Telephone:
+65 6803 1739

Email:
enquiries@koreusreit.com

Website:
www.koreusreit.com

INVESTOR RELATIONS CALENDAR

Financial Year Ended 31 December 2019

Q1	Q2	Q3	Q4
Convened analysts' teleconference on US tax regulations	Announced 1Q 2019 results and convened analysts' teleconference	Announced 2Q & 1H 2019 results and convened analysts' teleconference	Convened an EGM for the proposed acquisition of One Twenty Five
Announced FY2018 results and convened analysts' teleconference	Engaged investors at a post-results investor meeting hosted by Citi	Engaged investors at a post-results investor meeting hosted by RHB	Announced 3Q & 9M 2019 results and convened analysts' teleconference
Engaged investors at a post-results investor meeting hosted by Credit Suisse	Convened KORE's first AGM	Organised non-deal roadshows in Singapore, Bangkok, Hong Kong, Manila and Seoul	Engaged investors at a post-results investor meeting hosted by Credit Suisse
Engaged private banking investors at a meeting hosted by DBS	Engaged private banking investors at a meeting hosted by Citi	Participated in the SGX Corporate Insights seminar on "Finding Opportunities in US Assets"	Participated in the SGX-REITAS investor education seminar on "Understanding REITs with US Assets"
Participated in the Nomura Global Real Estate Conference in Tokyo	Participated in the DBS Private Bank-REITAS Forum in Singapore	Participated in the SGX-Maybank Corporate Day in Kuala Lumpur and the SGX-Citi-REITAS SREITs Corporate Day in Singapore	Organised a non-deal roadshow in Tel Aviv
Organised non-deal roadshows in Bangkok and Seoul	Organised non-deal roadshows in Singapore and Hong Kong	Distributed payout to Unitholders for the period from 1 January 2019 to 30 June 2019	An advanced distribution of 1.95 US cents for the period from 1 July 2019 to 28 October 2019 was paid on 26 December 2019
Distributed payout to Unitholders for the period from 1 July 2018 to 31 December 2018	Organised a US property tour for analysts to KORE's assets in Seattle, Austin and Houston		

INDEPENDENT MARKET REVIEW

BY CUSHMAN & WAKEFIELD

**THE US ECONOMY
ADVANCED ALONG
A MODERATE PATH
OF GROWTH IN 2019.
WHILE CHALLENGES
EXIST, EXPANSION
IN OFFICE-USING
JOBS IS EXPECTED TO
CONTINUE, DRIVING
FURTHER ABSORPTION
OF OFFICE SPACE
INTO 2020.**



Asking Rent

US\$33.14 psf

The average asking rent for office space in the US rose to US\$33.14 psf in 2019, a 5.1% increase from 2018.

Technology Sector

26.4%

The technology sector remains a key driver of US office market growth and accounted for 26.4% of the major leases in 2019.

UNITED STATES (US) ECONOMY Overview

The US economy officially began its 11th consecutive year of growth in the second half of 2019, a new record for the longest economic expansion in history. Economic growth beat market expectations during 2019. This was evidenced by gains in nonfarm payrolls, with roughly 2.3 million new jobs added. In addition, the unemployment rate ended 2019 at 3.5%, down 40 basis points (bps) from a year ago and at a 50-year low.

Employment in the key office-using sectors (financial, professional as well as business services and information) averaged slightly more than 43,000 per month throughout 2019, with a total gain for the year of 517,000. While the technology sector is not well defined by the Bureau of Labor Statistics' employment statistics, it includes jobs across many of the office-using sectors, particularly business services and information. Most of the growth in office-using employment was attributed to professional and business services, which increased by 397,000. Healthcare, another key driver of office demand, added 399,000 jobs in 2019, up from 350,000 in 2018.

US commercial real estate investment activity peaked in 2018 with the highest sales volume recorded since 2007. However, sales volume declined significantly in 2019, to its lowest level since 2013. This was largely attributable to declines in sales of industrial, apartment and retail assets. In contrast, office sales volume for 2019 was up approximately 1.5% from 2018.

As the economy gets closer to full employment, uncertainty around the impact of the US-China trade war, Brexit and fears of a broader global economic slowdown have many investors proceeding with caution. In response to increased uncertainty, the Federal Reserve (Fed) cut interests rates for the third time in 2019 to shield the US economy. American consumers continue to profit from the expansion even with the threat of a possible recession, and consumer confidence remains high. The trade war between the US and China has taken a step in the right direction as phase one of the deal was signed by President Donald Trump and senior Chinese leaders on January 15th, and this has also served to reduce fears of an economic downturn.

However, a new coronavirus (which has since been identified as COVID-19) emerged in China near the end of 2019. The virus has spread to other nations around the world in early 2020, resulting in substantial healthcare and economic concerns, both in the US and globally.

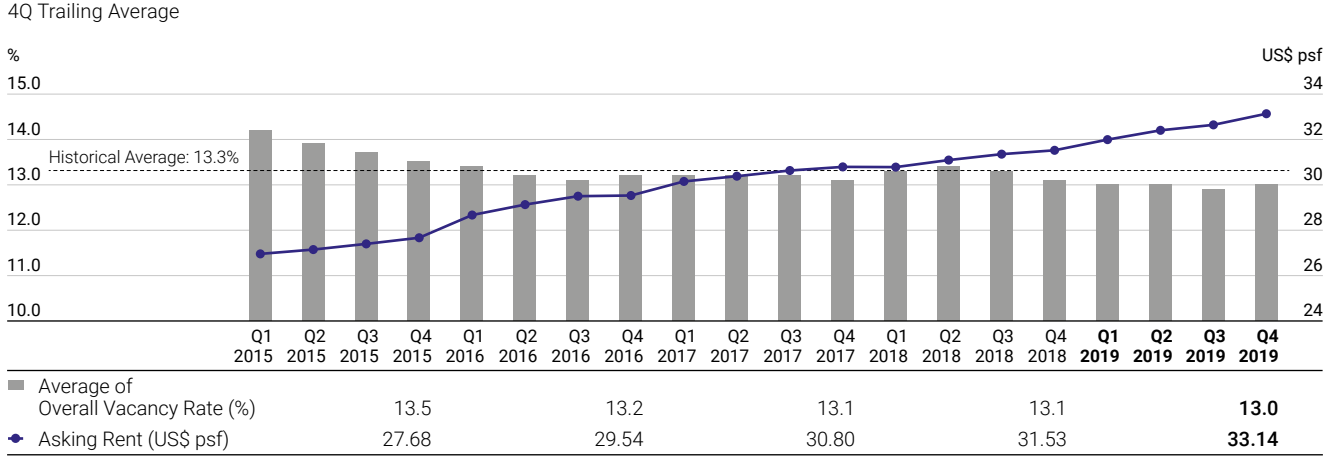
Economic Conditions

The current US economic expansion cycle is over a decade old, and the US economy is by general consent strong. Real Gross Domestic Product (GDP) has been expanding since June 2009, the second-longest streak of its kind in US history. GDP grew by an annualized rate of 2.1% in the fourth quarter, in-line with growth from the previous quarter, and continuing on its long steady growth path. Economists generally forecast continued economic expansion through 2021. GDP correlates strongly with the commercial real estate sector,

**INDEPENDENT MARKET REVIEW
BY CUSHMAN & WAKEFIELD**

Economic Indicators	US	Seattle, Washington	Denver, Colorado	Austin, Texas	Houston, Texas	Dallas, Texas	Orlando, Florida	Sacramento, California	Atlanta, Georgia
Nonfarm Employment									
Q4 2018	149.9m	2,046k	1,602k	1,170k	3,268k	3,793k	1,307k	1,066k	2,962k
Q4 2019	152.2m	2,125k	1,644k	1,196k	3,345k	3,901k	1,350k	1,067k	3,004k
12-Month Forecast	▲	▲	▲	▲	▲	▲	▲	▲	▲
Unemployment Rate									
Q4 2018	3.9%	3.8%	3.5%	2.9%	4.1%	3.4%	3.1%	3.6%	3.6%
Q4 2019	3.5%	3.2%	2.5%	2.6%	3.7%	3.1%	2.7%	3.4%	3.0%
12-Month Forecast	▼	▼	—	▲	▲	▲	—	▼	▼

US OFFICE MARKET OVERALL VACANCY AND ASKING RENTS



All of KORE's eight key growth markets, including Austin (pictured), experienced growth in employment and declines in the unemployment rate in 2019.



so a strong economy indicates strong support for real estate demand going forward.

Despite this growth trend, interest rates, which help determine the cost of borrowing money for investments, have lingered near historic lows since the 2008 recession. Interest rates went unchanged through December 2015, when the Fed increased the rate for the first time in almost a decade. The initial rate hike was miniscule and the action was just the first of a series of increases that continued through the end of 2018. In 2019, however, the Fed indicated more openness to cutting rates based on how the economy responds to the new trade deals made. Between July and October 2019, they reduced interest rates three times to combat the China trade war and boost the economy. The benchmark interest rate was reduced to a range of 1.5% to 1.75% as of year-end 2019. The central bank does not see a recession coming in the near term and the reduced rate looks to offer additional protection from global slowdown and uncertainty.

Most signs in the US economy point to continued moderate growth over the near-term. Monetary policy remains highly accommodative by historical standards and supports continued growth in real estate. While global economic data on trade,

spending, jobs, consumer confidence, and factory orders were mostly solid at the end of 2019, the rapid spread of COVID-19 has led to further economic uncertainty.

As shown in the table on page 20, the eight markets reviewed in this report all experienced growth in employment for 2019, with this expected to continue through 2020. They also saw declines in unemployment rates. Cushman & Wakefield Research anticipates steady growth for the national economy over the foreseeable future.

US OFFICE MARKET OVERVIEW

Employment growth over the past year led to healthy positive absorption. A total of 14.1 million square feet (msf) was absorbed during the fourth quarter of 2019 – similar to the 13.9 msf of absorption recorded in the third quarter of 2019 but slightly higher than the quarterly average of 12.1 msf since the beginning of 2016. For 2019 as a whole, a total of 49.0 msf was absorbed, down slightly from the 52.7 msf absorbed in 2018.

Total leasing volume (including renewals) was 79.0 msf in the fourth quarter of 2019, a decline from 90.3 msf in the third quarter of the year. Still, because of strong volume posted during the first half of the year, a total of 374.2 msf was leased in 2019, slightly more than the 370.0 msf leased in 2018.

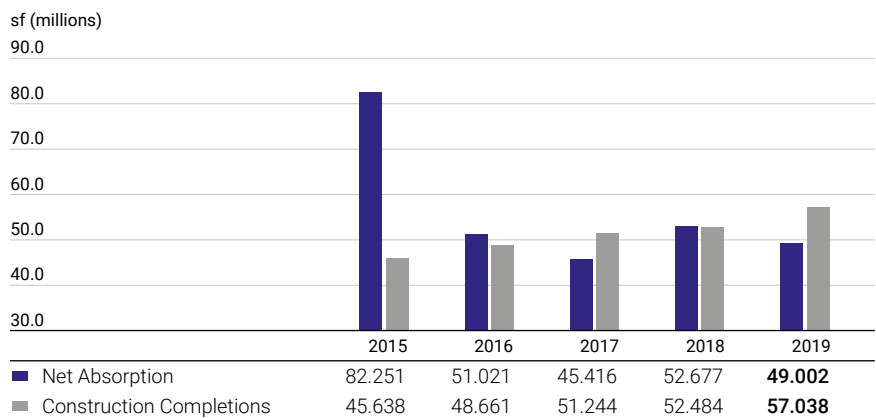
Technology Remains a Key Driver:

Technology was, once again, the top leasing sector, however, it accounted for only 23.6% of the major leases in the fourth quarter of 2019, a decrease from the roughly 31.0% of major leases in the third quarter of the year. Financial services firms increased their share of major leases to 16.7% in the fourth quarter compared to 13.2% in the third. For 2019 as a whole, technology companies accounted for 26.4% of major leasing – roughly double the 14.3% of major leases by the financial services sector.

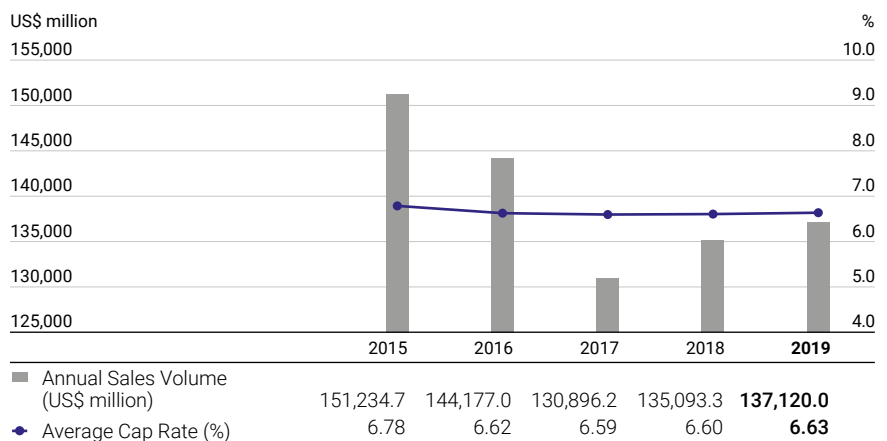
The healthy demand for office space in the fourth quarter of 2019 was matched by rising supply. A total of 20.3 msf of new construction was completed during the quarter, the largest amount of square footage delivered to the market since the fourth quarter of 2008. For all of 2019, 57.0 msf was completed – the largest amount of new construction in a decade and an increase from the 52.5 msf completed in 2018.

Vacancy Edges Higher: With national demand and supply remaining in close balance, there was very little movement in the national vacancy rate during 2019. At the end of the year national vacancy was 13.0%, up from 12.9% in the third quarter, but down slightly from 13.1% a year ago. Since the first

US OFFICE SPACE DEMAND AND DELIVERIES



US OFFICE MARKET INVESTMENT SALES



Source: Real Capital Analytics

quarter of 2016, the cumulative total of new construction deliveries was 209.4 msf, only slightly more than the 198.1 msf cumulative total absorption during the same four-year period. As a result, the national vacancy rate has remained stable – between 12.9% and 13.3% – since early 2016.

Still, some individual markets did experience rises in vacancy. Of the 87 markets tracked by Cushman & Wakefield, 44 saw their vacancy rates increase from the third quarter to the fourth quarter—the largest number of markets posting vacancy rate increases since 2010. The major market with the lowest vacancy rate was San Francisco, California, at 5.4%. Other low vacancy markets include: Puget Sound, Washington (5.5%), Inland Empire, California (7.2%), San Mateo County, California (7.8%), Raleigh/Durham, North Carolina (8.2%) and Sacramento, California (8.3%).

Despite the increase in new construction completions, the amount of space under

construction in the US continued to rise. At the end of 2019, 130.0 msf was under construction in the US, up from 114.2 msf at the end of 2018. That is the highest volume in the current cycle, representing 2.4% of the total inventory of the US.

Rents Continue to Rise: Low vacancy rates continued to exert upward pressure on rents. Average asking rents rose again to a record high of US\$33.14 per square foot (psf) in 2019 – a 5.1% increase from a year ago. Since early 2011, the national average asking rent has increased 34.5%. Compared to a year ago, rents in 73 markets have increased. Only 12 saw a decline in rents (rental rates in two markets were unchanged).

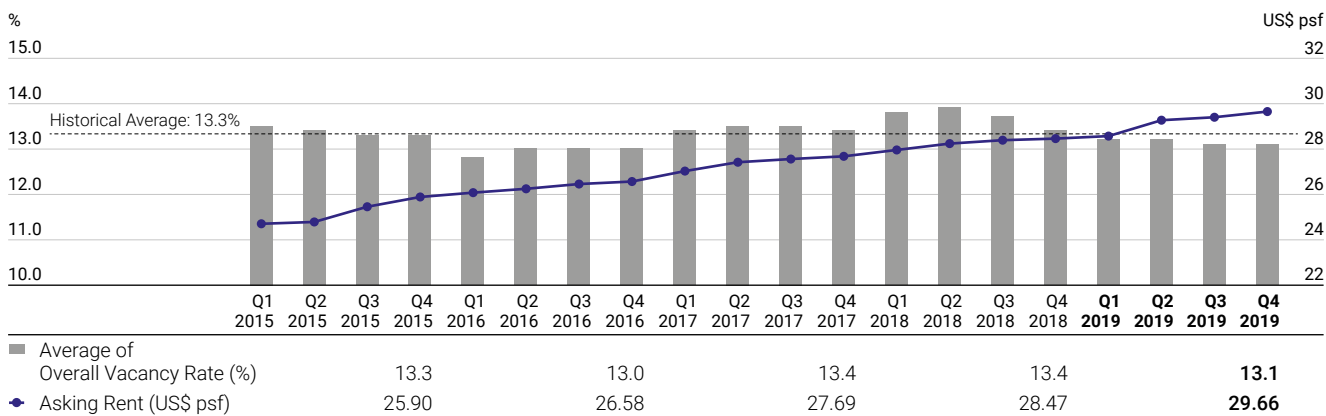
Capitalization Rates Hold Steady:

The volume of office building sales increased for the second consecutive year and remains at historically strong levels. Capitalization rates, which generally trended downward since 2010, have stabilized over the past four years.

INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

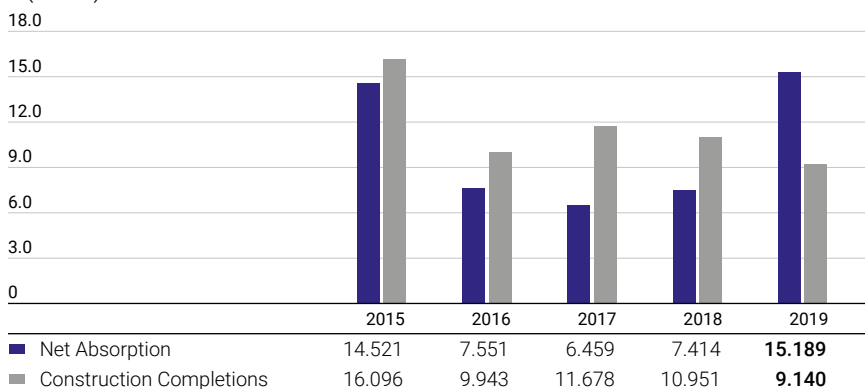
LOCAL MARKETS OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



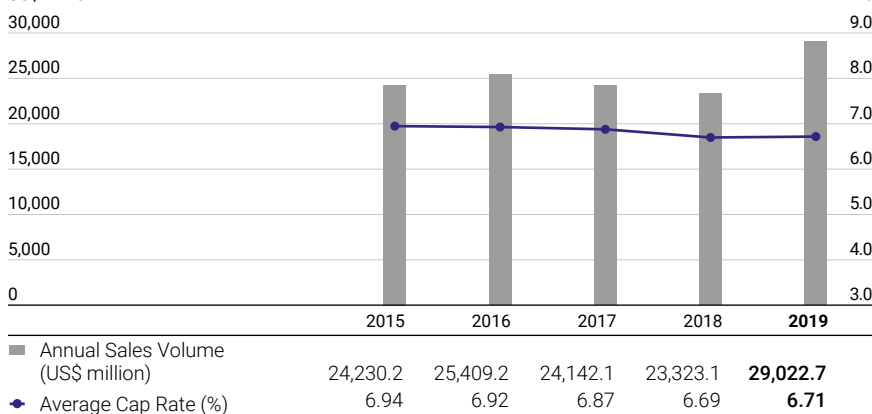
LOCAL MARKETS OFFICE SPACE DEMAND AND DELIVERIES

sf (millions)



LOCAL MARKETS INVESTMENT SALES

US\$ million



Source: Real Capital Analytics

US Office Market Outlook

The technology sector dominated leasing in 2019 and there is no reason to expect a change in 2020. Furthermore, as long as employment in office-using sectors continues to rise, demand for office space will increase and should absorb the new space currently under construction. While demand and supply can vary from one quarter to the next, the overall trend in vacancy is most likely to remain stable.

LOCAL MARKETS

Eight markets are reviewed within this report:

- Seattle/Puget Sound, Washington
- Denver, Colorado
- Austin, Texas
- Houston, Texas
- Dallas, Texas
- Orlando, Florida
- Sacramento, California
- Atlanta, Georgia

The tables presented on this page represent combined market statistics for these eight markets, depicting general trends over these markets as a whole.

Overall, the net absorption across the eight markets increased significantly year-over-year (YoY) from 2018 to 2019, with net absorption of 15.2 msf for 2019, more than double the 7.4 msf absorbed in 2018. Seven of the eight markets experienced positive net absorption for 2019, with Orlando only slightly negative. Strong absorption has continued to push rental rates upward.

Office construction activity is high across the eight markets, with 22.0 msf under construction at the end of 2019, down slightly from 17.9 msf at the end of 2018.

Office Market Indicators	US	Seattle, Washington	Denver, Colorado	Austin, Texas	Houston, Texas	Dallas, Texas	Orlando, Florida	Sacramento, California	Atlanta, Georgia
Vacancy Rate									
Q4 2018	13.1%	6.2%	15.2%	10.6%	21.7%	19.2%	8.9%	9.2%	16.2%
Q4 2019	13.0%	5.5%	14.5%	9.1%	21.3%	18.5%	9.5%	8.3%	17.9%
12-Month Forecast	▲	—	—	▲	—	▲	▼	▼	▲
YTD Net Absorption (sf)									
Q4 2018	20.0m	1,051k	2,714k	524k	-191k	1,475k	223k	552k	1,066k
Q4 2019	14.1m	768k	1,818k	2,331k	1,212k	3,348k	-6k	1,200k	4,519k
12-Month Forecast	▼	▲	—	▲	—	▼	▲	▲	▼
Under Construction (sf)									
Q4 2018	114.2m	718k	2,100k	4,000k	2,200k	3,041k	369k	1,977k	3,500k
Q4 2019	130.0m	1,146k	1,717k	6,124k	1,028k	3,517k	382k	2,308k	5,808k
12-Month Forecast	▲	▲	▼	▲	▼	▼	▲	▼	▼
Average Asking Rent									
Q4 2018 (Annual psf)	US\$31.07	US\$35.56	US\$28.21	US\$36.26	US\$29.25	US\$26.39	US\$22.85	US\$22.55	US\$26.67
Q4 2019 (Annual psf)	US\$32.65	US\$39.27	US\$28.62	US\$39.21	US\$29.31	US\$26.87	US\$23.80	US\$22.98	US\$27.19
12-Month Forecast	▲	▲	▲	▲	—	▲	▲	▲	▲

While recent increases in new construction led to some softening in occupancy levels in 2018, vacancy recovered in 2019 as a result of strong absorption. Vacancy rates for the eight markets averaged 13.1% at the end of 2019, slightly below the five-year average of 13.3% and also down from the 13.9% average recorded for the second quarter of 2018.

Investment sales of office buildings remained relatively stable over the past five years after trending sharply upward for the previous five-year period. Annual office investment sales in these eight markets have fluctuated between US\$23.3 billion and US\$29.0 billion since 2015, with 2019 at the high end of this range. Capitalization rates continued their gradual downward trend in 2019, ending the year at approximately 6.6%.

SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE

Local Economy

The Seattle-Tacoma-Bellevue Metropolitan Statistical Area closed out 2019 on a high note, bolstered by its healthy economy, job growth, and active investment. Large expansions by Amazon, Microsoft and Google have cemented Seattle's status as a technology growth hub and secured its position at the forefront of large US metro areas in terms of job, income and output growth. In the fourth quarter of 2019, the unemployment rate dropped 60 bps YoY to 3.2% and approximately 79,000 new jobs were added.

Office Market Trends

The Eastside office market continues to flourish, with gross asking rent increasing 10.4% (+US\$3.71) YoY to nearly US\$40 psf. Asking rent in the Central Business District (CBD) rose 11.3% (+US\$5.24) from a year ago, ending 2019 averaging over US\$50 psf,

SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE ECONOMIC INDICATORS

	Q4 18	Q4 19	12-Month Forecast
Seattle-Tacoma-Bellevue Employment	2,046k	2,125k	▲
Seattle-Tacoma-Bellevue Unemployment	3.8%	3.2%	▼
US Unemployment	3.9%	3.5%	▼

SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 18	Q4 19	12-Month Forecast
Vacancy	6.2%	5.5%	—
YTD Net Absorption (sf)	1,051k	768k	▲
Under Construction (sf)	718k	1,146k	▲
Average Asking Rent ¹	US\$35.56	US\$39.27	▲

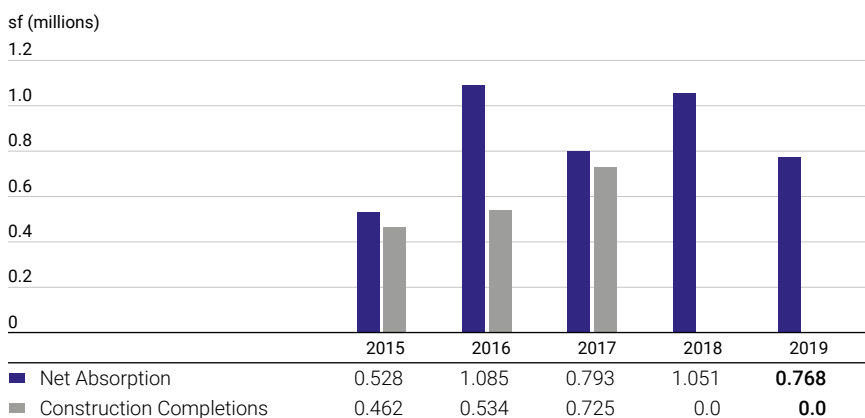
¹ Rental rates reflect gross asking in US\$psf/year.

with coveted Class A space reaching the US\$60-US\$70 psf range. Asking rent in the suburban submarkets averaged in the mid-US\$30s, a jump of nearly 8.5% (+US\$2.85) from 2018, with some submarkets exceeding the US\$40 psf mark. Rent should maintain its upward trend in 2020 as the major tech firms, especially Amazon, Facebook, Google, and Microsoft, continue expanding in the Eastside.

The Eastside office inventory remained stagnant in 2019, with no leasable projects delivering to the market (Google purchased the sole 2019 delivery, Kirkland Urban, as an owner/user in the third quarter, with Tableau occupying a portion). Vacancy declined slightly, with a YoY reduction of 70 bps to 5.5%. The sole office project under construction in the CBD, Summit III, is due to deliver

INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OFFICE SPACE DEMAND AND DELIVERIES



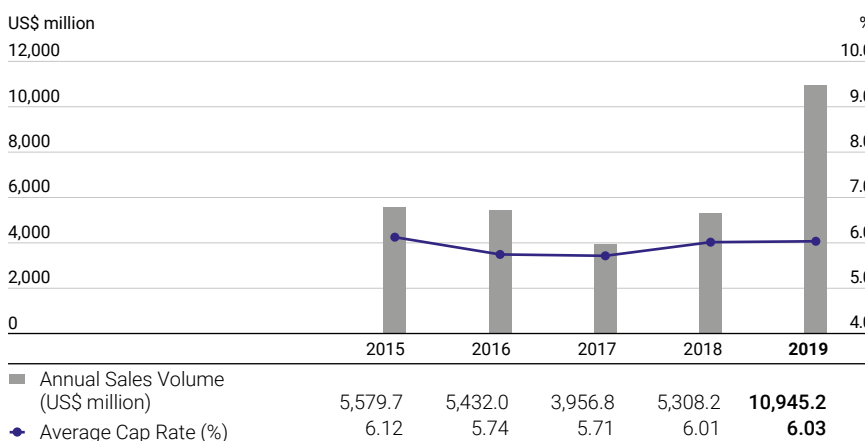
by the end of 2020; Amazon has preleased all 375,000 sf. In the suburbs, The Spring District will add over 800,000 sf to the 405 Corridor submarket by 2021. Facebook has preleased the entire office portion of the district, except 360,000 sf that REI owns and 86,000 sf leased to GIX. Nearly 300,000 sf (25.7%) of the 1.1 msf under construction in the Eastside is available for prelease. Approximately 7.5 msf of proposed projects is in the pipeline, the majority of which will be located in the Bellevue CBD submarket.

Investment in the region has been exceptional. The statewide increase of the real estate excise tax on major sales (effective January 2020) drove sellers to unload their assets by the end of the year. Over US\$10.9 billion in office investments traded in 2019, a 106% YoY increase. According to Real Capital Analytics, capitalization rates generally declined from 2011 through 2017, before edging upward in 2018 and remaining stable in 2019, averaging 6.03% for the past 12 months.

Outlook

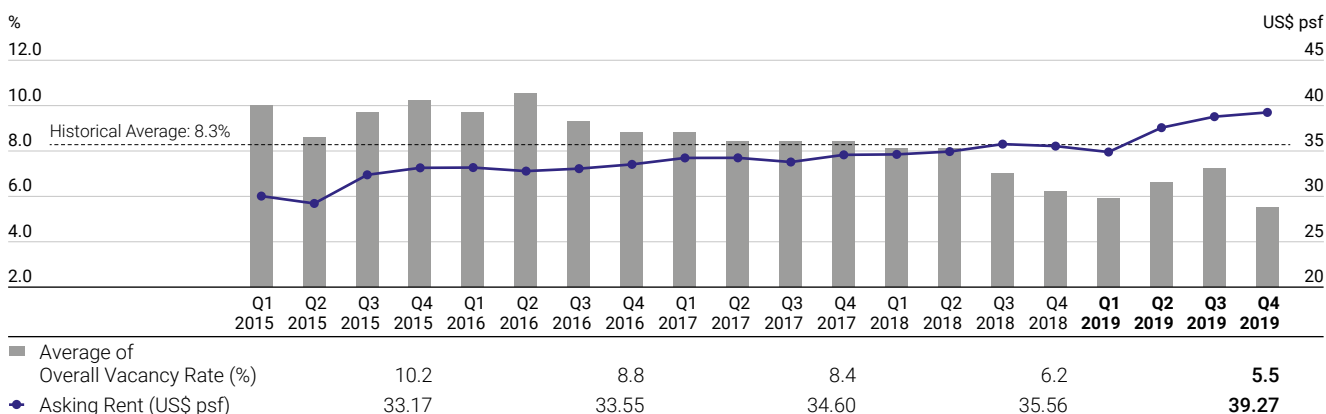
The Eastside will maintain its uptrend heading into 2020, with low vacancy and continued upward pressure on rental rates. With continued expansions by several major employers, the market will remain a draw for technology tenants looking for office and lab space outside of Seattle.

SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE INVESTMENT SALES



SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

DENVER, COLORADO

Local Economy

Denver's economy closed out 2019 with strengthening economic fundamentals, recording an approximate 2.3% YoY increase in non-farm employment. In turn, Denver's unemployment rate decreased 100 bps YoY to 2.5%, representing one of the lowest large-metro unemployment rates in the nation. Denver continues to benefit from the evolving industry diversity that has been largely influenced by the tech industry's robust growth over the past 24 months. Denver's momentum should continue throughout 2020, albeit at a slower pace, as signs of a slowing local economy continue.

Office Market Trends

Overall vacancy recorded a 70-bps decrease YoY, decreasing to 14.5% to close out the year. This decrease is largely attributed to the CBD and the Southeast Suburban (SES) submarkets, which had large move-ins by SunRun, Lockheed Martin and WeWork occur during the fourth quarter of 2019. Class A product continues to see the bulk of tenant activity as occupiers continue to view their real estate as an employee recruitment and retention tool.

Net absorption recorded its strongest quarter of the year with approximately 509,200 sf of net absorption metro-wide in the fourth quarter, bringing the year-end total to 1.8 msf metro-wide for 2019. This remains well below the over 2.7 msf absorbed during 2018, but is higher than the prior three-year average of approximately 0.7 msf. The local organic tech expansion, coupled with the tech exodus out of California, will account for most metro absorption in 2020.

Gross rental rates ended the year at US\$28.62 psf, up 1.5% YoY from US\$28.21 psf in 2018. This represents a slowing of rent growth compared to the 5.9% average increase realized in the prior three years.

Vacancy in the Northwest submarket averaged 15.3% at year-end, 80 bps above the metropolitan area average. Average rental rates were toward the low end of the range for the Denver market, averaging US\$26.46 psf.

DENVER, COLORADO ECONOMIC INDICATORS

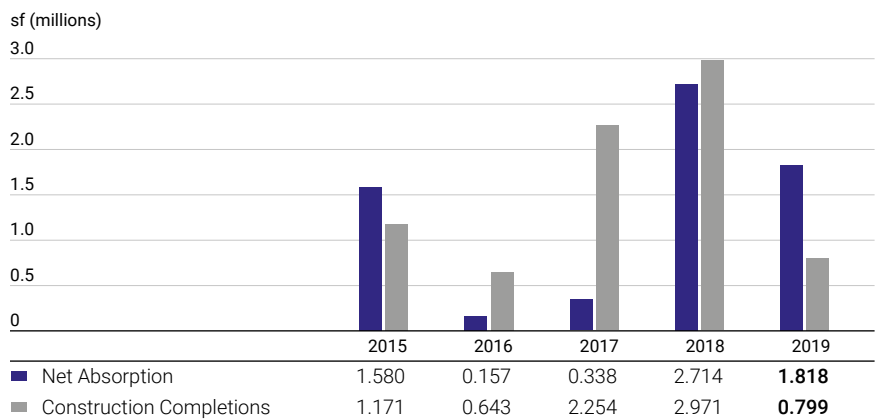
	Q4 18	Q4 19	12-Month Forecast
Denver MSA Employment	1,602k	1,644k	↗
Denver MSA Unemployment	3.5%	2.5%	↘
US Unemployment	3.9%	3.5%	↘

DENVER, COLORADO OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

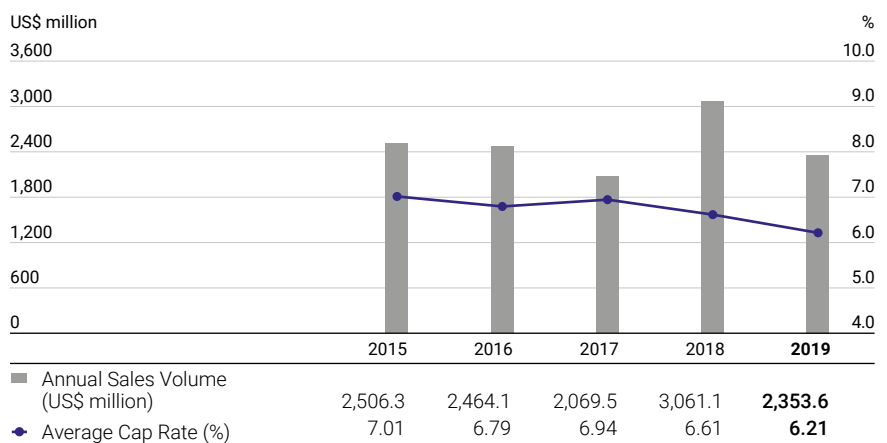
	Q4 18	Q4 19	12-Month Forecast
Vacancy	15.2%	14.5%	↘
YTD Net Absorption (sf)	2,714k	1,818k	↘
Under Construction (sf)	2,100k	1,717k	↘
Average Asking Rent ¹	US\$28.21	US\$28.62	↗

¹ Rental rates reflect gross asking in US\$psf/year.

DENVER, COLORADO OFFICE SPACE DEMAND AND DELIVERIES



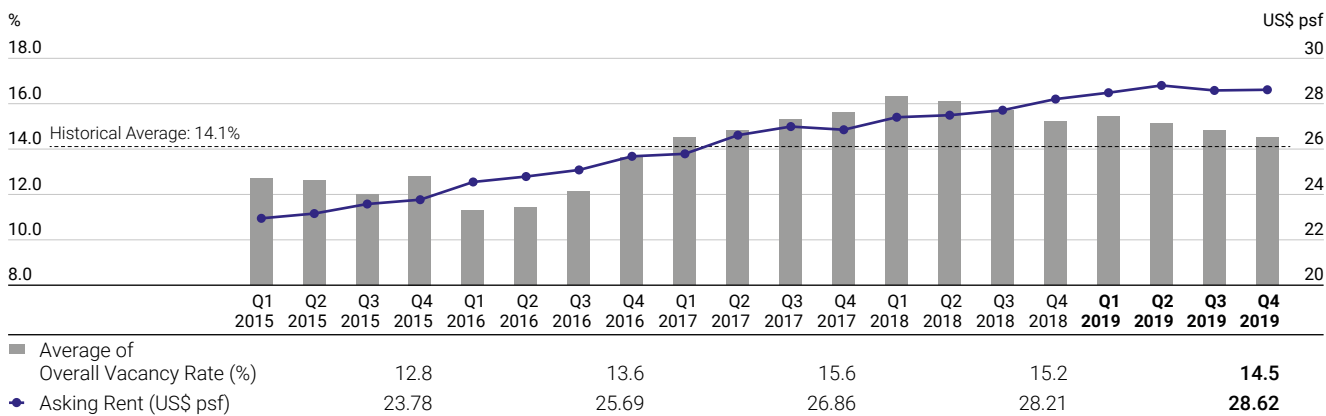
DENVER, COLORADO INVESTMENT SALES



INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

DENVER, COLORADO OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

Currently there are 10 developments under construction for approximately 1.7 msf of new office product, all of which are set to deliver during 2020, with the exception of McGregor Square (210,900 sf), which is set to deliver in mid-2021. Collectively these buildings are roughly 26% preleased, and that is expected to increase as these buildings near completion.

Investment sales volume was up slow in the past 12 months, with Real Capital Analytics reporting total office investment volume of nearly US\$2.35 billion, down from US\$3.06 billion in 2018. Capitalization rates continued a long-term downward trend, averaging 6.2% over the 12 months ending with the fourth quarter of 2019.

Outlook

As more companies continue to grow, coupled with the entrance of West Coast technology companies into the metro market, Denver should continue to grow its occupancy base over the next four quarters and vacancy should remain stable into 2020. Very good availability combined with competitive rental rates should shift more 2020 leasing activity to suburban markets. Rental rate growth will continue at a moderate rate and new speculative construction is expected to slow.

AUSTIN, TEXAS

Local Economy

The Austin market wrapped up 2019 and the decade much like it began – with job growth outpacing the national average and an unemployment rate that remains one of the lowest in the country at 2.6%, 90 bps below the national average of 3.5%. Major

tech expansion remained prevalent throughout 2019 as Fortune 500 companies including Facebook, Google, Amazon, Indeed and others continued to show their love of Austin by inking large office leases during the year. Furthermore, Austin remains one of the fastest growing metros in the country over the past decade, and that trend is likely to continue as more and more companies move to or expand their operations in the Texas capital.

Office Market Trends

With near record low vacancies, impressive absorption levels and demand for top-tier office space unwavering, development of new office product is at an all-time high.

The Austin skyline continues to change drastically. More than 2.1 msf of new office space was delivered during 2019 with another 6.1 msf under construction. Despite the influx of new inventory, leasing activity remains strong with more than 47% of the total product under construction pre-leased. Class A space in the CBD remains highly desirable, with vacancies downtown below 6% and pre-leasing of new construction over 70% and growing.

The Austin office market recorded over 2.3 msf of overall positive absorption in 2019, the highest level since 2015. The strongest absorption levels occurred in

AUSTIN, TEXAS ECONOMIC INDICATORS

	Q4 18	Q4 19	12-Month Forecast
Austin MSA Employment	1,170k	1,196k	▲
Austin MSA Unemployment	2.9%	2.6%	▲
US Unemployment	3.9%	3.5%	▼

AUSTIN, TEXAS OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 18	Q4 19	12-Month Forecast
Vacancy	10.6%	9.1%	▲
YTD Net Absorption (sf)	524k	2,331k	▲
Under Construction (sf)	4,000k	6,124k	▲
Average Asking Rent ¹	US\$36.26	US\$39.21	▲

¹ Rental rates reflect gross asking in US\$psf/year.

the highly desirable East and Far Northwest submarkets where construction and leasing activity continued to thrive. The CBD also experienced strong absorption.

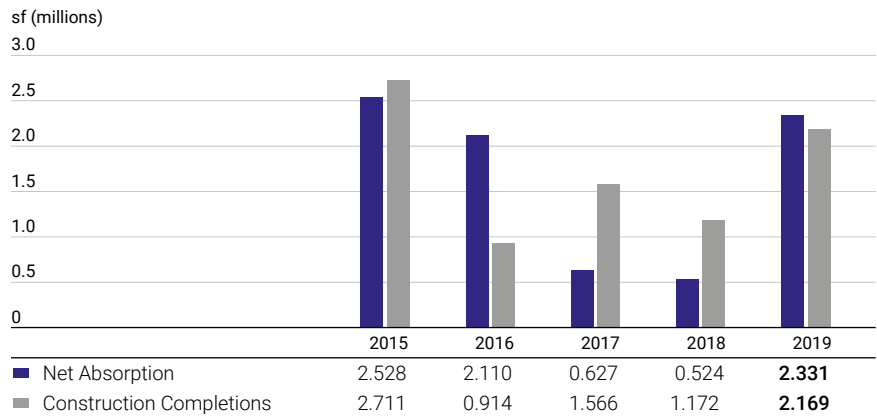
The overall vacancy rate in Austin fell to 9.1%, down 150 bps from the 10.6% posted in the fourth quarter of 2019. The CBD saw even lower vacancy, with an overall rate of 7.6%.

Once again, a red-hot economy in 2019 pushed asking rates to record highs. Continued demand across the Austin metro area resulted in a strong year-end finish for the office market. The overall asking rate for the entire Austin market increased to US\$39.21 psf, up a whopping US\$2.95 psf compared to year-end 2018. As demand for space continues and more businesses make their way to Austin, it is likely asking rates will maintain their upward trend.

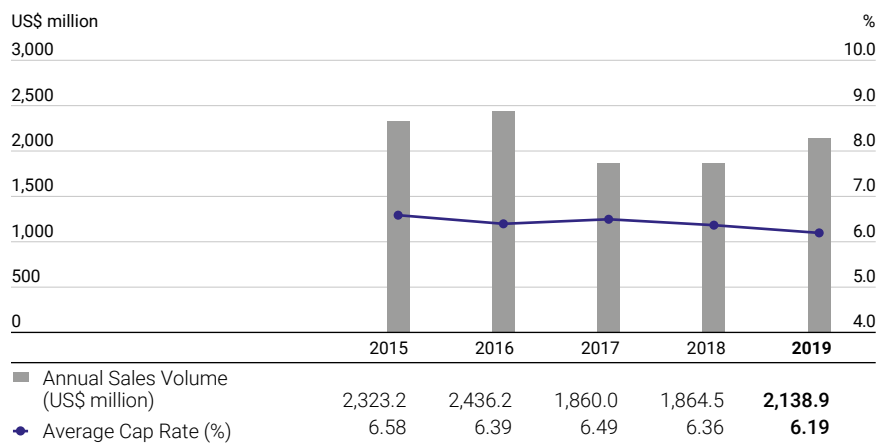
Vacancy in the Northwest submarket was 12.1% for fourth quarter of 2019, 300 bps above the metro average. Asking rent averaged US\$33.43 psf, below average for the Austin market, but generally in line with other suburban submarkets.

After declining in 2017 and remaining stable in 2018, the volume of office investment sales increased in 2019, with Real Capital Analytics reporting sales for the past 12 months of just over US\$2.1 billion. Annual sales have ranged between US\$1.9 and US\$2.4 billion since 2015. Continued compression of capitalization rates was evident, with an average rate of 6.2% for the past 12 months.

AUSTIN, TEXAS OFFICE SPACE DEMAND AND DELIVERIES

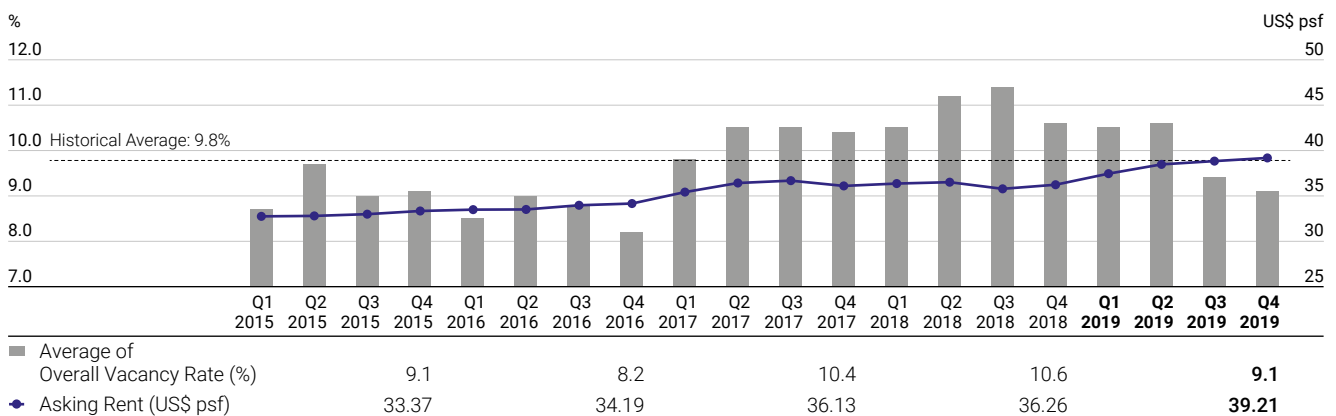


AUSTIN, TEXAS INVESTMENT SALES



AUSTIN, TEXAS OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

HOUSTON, TEXAS ECONOMIC INDICATORS

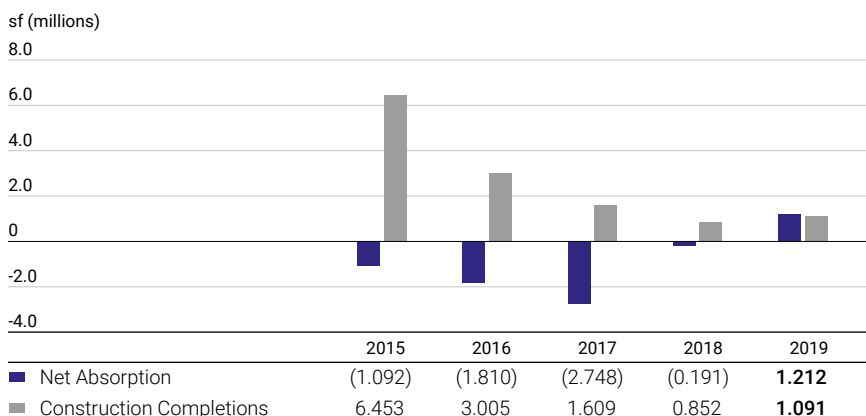
	Q4 18	Q4 19	12-Month Forecast
Houston MSA Employment	3,268k	3,345k	▲
Houston MSA Unemployment	4.1%	3.7%	▲
US Unemployment	3.9%	3.5%	▼

HOUSTON, TEXAS OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

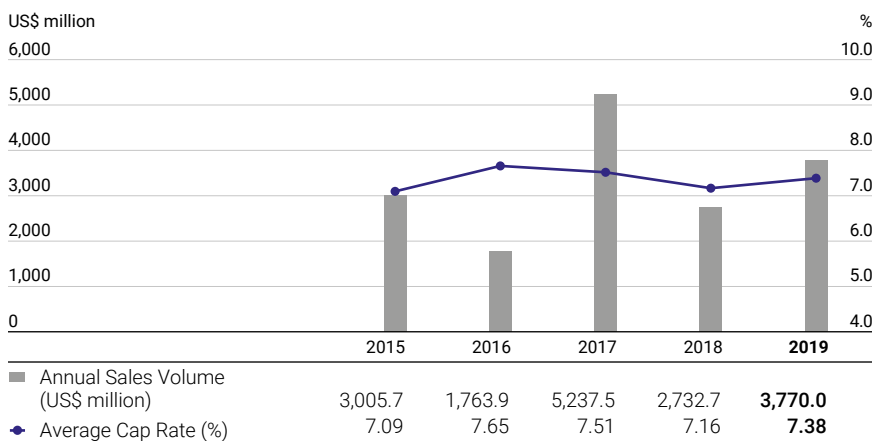
	Q4 18	Q4 19	12-Month Forecast
Vacancy	21.7%	21.3%	—
YTD Net Absorption (sf)	-191k	1,212k	—
Under Construction (sf)	2,200k	1,028k	▼
Average Asking Rent ¹	US\$29.25	US\$29.31	—

¹ Rental rates reflect gross asking in US\$psf/year.

HOUSTON, TEXAS OFFICE SPACE DEMAND AND DELIVERIES



HOUSTON, TEXAS INVESTMENT SALES



Outlook

Apple's recent ground-breaking on its US\$1 billion campus in North Austin reflects the ongoing confidence in the local Austin economy. Even with construction levels at an all-time high, vacancy rates remain low as large block users continue to snap up high-end office space seemingly as fast as these new projects are announced to fulfill immediate and future needs.

HOUSTON, TEXAS

Local Economy

Metro Houston added approximately 77,000 jobs in 2019, a 2.4% annual increase. Although Houston may see slower economic growth in 2020, local economists are forecasting 40,000 to 50,000 new jobs in 2020, which falls within Houston's 20-year average. The rise in oil and gas bankruptcies along with low oil prices, which averaged US\$57/bbl in the fourth quarter could lead to additional mergers and acquisitions, often resulting in consolidations or sublease space. In addition, office-occupying job growth remains low, which is expected to prolong Houston's office market recovery.

Office Market Trends

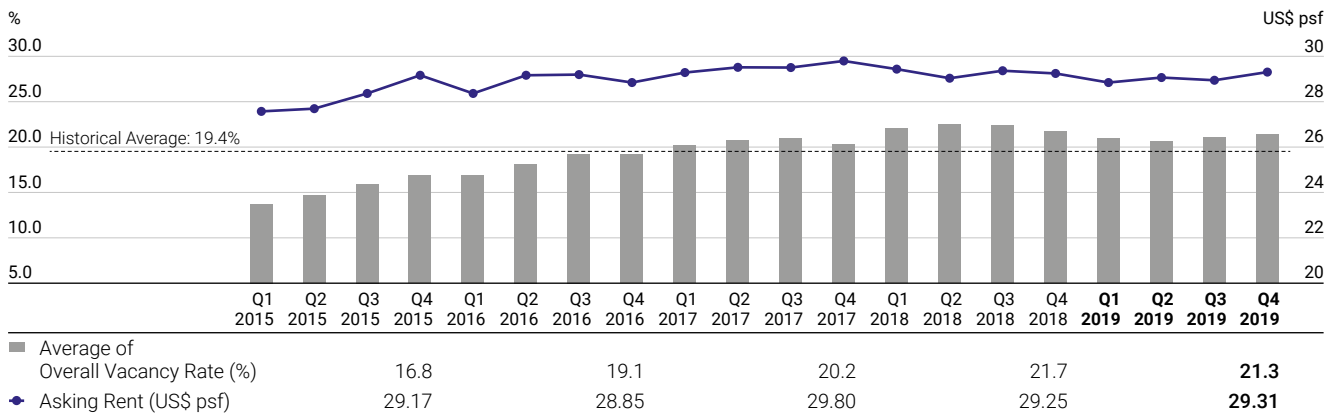
For the first time since the 2014 oil crash, Houston's office market had positive annual absorption. The market had over 1.6 msf of positive absorption in the fourth quarter of 2019 alone and closed with a total of 1.2 msf of positive absorption for the year. One of the largest contributors was McDermott International occupying just over 524,000 sf at Energy Center V in the Katy Freeway submarket. Although overall vacancy declined 40 bps YoY to 21.3% at year-end 2019, it remains one of the highest vacancy rates in the US. Vacancy is expected to remain flat or rise slightly as sublease terms expire throughout 2020.

Despite the oversupply of office space, flight to quality continues and new developments or upgraded properties with high-end amenities are in demand. Landlords of older Class A and B buildings have felt pressure to modernize their properties to remain competitive. Of the 28.2 msf within the CBD Class A space, nearly 15.0 msf (13 buildings) are currently in renovations or planning renovations for 2020.

Overall asking rates increased 20 bps YoY to US\$29.31 psf in the fourth quarter of 2019. Rate increases in today's tenant favorable market are usually attributed to more expensive space returning to the market. As tenants play musical chairs and sublease prime space, they vacate Class A space,

HOUSTON, TEXAS OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

which pushes the weighted average rental rate up. Landlords continue to offer concessions including free rent, additional tenant improvement dollars and abated parking to remain competitive. On average, a tenant can expect to receive one month of free rent for each year of lease term, resulting in effective rental rates that are roughly 8.3% below face rates.

After peaking at US\$5.2 billion in 2017, investment sales volume declined to about US\$2.7 billion for 2018 before increasing to nearly US\$3.8 billion in 2019. This is the second highest level of office investment volume in the past five years. After two years of compression, capitalization rates increased in 2019, averaging 7.4%.

Outlook

The outlook for Houston's office market remains tied to energy markets and overall economic growth. While recovery of the office market to equilibrium will take several years, there is a general sense that the Houston office market has bottomed. Coupled with strong activity through the Port of Houston, rising oil production, a more robust overall Houston economic climate and a healthy housing market, there is optimism of continued recovery in the office market through 2020 and beyond.

DALLAS, TEXAS

Local Economy

The Dallas-Fort Worth (DFW) economy continued to thrive with strong population and employment growth. The region's population increased by 130,800 people YoY, equating to an average of 360 new residents per day. As of December 2019, the population reached a new high of 7.7 million

residents while employment grew by 108,000 in 2019.

According to Moody's Analytics, office-using jobs accounted for 32% of the new positions added. With solid increases in employment in 2019, the unemployment rate declined by 30 bps to 3.1% and remained below the national unemployment rate.

Office Market Trends

The DFW office market maintained positive momentum through the end of December 2019 with signs of market activity leveling out. The year closed with almost 2.5 msf of new product delivered.

As of year-end 2019, there were 3.5 msf in the pipeline to be completed over the next 12 to 24 months. With less than half of under construction inventory

reported as vacant, projects continued to be delivered preleased as occupiers pursue a flight to quality. In turn, this will continue to offset tenant move-outs from third-generation spaces.

The DFW office market continued its trajectory of positive occupancy growth and absorbed over 3.3 msf in 2019, including 806,000 sf in fourth quarter.

Vacancy ended the year at 18.5%, down 70 bps YoY. As the majority of new projects delivered were Class A inventory, Class A space held the highest overall vacancy at 19.8%, while Class B and C trailed at 17.2% and 11.3%, respectively. Submarkets with the lowest overall vacancy rates included West Fort Worth (2.7%), South Fort Worth (7.9%), and Lewisville/Carrollton (10.8%).

DALLAS, TEXAS ECONOMIC INDICATORS

	Q4 18	Q4 19	12-Month Forecast
Dallas-Fort Worth MSA Employment	3,793k	3,901k	↗
Dallas-Fort Worth MSA Unemployment	3.4%	3.1%	↗
US Unemployment	3.9%	3.5%	↘

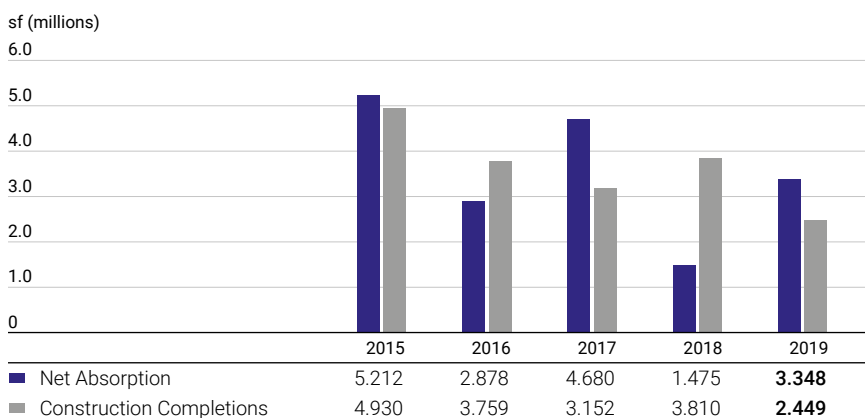
DALLAS, TEXAS OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 18	Q4 19	12-Month Forecast
Vacancy	19.2%	18.5%	↗
YTD Net Absorption (sf)	1,475k	3,348k	↘
Under Construction (sf)	3,041k	3,517k	↘
Average Asking Rent ¹	US\$26.39	US\$26.87	↗

¹ Rental rates reflect gross asking in US\$psf/year.

INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

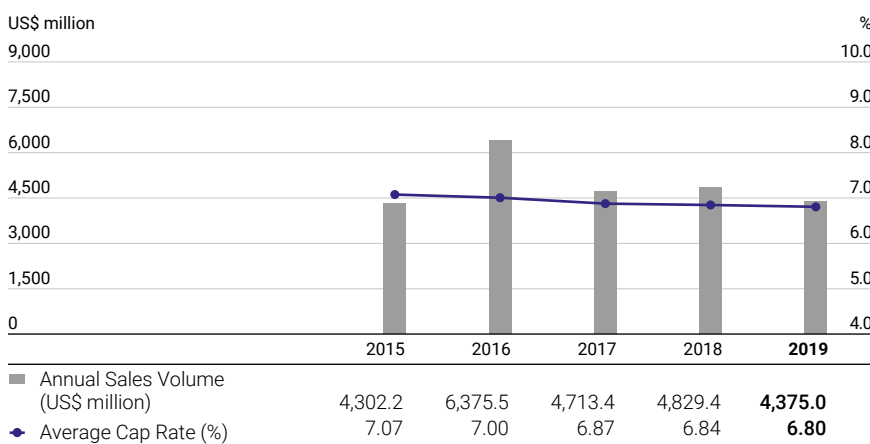
DALLAS, TEXAS OFFICE SPACE DEMAND AND DELIVERIES



Overall rental rates increased by 1.8% YoY to US\$26.87 psf on an annual full-service basis. The Uptown/Turtle Creek submarket remained the leader with the highest overall average asking rates in DFW with rents at US\$47.24 psf. Preston Center followed at US\$39.40 psf and Legacy/Frisco at US\$34.25 psf. As expected, Class A registered the highest average asking rate at US\$30.84 psf, while Class B and C reported more economical rates of US\$20.53 psf and US\$16.68 psf, respectively.

After peaking at US\$6.4 billion in 2018, investment sales volume declined to about US\$4.4 billion for 2019. While this is the lowest annual total since 2015, it is higher than any annual total prior to 2015. Capitalization rates continued to compress, averaging 6.8% in 2019.

DALLAS, TEXAS INVESTMENT SALES

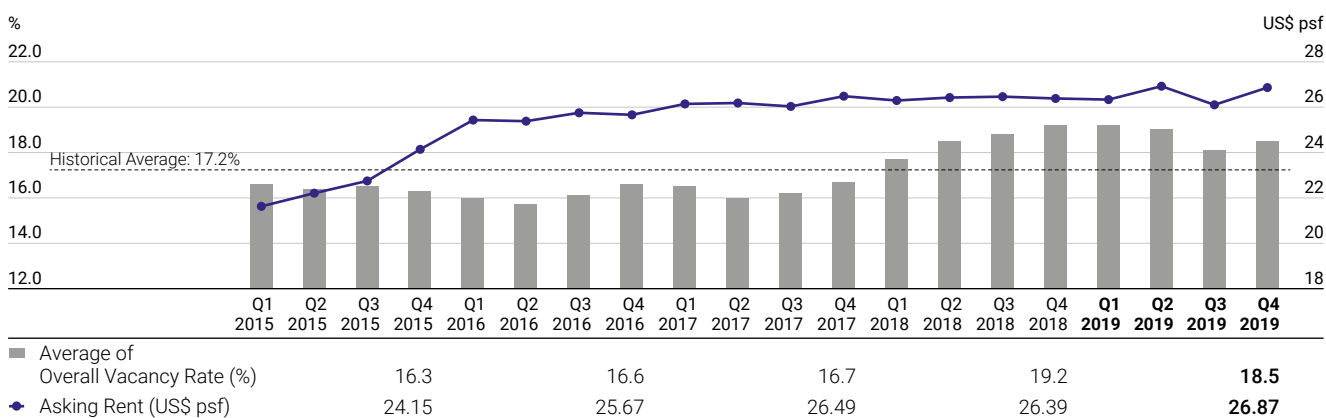


Outlook

Dallas' office market fundamentals remain positive, with record rent levels, positive absorption, and strong levels of leasing activity in most submarkets. Rental rate growth is expected to decelerate after double digit growth over the last five years in most submarkets, but the diverse local economy is among the leaders in the nation, and it has shown no signs of slowing. As a result, the Dallas office market is expected to continue to trend positively over the short- and long-term.

DALLAS, TEXAS OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

ORLANDO, FLORIDA

Local Economy

The economy in the Orlando region ended 2019 on a high note, adding 43,000 new jobs over the year for an annual growth rate of 3.3%, almost double the national average. The unemployment rate was 2.7% at year-end, down 40 bps in 12 months. Approximately one-third of all jobs created were in professional and business services which helped solidify office market fundamentals throughout last year and into the start of 2020.

Office Market Trends

Tenant demand for space kept the overall vacancy rate for the office sector below 10% for the last ten quarters. However, a slight reduction in leasing activity resulted in modest negative absorption for 2019. While vacancy rose YoY by 60 bps to 9.5%, the bulk of new availabilities came from two submarkets, the CBD and Altamonte Springs. Increases in CBD vacancy were due to several factors including tenants shifting operations from one building to another, some downsizing and tenant move-outs. Altamonte Springs had available space added to a submarket with a low amount of inventory.

Office construction jumped in 2019 compared to any other year this economic cycle. The confidence produced by the introduction of new inventory in the CBD and in larger suburban submarkets helped elevate asking rents and provided tenants with more space options. The 382,000 sf under construction at the close of 2019 was the highest amount since year-end 2008. However, it represents less than half the 846,000 sf under construction during that time.

Overall asking rental rates for office space increased by 4.2% YoY to end 2019 at US\$23.80 psf full service, the highest year-end figure recorded. Average rents in both the CBD and non-CBD markets were at historic highs at the end of the year. The CBD led major submarkets in gains, up 8.3% in 12 months while the largest suburban office submarkets also displayed rental improvement. Rent surged in Altamonte Springs and Maitland in 2019 as new availabilities were added and priced higher than current averages.

The Maitland submarket was relatively stable through 2019. Vacancy ended the year at 9.3%, up 80 bps from 2018. Asking rental rates averaged US\$21.17 psf, up from US\$19.48 psf at the end of 2018.

ORLANDO, FLORIDA ECONOMIC INDICATORS

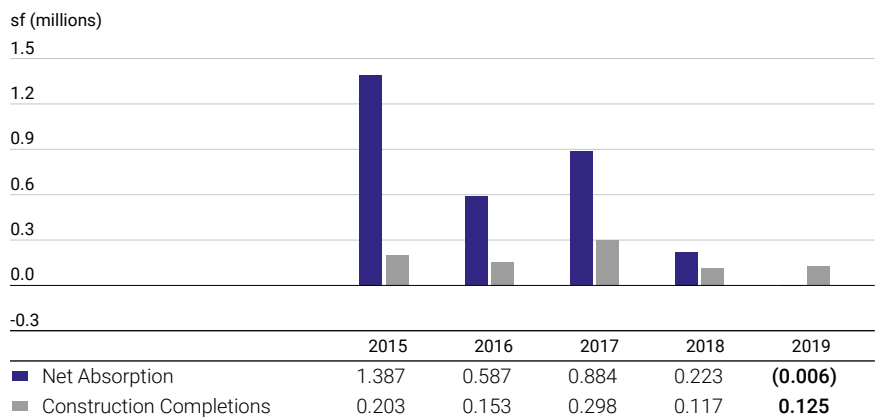
	Q4 18	Q4 19	12-Month Forecast
Orlando MSA Employment	1,307k	1,350k	▲
Orlando MSA Unemployment	3.1%	2.7%	—
US Unemployment	3.9%	3.5%	▼

ORLANDO, FLORIDA OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

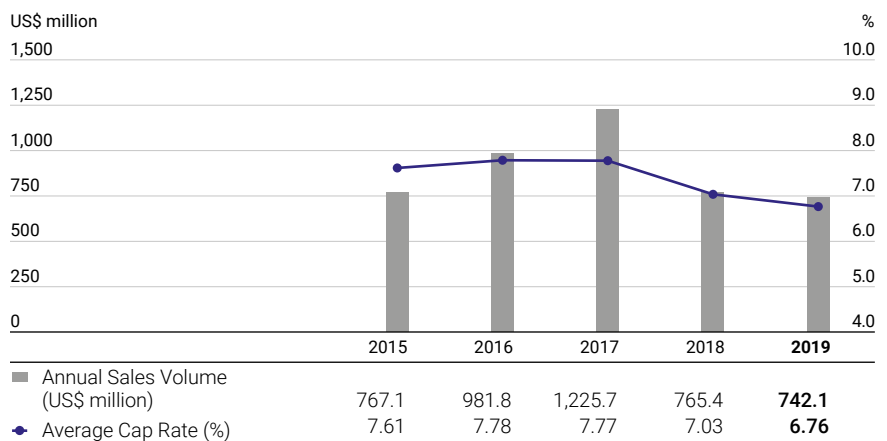
	Q4 18	Q4 19	12-Month Forecast
Vacancy	8.9%	9.5%	▼
YTD Net Absorption (sf)	223k	-6k	▲
Under Construction (sf)	369k	382k	▲
Average Asking Rent ¹	US\$22.85	US\$23.80	▲

¹ Rental rates reflect gross asking in US\$psf/year.

ORLANDO, FLORIDA OFFICE SPACE DEMAND AND DELIVERIES



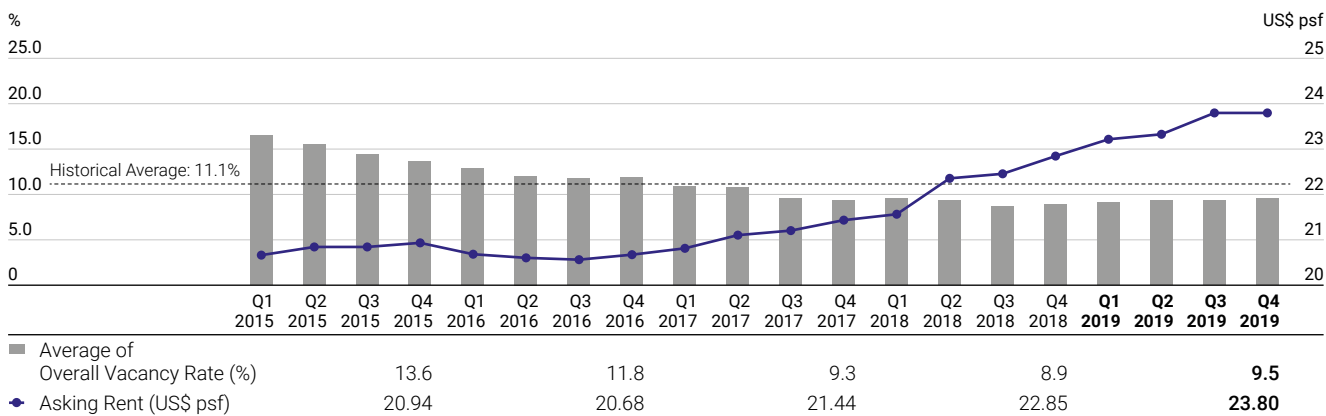
ORLANDO, FLORIDA INVESTMENT SALES



INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

ORLANDO, FLORIDA OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

Real Capital Analytics estimated investment sales volume at approximately US\$742 million for the past 12 months, down only slightly from US\$765 million in 2018. While down from US\$1.2 billion in 2017, sales volumes in 2018 and 2019 were in line with levels achieved in 2013 through 2015 and well above the levels of 2008 through 2012. Capitalization rates continued a downward trend, averaging approximately 6.8% for the year.

Outlook

The economy in the Orlando metro continues to support growth in the office sector. While gains in the office market

slowed in 2019, market fundamentals remain solid. The lack of space currently in the market and the long lead times it takes for new office construction means that Orlando will remain a landlord's market for the foreseeable future, and tenant demand is expected to remain high for office product which will keep vacancy tight and push rental rates higher.

SACRAMENTO, CALIFORNIA Local Economy

Sacramento's economy remains healthy with continued optimism for further growth. The unemployment rate fell slightly YoY, decreasing by 20 bps to 3.4%. The market

remains at near full-employment with a growing highly skilled, highly educated workforce. Additional job growth is expected in the near term as Centene nears completion of their new regional headquarters and will begin hiring early in 2020. With new companies entering the market, Sacramento is diversifying away from the traditional government employment base, a move likely to help mitigate the length and severity of any future economic downturn.

Office Market Trends

The market maintained high levels of demand recording 368,000 sf of positive net absorption during the fourth quarter. This activity brought the annual total to 1.2 msf, exceeding the combined totals from 2017 and 2018. The CBD remains a popular destination for tenants, as net absorption reached 167,000 sf for the year, similar to the 2018 total. Demand remains strong throughout Sacramento with tenants seeking 2.1 msf of space as of year-end 2019, exceeding the historical average of 1.9 msf.

Lease rates continued to tick upwards as the market average reached US\$22.98 psf in the fourth quarter of 2019, just below the market record of US\$23.21 psf set during the second quarter of 2019. Overall, year-end rates were up 1.9% YoY.

The vacancy rate finished the year at 8.3%, down 90 bps YoY. Lack of available supply, particularly for large blocks of space, will likely continue as there is only one speculative construction project underway

SACRAMENTO, CALIFORNIA ECONOMIC INDICATORS

	Q4 18	Q4 19	12-Month Forecast
Sacramento MSA Employment	1,066k	1,067k	▲
Sacramento MSA Unemployment	3.6%	3.4%	▼
US Unemployment	3.9%	3.5%	▼

SACRAMENTO, CALIFORNIA OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

	Q4 18	Q4 19	12-Month Forecast
Vacancy	9.2%	8.3%	▼
YTD Net Absorption (sf)	552k	1,200k	▲
Under Construction (sf)	1,977k	2,308k	▼
Average Asking Rent ¹	US\$22.55	US\$22.98	▲

¹ Rental rates reflect gross asking in US\$psf/year.

in the market, the three-story, 86,500 sf, Class A building at 2555 Natomas Park Drive in South Natomas. While there are other projects like The Foundry at The Railyards and the new CalSTRS tower that could break ground in early 2020, nothing has yet begun.

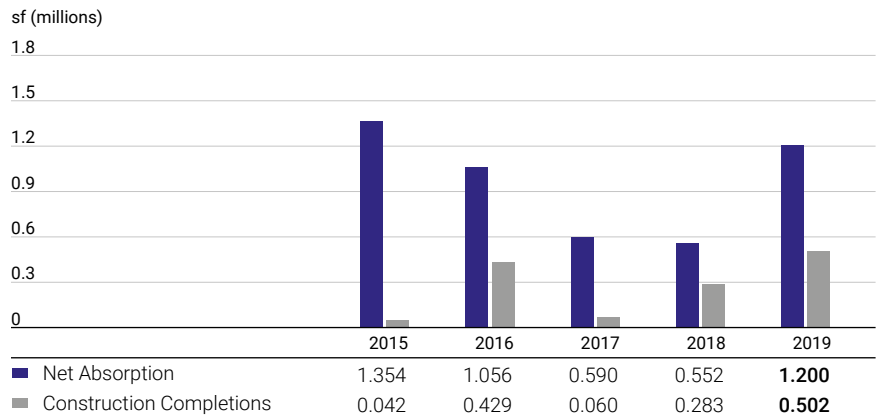
Vacancy for the Folsom submarket averaged only 4.1% for the fourth quarter of 2019, with year-to-date (YTD) absorption of approximately 97,009 sf. Asking rental rates averaged US\$25.08 psf, up 5.6% YoY and above the average for the Sacramento market.

Office sales played a major role in market activity during the quarter, as 400 Capitol Mall sold for US\$199 million to Manulife US REIT, the second highest price ever paid for an office building in Sacramento. According to Real Capital Analytics, sale activity increased slightly in 2019 to just over US\$1.2 billion. Volume has recently been relatively stable, near US\$1.1 billion in each of the past four years, but is up significantly from each of the previous eight years.

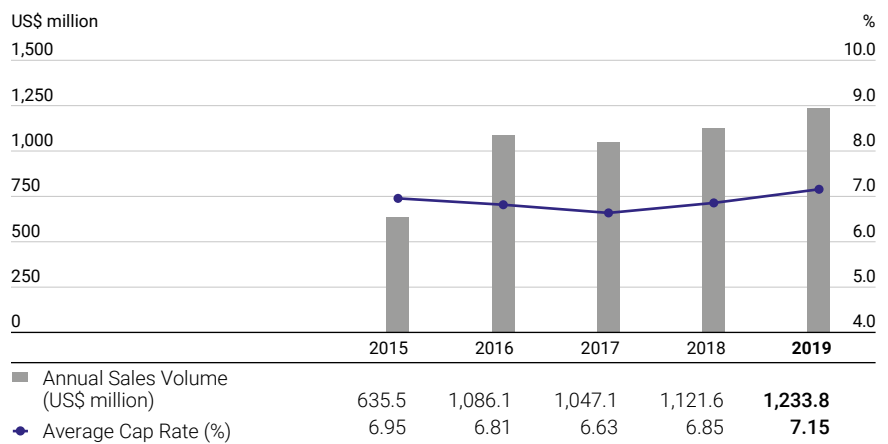
Outlook

Sacramento's continued economic growth can be seen throughout the office market fundamentals. The increasing willingness to invest large sums in the city's urban core, record low vacancy rates, record high lease rates and the largest urban infill project in the nation, The Railyards, combine to create a vibrant and dynamic office landscape. Optimism continues in 2020 as the lack of new speculative construction protects the market from exposure to oversupply.

SACRAMENTO, CALIFORNIA OFFICE SPACE DEMAND AND DELIVERIES

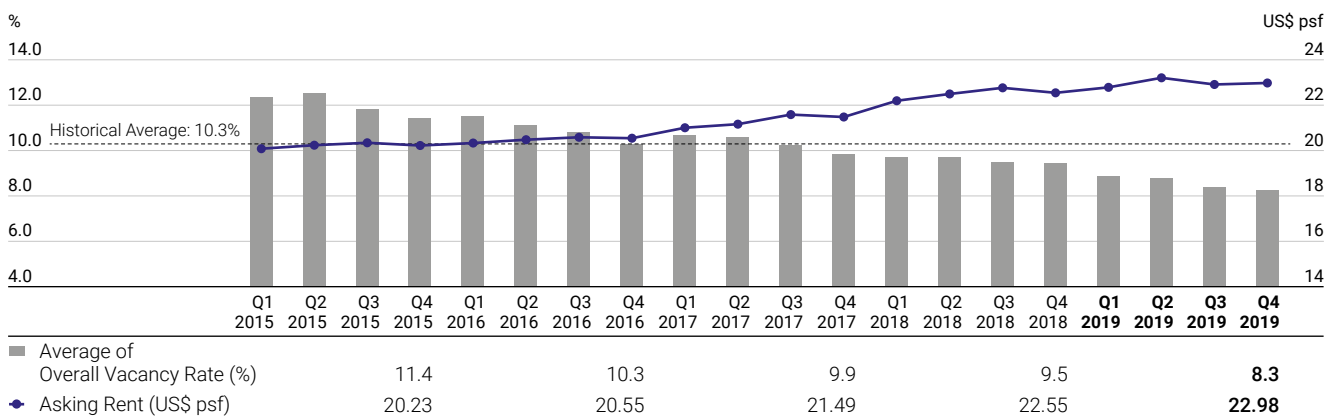


SACRAMENTO, CALIFORNIA INVESTMENT SALES



SACRAMENTO, CALIFORNIA OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

INDEPENDENT MARKET REVIEW BY CUSHMAN & WAKEFIELD

ATLANTA, GEORGIA ECONOMIC INDICATORS

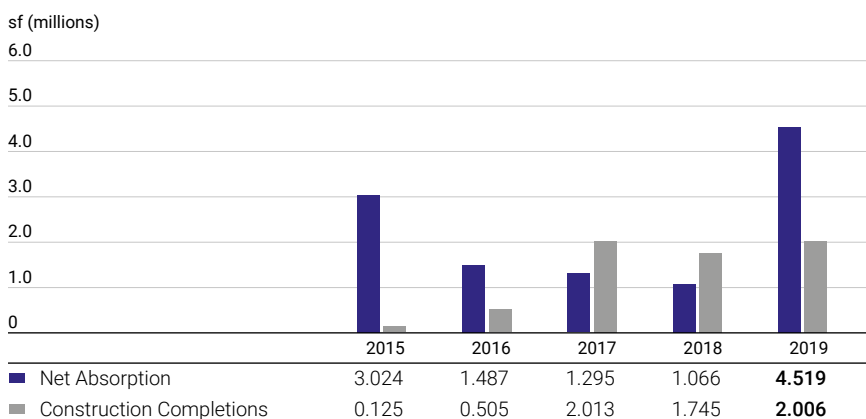
	Q4 18	Q4 19	12-Month Forecast
Atlanta MSA Employment	2,962k	3,004k	▲
Atlanta MSA Unemployment	3.6%	3.0%	▼
US Unemployment	3.9%	3.5%	▼

ATLANTA, GEORGIA OFFICE MARKET INDICATORS (OVERALL, ALL CLASSES)

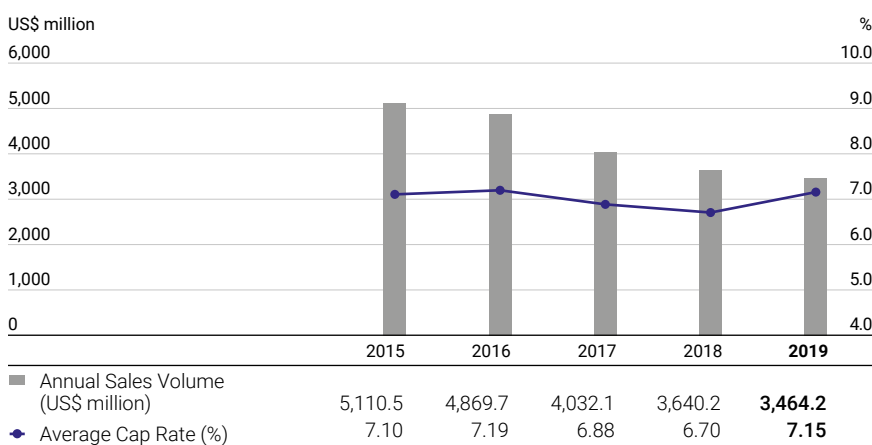
	Q4 18	Q4 19	12-Month Forecast
Vacancy	16.2%	17.9%	▲
YTD Net Absorption (sf)	1,066k	4,519k	▼
Under Construction (sf)	3,500k	5,808k	▼
Average Asking Rent ¹	US\$26.67	US\$27.19	▲

¹ Rental rates reflect gross asking in US\$psf/year.

ATLANTA, GEORGIA OFFICE SPACE DEMAND AND DELIVERIES



ATLANTA, GEORGIA INVESTMENT SALES



ATLANTA, GEORGIA

Local Economy

Metro Atlanta's economy continued to improve throughout the fourth quarter of 2019. Employment trended higher at a growth rate of 1.4% as non-farm employment rose by 42,000 jobs YoY. Office-using industries experienced healthy annual job growth, with professional and business services as well as financial activities rising by 1.5% and 0.3% respectively. The Metro Atlanta unemployment rate decreased 60 bps YoY to 3.0%, below the national average. This marks the lowest unemployment recorded in Atlanta this expansion cycle.

Office Market Trends

More than 4.5 msf of positive net absorption was recorded across Metro Atlanta throughout 2019, the largest annual net gains in recent history. Absorption was almost equally distributed, with the CBD and suburban areas achieving totals of 2.2 msf and 2.3 msf of gains respectively.

Construction was completed on 15 projects in 2019, totaling 2.0 msf and providing 1.7 msf of speculative space to the market. In addition to build-to-suit facilities for Serta Simmons and others, robust leasing activity in speculative buildings before construction completion or shortly thereafter resulted in only 30.4% of the newly-delivered space remaining vacant by the close of the year.

Despite strong absorption, the combination of large space dispositions and speculative construction completions contributed to an increase in Atlanta's vacancy rate to a recent high of 17.9%, up 170 bps YoY. The CBD drove this increase, with vacancy climbing to 16.9% as large tenants shed long-expected blocks of space. Including those spaces disposed of over the past year, there are currently 26 vacancies in excess of 100,000 sf across Metro Atlanta. Large-block availabilities of this size comprise 29.2% of all vacant space in the CBD market, while they account for only 13.2% in the suburbs. Ample opportunities for tenants of all sizes exist within high-quality assets throughout the region, as 65.2% of available space is contained within the Class A inventory.

At US\$27.19 psf gross, the direct average asking rental rate reached its highest year-end point this cycle, rising US\$0.52 psf YoY. This increase was driven by a rise in higher-priced available space in the Class B inventory, which recorded a 4.4% rent increase since 2018. Meanwhile, the lease-up of premium space in Midtown caused a

modest dip in the Metro Atlanta Class A average to US\$30.26 psf.

Transaction volume for investment sales has trended downward over the past five years, with Real Capital Analytics estimating sales at nearly US\$3.5 billion for 2019. Capitalization rates were stable, averaging 7.0% in both 2018 and 2019.

Outlook

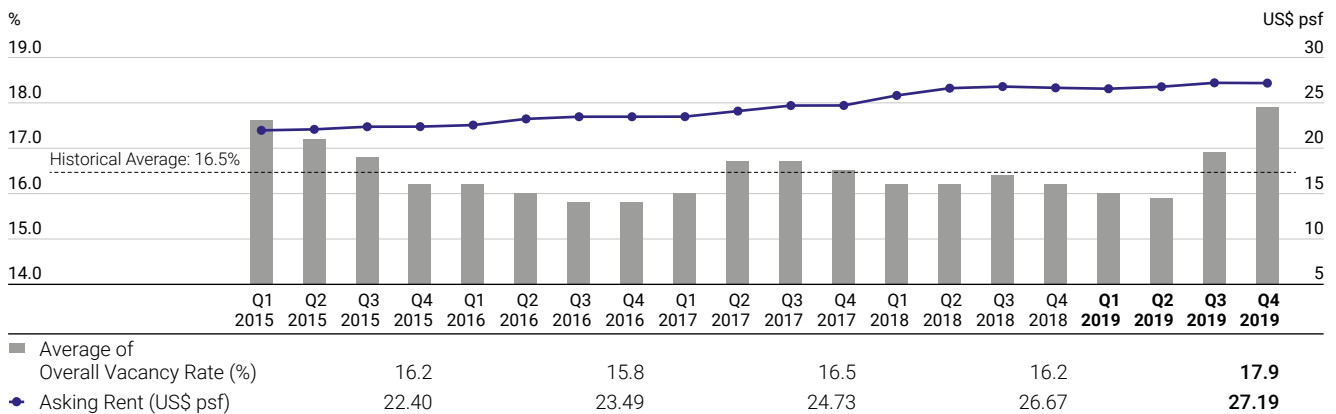
While new construction and tenant consolidations have pushed vacancy upward, economic and population growth in Metro Atlanta shows no signs of slowing in 2020. Developers are responding to the strong demand with a robust pipeline of 5.8 msf of office projects under construction. While this could result in further increases in vacancy over the short term, job and population growth should maintain pace in Atlanta, fueling future demand and positioning the office market for another impressive year in 2020.

The office market in Metro Atlanta is positioned for another impressive year in 2020 as economic, job and population growth in the region hold steady.



ATLANTA, GEORGIA OVERALL VACANCY AND ASKING RENTS

4Q Trailing Average



Source: Real Capital Analytics

Use and Reliance

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The information contained within this IMR is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

Methodology

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. Generally, owner-occupied and federally-owned buildings are not included. Single tenant buildings and privately-owned buildings in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

PROPERTY PORTFOLIO

KORE IS WELL-DIVERSIFIED IN TERMS OF MARKET AND TENANT CONCENTRATION AND HAS A STRONG PRESENCE IN FAST-GROWING TECHNOLOGY MARKETS.



Positive Rental Reversion

14.3%

KORE achieved strong positive rental reversion of 14.3% for its portfolio in 2019, supported by sustained rent growth in the fast-growing tech hubs of Seattle and Austin.

Committed Leases

836,000 sf

Robust leasing performance in 2019 with 119 committed leases amounting to 836,000 sf, equivalent to 17.8% of KORE's portfolio by net lettable area.

CREATING VALUE

Building upon the strong foundation established single listing, the Manager remains focused on delivering strong total returns and sustainable distributions to its Unitholders through acquisitions in the key growth markets across the US and proactive asset management.

Over the course of 2019, the Manager strengthened KORE's portfolio with two value accretive acquisitions. They were Maitland Promenade I in Orlando, Florida, in January 2019, and One Twenty Five in Dallas, Texas, in November 2019.

The acquisitions expanded KORE's portfolio of freehold office buildings and business campuses to eight key growth markets in the US, offering an aggregate net lettable area (NLA) of over 4.7 million sf. At the same time, portfolio value increased 23.5% from US\$1.02 billion as at end-2018 to US\$1.26 billion as at end-2019.

As part of ongoing efforts to continuously enhance the appeal and competitiveness of the properties, 1800 West Loop South in Houston, Texas, and Westmoor Center in Denver, Colorado, underwent extensive asset enhancement works during the year to add in new or upgraded amenities including cafés, fitness centres and conference rooms.

KORE is a tech-focused office REIT with over 50% of the portfolio located in Seattle, Denver and Austin.

The assets are The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio in Seattle, Washington; Westmoor Center in Denver, Colorado; as well as Great Hills Plaza and Westech 360 in Austin, Texas.

The remainder of the portfolio is located in the key growth markets of Houston, Dallas, Orlando, Sacramento and Atlanta. The assets are 1800 West Loop South and Bellaire Park¹ in Houston, Texas; One Twenty Five in Dallas, Texas; Maitland Promenade I & II in Orlando, Florida; Iron Point in Sacramento, California; as well as Powers Ferry and Northridge Center I & II in Atlanta, Georgia.

STRONG LEASING MOMENTUM

The Manager's proactive leasing strategy yielded strong outcomes with 836,000 sf leased for the whole of 2019, equivalent to 17.8% of the portfolio by NLA. Leasing demand came from diverse sectors, with the majority originating from the tech and professional services sectors. Such efforts brought KORE's portfolio committed occupancy to 93.6% as at end-2019.

Sustained rent increases driven by positive office demand and tenant expansions at its office buildings and business campuses in the fast-growing tech hubs of Seattle and Austin resulted in KORE achieving a positive rental reversion of 14.3% for its portfolio in 2019. Coupled with built-in average annual rental escalations of 2.6%, organic growth will continue to remain a key driver of value creation for Unitholders.

DIVERSIFIED TENANT BASE

KORE has an extensive and diversified tenant base of 443 distinct tenants across various sectors, with significant portions from the growth and defensive sectors, including the tech, as well as medical and healthcare sectors, which will continue to support and drive growth for KORE. As at end-2019, the professional services, tech, as well as finance and insurance sectors contributed 28.9%, 27.2% and 23.9% of cash rental income² (CRI) respectively.

Meanwhile, the top 10 tenants contributed only 19.4% of the portfolio's CRI, with no single tenant accounting for more than 3.5% of total CRI.

WELL-SPREAD LEASE EXPIRY PROFILE

KORE continues to maintain a well-spread lease expiry profile with not more than 16.2% of total committed leases by CRI expiring in any one year over the next five years. In 2020, 7.1% and 7.5% of the leases by CRI and NLA are due for renewal respectively.

HEALTHY WEIGHTED AVERAGE LEASE EXPIRY (WALE)

As at 31 December 2019, KORE had a healthy WALE of approximately 4.2 years³ for its portfolio and 5.6 years³ for its top 10 tenants.

The WALE for leases committed in 2019 was approximately 5.5 years by NLA and constituted 21.8% of KORE's average monthly gross revenue in 2019.

¹ Previously known as West Loop I & II.

² CRI is defined as rental income without recoveries income.

³ By CRI. The WALE by NLA for KORE's portfolio and top 10 tenants is 4.3 years and 5.5 years respectively.

PORTFOLIO COMMITTED OCCUPANCY BY NLA (%)

as at 31 December 2019

Portfolio	Occupancy (%)
Portfolio	93.6
The Plaza Buildings	97.3
Bellevue Technology Center	98.6
The Westpark Portfolio	92.7
Westmoor Center	96.6
Great Hills Plaza	100.0
Westech 360	98.5
1800 West Loop South	75.3
Bellaire Park	89.1
One Twenty Five	95.7
Maitland Promenade I & II	98.7
Iron Point	97.4
Powers Ferry	93.5
Northridge Center I & II	84.2

PORTFOLIO LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

Year	CRI (%)	NLA (%)
2020	7.1	7.5
2021	13.5	14.3
2022	10.5	11.1
2023	16.2	16.7
2024	13.8	11.6
2025 & beyond	38.9	38.8

TOP 10 TENANTS BY CRI AND NLA

	Sector	Asset	% of Portfolio by CRI	% of Portfolio by NLA
Ball Aerospace & Tech	Technology	Westmoor Center	3.5	4.3
Oculus VR	Technology	The Westpark Portfolio	2.3	2.4
Lear Corporation	Technology	The Plaza Buildings	2.1	1.3
Zimmer Biomet Spine	Technology	Westmoor Center	2.0	2.2
Spectrum	Media & Information	Maitland Promenade I	1.8	1.1
Unigard Insurance Company ⁴	Finance & Insurance	Bellevue Technology Center	1.7	1.4
Bio Medical Applications of Texas	Medical & Healthcare	One Twenty Five	1.7	1.2
U.S. Bank National Association	Finance & Insurance	The Plaza Buildings	1.6	0.8
Reed Group	Technology	Westmoor Center	1.4	1.6
Nintex USA	Technology	The Plaza Buildings	1.3	0.6
Sub-total			19.4	16.9
WALE			5.6 years	5.5 years

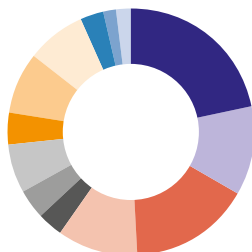
⁴ Subsidiary of QBE Insurance Group.

PROPERTY PORTFOLIO

“Keppel Pacific Oak US REIT’s ability to move quickly and work with us, across both term and spatial needs, in response to our rapid growth trajectory has been critical to our success. Westmoor Center has the space to accommodate and the onsite amenity offerings necessary for us to recruit and retain top talent.”

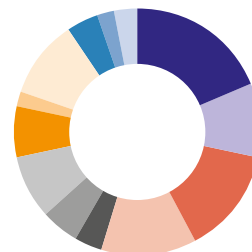
ALEX GERE, Manager of Global Real Estate, Ball Aerospace & Tech

PORTFOLIO BY VALUATION (%) as at 31 December 2019



● The Plaza Buildings	21.9
● Bellevue Technology Center	11.5
● The Westpark Portfolio	15.9
● Westmoor Center	10.5
● Great Hills Plaza	3.3
● Westech 360	3.9
● 1800 West Loop South	6.5
● Bellaire Park	4.2
● One Twenty Five	8.1
● Maitland Promenade I & II	7.6
● Iron Point	3.2
● Powers Ferry	1.6
● Northridge Center I & II	1.8
Total	100.0

PORTFOLIO BY GROSS REVENUE (%) for the year ended 31 December 2019



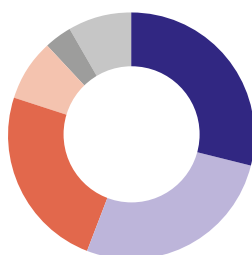
● The Plaza Buildings	18.7
● Bellevue Technology Center	9.9
● The Westpark Portfolio	13.8
● Westmoor Center	12.5
● Great Hills Plaza	3.7
● Westech 360	4.9
● 1800 West Loop South	8.2
● Bellaire Park	6.8
● One Twenty Five	1.9
● Maitland Promenade I & II	10.4
● Iron Point	4.1
● Powers Ferry	2.3
● Northridge Center I & II	2.8
Total	100.0

Percentage of Tech and Healthcare Tenants

36.3%

As at end-2019, 36.3% of KORE’s tenants by net lettable area were from the growth and defensive tech and healthcare sectors.

PORTFOLIO TRADE SECTOR BREAKDOWN BY CRI (%) as at 31 December 2019



● Professional Services	28.9
● Technology	27.2
● Finance & Insurance	23.9
● Medical & Healthcare	8.2
● Media & Information	3.5
● Others ¹	8.3
Total	100.0

PORTFOLIO TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2019



● Professional Services	29.5
● Technology	28.1
● Finance & Insurance	21.5
● Medical & Healthcare	8.2
● Media & Information	3.1
● Others ¹	9.6
Total	100.0

¹ Includes Government Service Administration tenants.

RESILIENT REVENUE BASE

In terms of income contribution, no single property contributed more than 18.7% of the portfolio's gross revenue in 2019. The top three properties by gross revenue contribution were The Plaza Buildings, The Westpark Portfolio and Westmoor Center at 18.7%, 13.8% and 12.5% respectively. One Twenty Five, which was acquired on 1 November 2019, contributed only 1.9% of the portfolio's gross revenue for 2019 as there were only two months of rental contribution.

The majority of the portfolio's leases are on a net or modified gross lease basis with tenants being responsible for their pro rata share of operating expenses, or for increases in operating expenses over the base year of occupancy respectively.

STRENGTHENED PORTFOLIO

In 2019, KORE's portfolio was strengthened with two value accretive acquisitions which expanded its footprint in Orlando and extended its reach to Dallas, a key economic hub in Texas. These acquisitions deepened KORE's presence in key growth markets of the US, enhanced its income resilience and strengthened its platform for long-term growth.

KORE's first acquisition in 2019 was Maitland Promenade I in Orlando. It is a Class A office property located adjacent to KORE's existing property, Maitland Promenade II. Easily accessible via the interstate highway, Maitland Promenade I offers abundant onsite amenities including covered parking spaces for tenants. Owning and operating both Maitland Promenade I & II allows the Manager to harness operational synergies and manage both properties as a business campus, extending KORE's footprint and competitive leasing advantage within the Maitland submarket.

The purchase consideration for Maitland Promenade I was US\$48.5 million and was acquired from The Realty Associates Fund X, L.P. Cushman & Wakefield Regional, Inc, in its report dated 25 October 2018, stated that the open market value of the property was US\$48.9 million¹.

One Twenty Five, located in Dallas, is a Class A office complex strategically situated in Las Colinas, a desirable live-work-play community that is supported by robust office fundamentals. The property is located within walking distance to high-end hotels, Water Street's chef-driven restaurants and Toyota Music Factory's experiential retail landscape. It also benefits from ease of access to Highway 114 and the Dallas Area Rapid Transit Orange Line, which runs from the Dallas central business district to Dallas-Fort Worth International airport.

Bellevue Technology Center (pictured), located in the Seattle-Bellevue submarket, has a variety of amenities including a full-service café.



The acquisition increased KORE's exposure to high quality tenants including those with stable credit profiles across professional services, government, as well as medical and healthcare sectors.

“Bellevue Technology Center’s central location allows our associates to live in a wide range of communities that serve the Seattle market, with onsite amenities like the fitness centre and community hub that help enhance workplace culture, offering an easy, enjoyable and ship-shape place to conduct business.”

WARREN W. MICHELSEN, Vice President – General Manager, Northwest-Hawaii District, Trane Climate Solutions, Ingersoll Rand

The purchase consideration for One Twenty Five was US\$101.5 million and it was acquired from KBS SOR 125 John Carpenter. Cushman & Wakefield of Texas, Inc, in its report dated 23 August 2019, stated that the open market value of the Property was US\$103.5 million¹ and JLL Valuation & Advisory Services, LLC, in its report dated 4 September 2019, stated that the open market value of the property was US\$102.0 million¹.

Looking ahead, the Manager will 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.

¹ Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.

**PROPERTY PORTFOLIO
AT A GLANCE**



The Plaza Buildings	Bellevue Technology Center	The Westpark Portfolio	Westmoor Center	Great Hills Plaza	Westtech 360
Submarket Seattle	Seattle	Seattle	Denver	Austin	Austin
Location 10800 and 10900 NE 8th Street, Bellevue, King County, Washington	15805 NE 24th Street, Bellevue, King County, Washington	8200-8644 154th Avenue NE, Redmond, Washington	10055-10385 Westmoor Drive, Westminster, Colorado	9600 Great Hills Trail, Austin, Texas	8911 N Capital of Texas Hwy, Austin, Texas
Office Grade A	A and B	B	A	B	B
Land Tenure Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest 100%	100%	100%	100%	100%	100%
Latest Valuation by JLL as at 31 December 2019¹ (US\$ million) 275.0 ²	144.0 ³	199.9	132.0	41.2	49.5
Purchase Price (US\$ million) 240.0	131.2	169.4	117.1	33.1	41.8
Acquisition Date 9 November 2017	9 November 2017	30 November 2018	9 November 2017	9 November 2017	9 November 2017
Net Lettable Area (sf) 490,994	330,508	782,185	612,890	139,252	175,529
Committed Occupancy 97.3%	98.6%	92.7%	96.6%	100.0%	98.5%
Number of Tenants⁵ 58	17	93	21	14	31
Principal Tenants Lear Corporation, U.S. Bank National Association, Nintex USA	Unigard Insurance Company, Regus, Trane U.S.	Oculus VR, EchoNous, Microsurgical Technology	Ball Aerospace & Tech, Zimmer Biomet Spine, Reed Group	E2Open, Regus, Intera	Flahive, Ogden & Latson, D&S Residential Holdings, Maxpoint Interactive



1800 West Loop South	Bellaire Park ⁶	One Twenty Five	Maitland Promenade I & II	Iron Point	Powers Ferry	Northridge Center I & II
Submarket Houston	Houston	Dallas	Orlando	Sacramento	Atlanta	Atlanta
Location 1800 West Loop South, Houston, Harris County, Texas	6565 and 6575 West Loop South, Bellaire, Harris County, Texas	125 East John Carpenter Freeway, Irving, Dallas County, Texas	485 and 495 N Keller Road, Maitland, Orange County, Florida	1110-1180 Iron Point Road, Folsom, Sacramento County, California	6190 Powers Ferry Road, Atlanta, Fulton County, Georgia	365 and 375 Northridge Road, Atlanta, Fulton County, Georgia
Office Grade A	A	A	A	A	B	B
Land Tenure Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest 100%	100%	100%	100%	100%	100%	100%
Latest Valuation by JLL as at 31 December 2019¹ (US\$ million) 82.0	53.0	102.0	96.0	39.4	20.5	22.0
Purchase Price (US\$ million) 78.6	46.3	101.5	88.7	36.7	18.7	20.3
Acquisition Date 9 November 2017	9 November 2017	1 November 2019	16 January 2019 and 9 November 2017 ⁴	9 November 2017	9 November 2017	9 November 2017
Net Lettable Area (sf) 400,101	313,873	445,317	460,737	211,944	149,324	188,973
Committed Occupancy 75.3%	89.1%	95.7%	98.7%	97.4%	93.5%	84.2%
Number of Tenants⁵ 47	52	20	34	27	18	18
Principal Tenants Health Care Service Corporation, Quanex Building Products, General Service Administration	Synergy Healthcare, The Rand Group, Sightline Health	Bio Medical Applications of Texas, U.S. Homeland Security, United Capital Financial Advisors	Spectrum, Taylor Morrison Home Funding, Akerman, Senterfitt & Edison	Sierra Pacific Mortgage, Pro Unlimited, CorVel Healthcare Corporation	LL Global, Georgia Banking Company, Penton Business Media	BWAY Corporation, Allstar Financial, Kuck Baxter Immigration

All information as at 31 December 2019.

¹ Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.

² The valuation of The Plaza Buildings takes into account the value of the development air rights which may be utilised.

³ The valuation of Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the property has unutilised plot ratio.

⁴ Maitland Promenade I & II were acquired on 16 January 2019 and 9 November 2017 respectively.

⁵ Total number of distinct tenants as at 31 December 2019 was 443. There are multiple tenants situated across the portfolio.

⁶ Previously known as West Loop I & II.

PROPERTY PORTFOLIO

THE PLAZA BUILDINGS, SEATTLE, WASHINGTON

Situated along one of the busiest corridors in the Bellevue CBD in Seattle, The Plaza Buildings consists of two Class A office buildings – Plaza Center and US Bank Plaza, which are surrounded by an array of retail amenities, dining options and parks. Both buildings have been extensively refurbished to meet the needs of modern and premier tenants from diverse sectors.

The property enjoys full-block frontage along NE 8th Street, the primary east-west arterial in downtown Bellevue that connects high-density commercial users to Interstate 405. The Plaza Buildings has obtained the Leadership in Energy and Environmental Design (LEED) Gold certification from the US Green Building Council.



TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2019



Technology	53.5
Finance & Insurance	28.7
Professional Services	16.7
Others	1.1
Total	100.0

TOP THREE TENANTS BY CRI as at 31 December 2019

	Sector	CRI (%)
Lear Corporation	Technology	13.1
U.S. Bank National Association	Finance & Insurance	10.3
Nintex USA	Technology	7.9

LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2019

2020	9.2	8.0
2021	11.8	12.8
2022	6.6	6.8
2023	16.1	16.1
2024	30.4	29.5
2025 & beyond	25.9	26.8

■ By CRI ■ By NLA

KEY STATISTICS

as at 31 December 2019

Location
10800 and 10900 NE 8th Street, Bellevue, King County, Washington

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
490,994

Valuation (US\$ million)
275.0¹

Committed Occupancy
97.3%

Number of Tenants
58

¹ The valuation of The Plaza Buildings takes into account the value of the development air rights which may be utilised.

BELLEVUE TECHNOLOGY CENTER, SEATTLE, WASHINGTON

Bellevue Technology Center is located in the 520 corridor submarket of the Seattle-Bellevue regional office market and is well-connected to the Interstate Route 520, providing easy access to the greater Seattle region. The office campus, which features nine Class A/B buildings, had previously undergone capital improvements with an upgraded fitness

centre, a conference room, a full-service café and new parking stalls. Being situated close to Microsoft Corporation's headquarters benefits the property as Microsoft's continued growth could result in an increase in vendors and contractors who work with the software company, driving demand for space at properties nearby.



KEY STATISTICS

as at 31 December 2019

Location
15805 NE 24th Street, Bellevue, King County, Washington

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
330,508

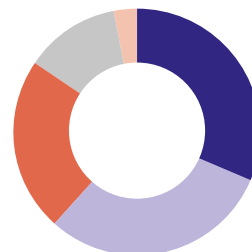
Valuation (US\$ million)
144.0¹

Committed Occupancy
98.6%

Number of Tenants
17

TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2019



Professional Services	31.6
Technology	30.1
Finance & Insurance	22.9
Others	12.4
Medical & Healthcare	3.0
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

Tenant	Sector	CRI (%)
Unigard Insurance Company ²	Finance & Insurance	21.4
Regus	Professional Services	15.1
Trane U.S.	Professional Services	9.0

LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

Year	By CRI (%)	By NLA (%)
2020	13.4	14.6
2021	3.0	2.7
2022	30.4	31.5
2023	14.0	13.2
2024	23.7	22.2
2025 & beyond	15.5	15.8

■ By CRI ■ By NLA

¹ The valuation of Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the property has unutilised plot ratio.

² Subsidiary of QBE Insurance Group.

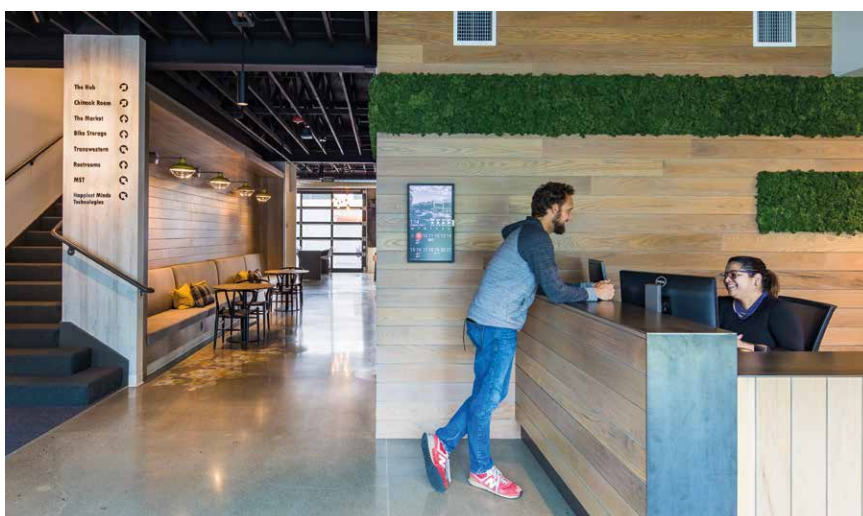
PROPERTY PORTFOLIO

THE WESTPARK PORTFOLIO, SEATTLE, WASHINGTON

The Westpark Portfolio is a business campus that comprises 19 freehold office buildings and two freehold industrial buildings. The campus is located adjacent to downtown Redmond and has easy access to major transit routes including State Route 520 and Interstate 405, as well as key commercial areas in Seattle-Bellevue.

The property underwent extensive capital improvements in 2016, which included

the conversion of under-utilised space to an amenities centre, landscape renovation and exterior refurbishment. Recent improvements include a modernised tenant lounge, new conference facilities and a fitness centre. The successful repositioning of the property has resulted in strong leasing traction among technology and professional services companies.



KEY STATISTICS

as at 31 December 2019

Location
8200-8644 154th Avenue NE, Redmond, Washington

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
30 November 2018

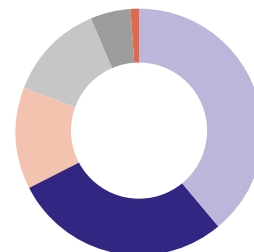
Net Lettable Area (sf)
782,185

Valuation (US\$ million)
199.9

Committed Occupancy
92.7%

Number of Tenants
93

TRADE SECTOR BREAKDOWN BY NLA (%)
as at 31 December 2019



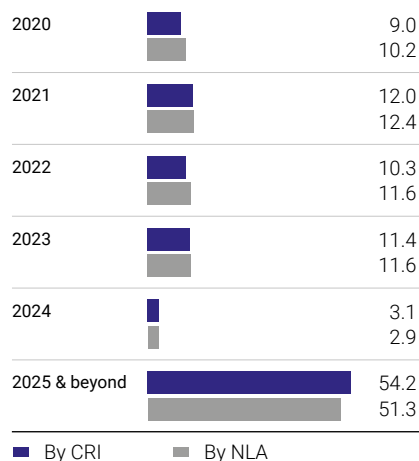
Technology	38.9
Professional Services	28.8
Medical & Healthcare	13.4
Others	12.7
Media & Information	5.2
Finance & Insurance	1.0
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

Tenant	Sector	CRI (%)
Oculus VR	Technology	18.4
EchoNous	Technology	4.9
Microsurgical Technology	Medical & Healthcare	4.7

LEASE EXPIRY PROFILE BY CRI AND NLA (%)
as at 31 December 2019



WESTMOOR CENTER, DENVER, COLORADO

Westmoor Center is situated in Northwest Denver. It comprises six Class A office buildings which are between downtown Denver and Boulder, both of which are talent hubs. It is also within easy reach to large retail centres and a variety of entertainment and recreational facilities. Asset improvements in 2019 included a complete renovation of the café

and a new fitness centre, which have enhanced the overall tenant experience. Between 2014 and 2016, the lobby and common areas were redesigned and a new access card system was implemented. The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label for four of its buildings.



KEY STATISTICS

as at 31 December 2019

Location
10055-10385 Westmoor Drive, Westminster, Colorado

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
612,890

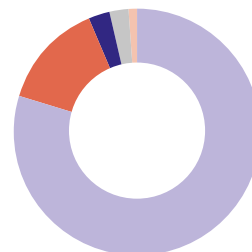
Valuation (US\$ million)
132.0

Committed Occupancy
96.6%

Number of Tenants
21

TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2019



Technology	79.8
Finance & Insurance	13.9
Professional Services	2.9
Others	2.5
Medical & Healthcare	0.9
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

	Sector	CRI (%)
Ball Aerospace & Tech	Technology	33.5
Zimmer Biomet Spine	Technology	19.8
Reed Group	Finance & Insurance	13.3

LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

Year	By CRI (%)	By NLA (%)
2020	-	-
2021	13.1	13.4
2022	2.6	2.6
2023	26.5	27.2
2024	3.3	3.9
2025 & beyond	54.5	52.9

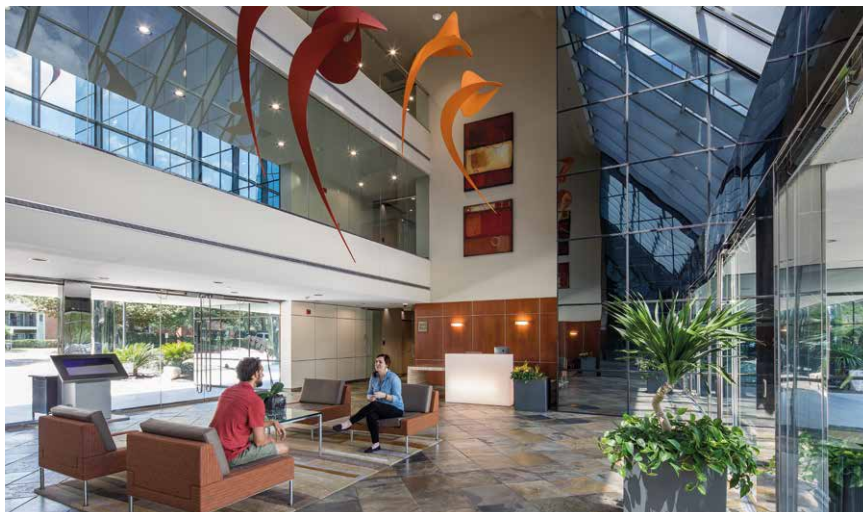
■ By CRI ■ By NLA

PROPERTY PORTFOLIO

GREAT HILLS PLAZA, AUSTIN, TEXAS

Great Hills Plaza is located in Northwest Austin, Texas. The property is a three-storey office building located close to quality neighbourhoods, retail centres including the Arboretum – one of Austin’s major retail centres – and is served by two freeways. Great Hills Plaza had previously

undergone capital improvements, which included a modernised lobby, remodelled atriums and enhanced landscaping. The property is a recipient of the US Environmental Protection Agency’s prestigious ENERGY STAR® label.



KEY STATISTICS

as at 31 December 2019

Location
9600 Great Hills Trail, Austin, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

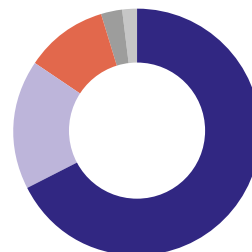
Net Lettable Area (sf)
139,252

Valuation (US\$ million)
41.2

Committed Occupancy
100.0%

Number of Tenants
14

TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2019



Professional Services	67.5
Technology	17.0
Finance & Insurance	10.8
Media & Information	2.8
Others	1.9
Total	100.0

TOP THREE TENANTS BY CRI as at 31 December 2019

	Sector	CRI (%)
E2Open	Technology	18.3
Regus	Professional Services	17.1
Intera	Professional Services	13.6

LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2019

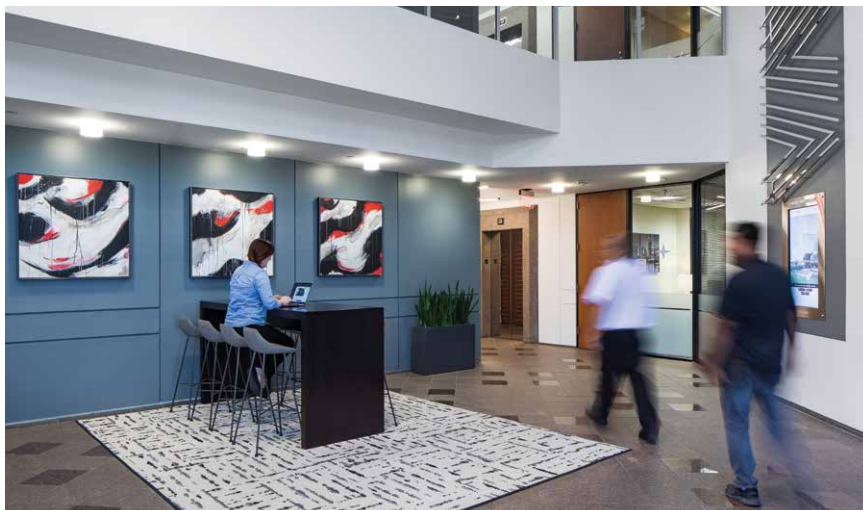
2020	0.9	1.0
2021	2.0	2.1
2022	3.6	3.0
2023	11.4	11.7
2024	22.7	23.6
2025 & beyond	59.4	58.6

■ By CRI ■ By NLA

WESTECH 360, AUSTIN, TEXAS

Westech 360 is located in Northwest Austin, Texas, and comprises four three-storey office buildings. Over the past few years, the property underwent significant capital improvements that included an extensive upgrade of the landscaping, signage and lighting for the buildings to increase the property's visibility from Loop 360.

Additional improvements included a new tenant lounge and modernisation of the lobbies, fitness centre, building conference room as well as remodelled restrooms. The property enjoys excellent accessibility to the major business centres around Austin, proximity to residential housing and retail centres and is well-served by two freeways.



KEY STATISTICS

as at 31 December 2019

Location
8911 N Capital of Texas Hwy, Austin, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
175,529

Valuation (US\$ million)
49.5

Committed Occupancy
98.5%

Number of Tenants
31

TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2019



Sector	Percentage (%)
Professional Services	54.5
Finance & Insurance	19.6
Technology	16.4
Medical & Healthcare	9.5
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

Tenant	Sector	CRI (%)
Flahive, Ogden, & Latson	Professional Services	10.5
D&S Residential Holdings	Medical & Healthcare	9.8
Maxpoint Interactive	Technology	8.0

LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

Year	By CRI (%)	By NLA (%)
2020	25.6	26.9
2021	27.7	28.8
2022	5.3	5.3
2023	17.4	16.5
2024	4.6	4.1
2025 & beyond	19.4	18.4

■ By CRI ■ By NLA

PROPERTY PORTFOLIO

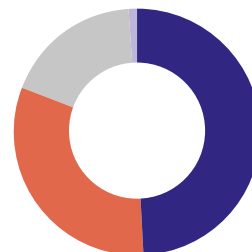
1800 WEST LOOP SOUTH, HOUSTON, TEXAS

1800 West Loop South is a 21-storey Class A office tower located in Houston's amenity-rich Galleria West Loop submarket. It benefits from its proximity to the Galleria Mall and West Loop South feeder road. In 2019, the property underwent significant improvements that included new conference rooms, a modern café and

tenant lounge, as well as a new fitness centre. Renovations to the building lobby and common areas were completed between 2013 and 2014. The property has obtained the LEED gold certification from the US Green Building Council and is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2019



Professional Services	49.3
Finance & Insurance	31.6
Others	18.0
Technology	1.1
Total	100.0

TOP THREE TENANTS BY CRI as at 31 December 2019

	Sector	CRI (%)
Health Care Service Corporation	Finance & Insurance	14.5
Quanex Building Products	Professional Services	10.3
General Service Administration	Professional Services	6.2

LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2019

Year	By CRI (%)	By NLA (%)
2020	3.6	4.3
2021	11.6	14.3
2022	13.6	16.7
2023	19.3	21.3
2024	7.5	10.0
2025 & beyond	44.4	33.4

KEY STATISTICS

as at 31 December 2019

Location
1800 West Loop South, Houston, Harris County, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
400,101

Valuation (US\$ million)
82.0

Committed Occupancy
75.3%

Number of Tenants
47

BELLAIRE PARK, HOUSTON, TEXAS

Bellaire Park¹ features two Class A office buildings located in Bellaire, an affluent suburb of Houston, Texas, which has a significant residential household base. The property is located near major thoroughfares and public transportation nodes, and enjoys good accessibility to the Houston CBD.

Its proximity to Texas Medical Center, Houston's largest employment centre outside of the CBD,

has contributed to its high concentration of tenants from the healthcare and professional services sector. In 2013 and 2014, the buildings underwent significant refurbishments resulting in remodelled entrances, a covered patient drop-off area for the building with significant medical tenancy, modern elevators, as well as improved chillers and cooling towers. One of its office buildings is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



KEY STATISTICS

as at 31 December 2019

Location
6565 and 6575 West Loop South, Bellaire, Harris County, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
313,873

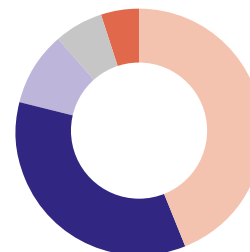
Valuation (US\$ million)
53.0

Committed Occupancy
89.1%

Number of Tenants
52

TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2019



Medical & Healthcare	43.9
Professional Services	35.2
Technology	9.6
Others	6.4
Finance & Insurance	4.9
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

	Sector	CRI (%)
Synergy Healthcare	Medical & Healthcare	11.2
The Rand Group	Technology	10.0
Sightline Health	Medical & Healthcare	6.6

LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

2020	6.8	6.0
2021	9.6	9.8
2022	11.0	11.3
2023	12.1	12.8
2024	15.7	15.4
2025 & beyond	44.8	44.7

■ By CRI ■ By NLA

¹ Previously known as West Loop I & II.

PROPERTY PORTFOLIO

ONE TWENTY FIVE, DALLAS, TEXAS

One Twenty Five is an office complex consisting of two Class A buildings situated in the heart of the Las Colinas urban core – a master planned mixed-use business and residential community surrounding Lake Carolyn that embodies the spirit of a live-work-play environment. Located within walking distance to high-end hotels, Water Street’s chef-driven restaurants and Toyota Music Factory’s experiential retail

landscape, the property benefits from easy access to Highway 114 and the Dallas Area Rapid Transit Orange Line, which runs from the Dallas CBD to Dallas-Fort Worth International airport. Since 2015, the office complex has undergone extensive improvements including the addition of a tenant lounge, upgrading of its elevator system, modernisation of common areas and exterior refurbishment of its buildings.



KEY STATISTICS

as at 31 December 2019

Location
125 East John Carpenter Freeway, Irving, Dallas County, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
1 November 2019

Net Lettable Area (sf)
445,317

Valuation (US\$ million)
102.0

Committed Occupancy
95.7%

Number of Tenants
20

TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2019



Professional Services	40.6
Others	32.8
Medical & Healthcare	15.4
Finance & Insurance	10.0
Technology	1.2
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

	Sector	CRI (%)
Bio Medical Applications of Texas	Medical & Healthcare	15.4
U.S. Homeland Security	Others	12.1
United Capital Financial Advisors	Finance & Insurance	10.8

LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

Year	By CRI (%)	By NLA (%)
2020	0.9	1.3
2021	8.3	7.3
2022	7.9	9.2
2023	3.1	2.8
2024	–	–
2025 & beyond	79.8	79.4

■ By CRI ■ By NLA

MAITLAND PROMENADE I & II, ORLANDO, FLORIDA

Maitland Promenade I & II is a Class A office campus comprising two connected five-storey office buildings in the heart of Orlando's largest submarket, Maitland Center. The office campus has onsite amenities that include a café, a conference centre, a fully equipped fitness centre and a three-storey parking deck, which is considered a rare feature in the submarket. Situated a few miles

away from the CBD, the office campus is located close to primary demand generators and area amenities. It also provides direct access to destinations throughout the Orlando Metropolitan Statistical Area and Interstate 4. Maitland Promenade II is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



KEY STATISTICS

as at 31 December 2019

Location
485 and 495 N Keller Road, Maitland, Orange County, Florida

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
16 January 2019 and 9 November 2017¹

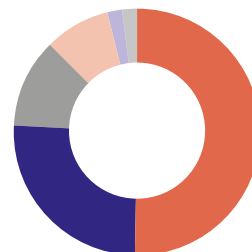
Net Lettable Area (sf)
460,737

Valuation (US\$ million)
96.0

Committed Occupancy
98.7%

Number of Tenants
34

TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2019



Finance & Insurance	50.4
Professional Services	25.5
Media & Information	11.8
Medical & Healthcare	8.5
Technology	1.9
Others	1.9
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

	Sector	CRI (%)
Spectrum	Media & Information	15.5
Taylor Morrison Home Funding	Finance & Insurance	10.2
Akerman, Senterfitt & Edison	Professional Services	6.8

LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2019

2020	4.7	5.4
2021	10.1	10.3
2022	10.8	11.3
2023	31.0	32.7
2024	24.1	21.2
2025 & beyond	19.3	19.1

■ By CRI ■ By NLA

¹ Maitland Promenade I & II were acquired on 16 January 2019 and 9 November 2017 respectively.

PROPERTY PORTFOLIO

IRON POINT, SACRAMENTO, CALIFORNIA

Iron Point features five Class A office buildings that are centrally located in Folsom, Sacramento. Folsom is the preferred residence for many of Sacramento's higher income executives, positioning Iron Point as a choice business address. The property is highly accessible via US Highway 50 and is close to numerous retail and

service amenities. It is also located directly across Intel Corporation's Folsom Campus that serves as one of Intel's four major US sites. Iron Point previously underwent a complete lobby renovation and introduced new tenant amenities, such as an outdoor walking and jogging track as well as a fitness centre.

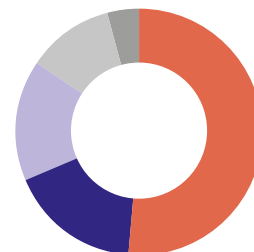


KEY STATISTICS

as at 31 December 2019

Location 1110-1180 Iron Point Road, Folsom, Sacramento County, California	Net Lettable Area (sf) 211,944
Land Tenure Freehold	Valuation (US\$ million) 39.4
Ownership Interest 100%	Committed Occupancy 97.4%
Acquisition Date 9 November 2017	Number of Tenants 27

TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2019



● Finance & Insurance	51.5
● Professional Services	17.2
● Technology	15.8
● Others	11.4
● Media & Information	4.1
Total	100.0

TOP THREE TENANTS BY CRI as at 31 December 2019

	Sector	CRI (%)
Sierra Pacific Mortgage	Finance & Insurance	20.2
Pro Unlimited	Technology	16.0
CorVel Healthcare Corporation	Finance & Insurance	13.0

LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2019

Year	By CRI (%)	By NLA (%)
2020	8.0	8.0
2021	43.9	44.8
2022	11.4	11.1
2023	19.6	20.6
2024	13.6	12.3
2025 & beyond	3.5	3.2

■ By CRI ■ By NLA

POWERS FERRY, ATLANTA, GEORGIA

Powers Ferry is a six-storey office building situated in the Cumberland/I-75 submarket of the Atlanta office market. The property is located within a well-established submarket that is easily accessible via Interstates 285 and 75. It enjoys proximity to major Atlanta highways and is easily accessible by potential tenants in the Atlanta metro

area, which has attracted a steady inflow of businesses relocating and expanding in the region. In 2013, Powers Ferry renovated its common areas, conference facilities and tenant amenities to boost tenancy. It is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.



KEY STATISTICS

as at 31 December 2019

Location
6190 Powers Ferry Road, Atlanta, Fulton County, Georgia

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
149,324

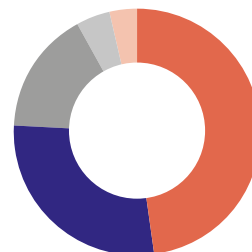
Valuation (US\$ million)
20.5

Committed Occupancy
93.5%

Number of Tenants
18

TRADE SECTOR BREAKDOWN BY NLA (%)

as at 31 December 2019



● Finance & Insurance	47.9
● Professional Services	28.1
● Media & Information	16.0
● Others	4.5
● Medical & Healthcare	3.5
Total	100.0

TOP THREE TENANTS BY CRI

as at 31 December 2019

	Sector	CRI (%)
LL Global	Finance & Insurance	18.6
Georgia Banking Company	Finance & Insurance	13.0
Penton Business Media	Media & Information	9.3

LEASE EXPIRY PROFILE BY CRI AND NLA (%)

as at 31 December 2019

2020		10.7 10.6
2021		33.4 34.0
2022		9.5 9.4
2023		14.1 14.2
2024		5.2 5.0
2025 & beyond		27.1 26.8

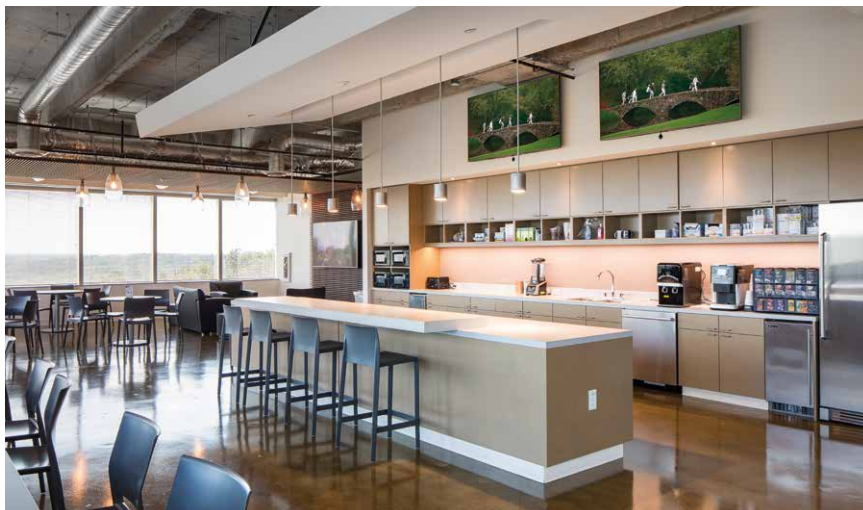
■ By CRI ■ By NLA

PROPERTY PORTFOLIO

NORTHRIDGE CENTER I & II, ATLANTA, GEORGIA

Northridge Center I & II features two office buildings located in the Central Perimeter, one of the largest office submarkets in Atlanta. The property is situated on the south side of Northridge Road, where tenants have easy access to the Georgia 400 – one of the largest and most important thoroughfares in the city – along with off-highway access to affluent

neighbourhoods, retail and restaurant destinations, as well as the Metropolitan Atlanta Rapid Transport Authority Rail System via North Springs Station. With ongoing landscape updates, lobby modernisations and a revived fitness centre, the property continues to offer an environment that attracts talent from both the Central Perimeter and nearby Alpharetta submarkets.



KEY STATISTICS

as at 31 December 2019

Location
365 and 375 Northridge Road, Atlanta, Fulton County, Georgia

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
188,973

Valuation (US\$ million)
22.0

Committed Occupancy
84.2%

Number of Tenants
18

TRADE SECTOR BREAKDOWN BY NLA (%)
as at 31 December 2019

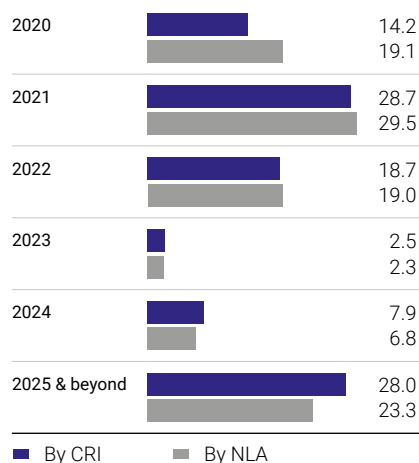


Professional Services	54.1
Finance & Insurance	24.8
Others	10.6
Media & Information	5.8
Technology	4.7
Total	100.0

TOP THREE TENANTS BY CRI
as at 31 December 2019

	Sector	CRI (%)
BWAY Corporation	Professional Services	16.7
Allstar Financial	Finance & Insurance	16.0
Kuck Baxter Immigration	Professional Services	11.6

LEASE EXPIRY PROFILE BY CRI AND NLA (%)
as at 31 December 2019



FINANCIAL REVIEW

THE MANAGER ADOPTS A PRUDENT APPROACH TOWARDS CAPITAL MANAGEMENT AND MAINTAINS AN OPTIMAL CAPITAL STRUCTURE.



Distribution Yield

7.7%

Based on the distribution per Unit of 6.01 US cents for FY2019 and the market closing price of US\$0.78 per Unit as at the last trading day of 2019.

Distributable Income

US\$50.8m

26.3% above the IPO forecast, driven by strong performance from the IPO portfolio and the newly acquired assets since listing.

OVERVIEW

KORE 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 KORE, and Perpetual (Asia) Limited, as the Trustee of KORE. KORE was listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017 (Listing Date).

KORE is a distinctive office REIT with 13 freehold office buildings and business campuses located across eight key growth markets driven by innovation and technology in the US. 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 US with positive economic and office fundamentals that generally 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 to Unitholders.

KORE delivered a strong set of results for the 12-month financial period from 1 January 2019 to 31 December 2019 (FY2019), outperforming both the forecast of the Projection Year 2019 (IPO forecast), as disclosed in the Prospectus, as well as the actual results of the corresponding 12-month period for 2018 (FY2018). This was driven mainly by positive rental reversion for the whole portfolio, especially from its properties in the technology-focused markets of Seattle and Austin; full-year

contributions from The Westpark Portfolio, which was acquired in November 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, respectively. Income available for distribution for FY2019 was 26.3% above the IPO forecast and 31.4% above FY2018. DPU for FY2019 was 6.01 US cents, 26.0% above the adjusted DPU for IPO forecast and 31.2% above the adjusted DPU for FY2018.

INCOME AVAILABLE FOR DISTRIBUTION

KORE achieved distributable income of US\$50.8 million, which was 26.3% above the IPO forecast, driven by better than expected performance from the original portfolio of assets as at listing (IPO portfolio), as well as the contributions from the newly acquired assets since listing, namely The Westpark Portfolio, Maitland Promenade I and One Twenty Five.

DPU for FY2019 was 6.01 US cents, translating to a distribution yield of 7.7% based on the market closing price of US\$0.78 per Unit as at the last trading day of 2019, as compared to the forecasted distribution yield of 7.2%, based on the IPO price of US\$0.88 per Unit, as disclosed in the Prospectus.

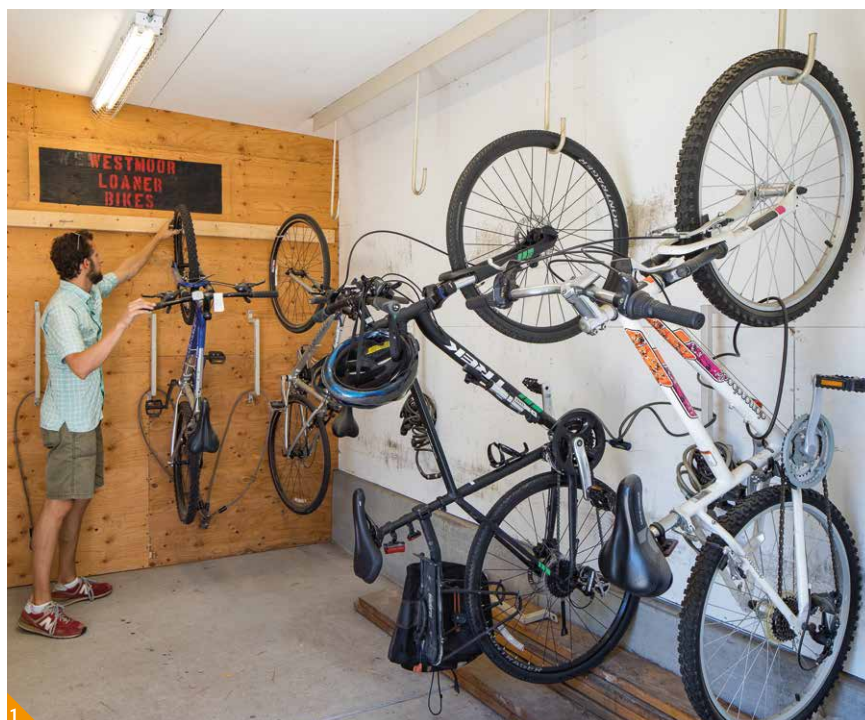
FY2019 DPU of 6.01 US cents was 26.0% higher than that of the IPO forecast adjusted DPU of 4.77 US cents, after adjusting the IPO forecast DPU for the enlarged Unitholder base from the Rights Issue that was completed on 26 November 2018.

FINANCIAL REVIEW

OVERVIEW

	2019 Actual US\$'000	2019 Forecast US\$'000	+ / (-) %	2018 Actual US\$'000
Rental Income	91,209	70,405	29.5	71,000
Recoveries income	27,099	21,984	23.3	18,655
Other operating income	4,578	4,012	14.1	3,870
Gross revenue	122,886	96,401	27.5	93,525
Utilities	(7,932)	(7,533)	5.3	(6,584)
Repairs and maintenance	(5,558)	(4,290)	29.6	(4,308)
Property management fees	(6,372)	(5,142)	23.9	(4,379)
Property taxes	(13,496)	(11,158)	21.0	(11,213)
Other property expenses	(14,775)	(12,026)	22.9	(10,318)
Property expenses	(48,133)	(40,149)	19.9	(36,802)
Net property income	74,753	56,252	32.9	56,723
Finance income	89	-	NM	82
Finance expenses	(16,065)	(10,905)	47.3	(10,551)
Manager's base fee	(5,078)	(4,125)	23.1	(3,863)
Trustee's fee	(122)	(168)	(27.4)	(129)
Fair value change in derivatives	(8,775)	-	NM	1,328
Other trust expenses	(2,929)	(2,726)	7.4	(1,894)
Net income for the year before tax and fair value change in investment properties	41,873	38,328	9.2	41,696
Net fair value change in investment properties	48,159	(1,562)	NM	15,354
Net income for the year before tax	90,032	36,766	>100	57,050
Tax expense	(20,374)	(5,926)	>100	(9,695)
Net income for the year	69,658	30,840	>100	47,355
Distribution adjustments	(18,875)	9,378	NM	(8,721)
Income available for distribution to Unitholders	50,783	40,218	26.3	38,634

NM - Not meaningful



GROSS REVENUE

Gross revenue of US\$122.9 million for FY2019 was higher than the IPO forecast by 27.5% largely due to contributions from The Westpark Portfolio, Maitland Promenade I and One Twenty Five, with the IPO portfolio contributing 0.6% of the increase.

For the IPO portfolio, the better than expected contributions from The Plaza Buildings, Bellevue Technology Center, Westtech 360 and Bellaire Park more than offset the lower than expected performance for 1800 West Loop South, Northridge Center I & II and Westmoor Center.

The Plaza Buildings, Bellevue Technology Center, Westtech 360 and Bellaire Park saw stronger than expected leasing momentum and rental reversion in 2019 whereas the leasing momentum for 1800 West Loop South, Northridge Center I & II and Westmoor Center were slower than expected. That said, for Westmoor Center, its committed occupancy as at 31 December 2019 of 96.6% was higher than the 2019 forecast occupancy of 89.9% included in the Prospectus, with no lease expiries in 2020.

1 Westmoor Center is an amenity-rich business campus located in one of Denver's most stable Northwest office corridors.

2 KORE delivered strong results for FY2019, driven mainly by positive rental reversion for the whole portfolio, full-year contributions from The Westpark Portfolio (pictured) and the two acquisitions in 2019.



NET PROPERTY INCOME (NPI)

NPI of US\$74.8 million for FY2019 was 32.9% higher than the IPO forecast due mainly to the net contributions from the three acquisitions since listing. The IPO portfolio also put in a better than expected performance as a result of both higher gross revenue and lower property expenses. Property expenses for the IPO portfolio were lower than the IPO forecast due to lower utilities, net property management fees and amortisation of lease commissions, partially offset by higher repair and maintenance expenses, property taxes and other property expenses relating to new amenities such as fitness centres and cafés. Higher NPI from The Plaza Buildings, Bellevue Technology Center and Bellaire Park more than offset the lower NPI from 1800 West Loop South, Northridge Center I & II and Westmoor Center.

NET INCOME

Net income for FY2019 of US\$69.7 million was significantly higher than the IPO forecast of US\$30.8 million, driven primarily by the fair value gain in investment properties.

As at 31 December 2019, fair value gain in investment properties amounted to US\$48.2 million, comprising mainly fair value gains from the Seattle properties – The Westpark Portfolio, The Plaza Buildings and Bellevue Technology Center – as well as from Bellaire Park. This is in comparison to a US\$1.6 million fair value loss for investment properties assumed in the IPO forecast in relation to valuation loss from straight-lined rent and leasing commissions capitalised.

NET PROPERTY INCOME CONTRIBUTION BY ASSET (US\$m) for the financial year ended 31 December 2019

The Plaza Buildings	16.5	15.4
Bellevue Technology Center	8.2	7.3
The Westpark Portfolio	12.4	–
Westmoor Center	7.7	8.5
Great Hills Plaza	2.5	2.5
Westech 360	3.2	3.0
1800 West Loop South	4.5	5.5
Bellaire Park	4.5	4.1
One Twenty Five	1.4	–
Maitland Promenade I & II ¹	7.6	3.4
Iron Point	3.1	3.1
Powers Ferry	1.6	1.6
Northridge Center I & II	1.6	1.9














■ Actual ■ Forecast

¹ Maitland Promenade I was acquired on 16 January 2019 and contributed US\$4.0 million to net property income for FY2019.

FINANCIAL REVIEW

GROSS REVENUE BY ASSET (US\$m)

for the financial year ended 31 December 2019

The Plaza Buildings		22.9 22.1
Bellevue Technology Center		12.1 11.3
The Westpark Portfolio		17.0 –
Westmoor Center		15.3 15.5
Great Hills Plaza		4.5 4.4
Westech 360		6.0 5.7
1800 West Loop South		10.0 11.4
Bellaire Park		8.4 8.2
One Twenty Five		2.4 –
Maitland Promenade I & II ¹		12.8 6.1
Iron Point		5.1 5.0
Powers Ferry		2.9 2.9
Northridge Center I & II		3.5 3.8

■ Actual ■ Forecast

¹ Maitland Promenade I was acquired on 16 January 2019 and contributed US\$6.6 million to gross revenue for FY2019.



KORE's properties are located across eight key growth markets in the US, including Houston (pictured).

For FY2019, mark-to-market interest rate swaps resulted in a net fair value loss in derivatives of US\$8.8 million due to declining interest rates in 2019. Fair value changes from derivatives were not included in the IPO forecast.

Finance expenses of US\$16.1 million for FY2019 was 47.3% or US\$5.2 million higher than the IPO forecast, mainly from the interest incurred for the additional loans taken to partially finance the acquisitions of The Westpark Portfolio, Maitland Promenade I and One Twenty Five.

Tax expense of US\$20.4 million, mainly relating to deferred tax expenses, was higher than the IPO forecast due to deferred taxes provided on the fair value gain in the investment properties, as well as tax depreciation of the enlarged portfolio of investment properties. There was also higher current tax expense for the Barbados entities, which were not in the IPO forecast.






TAX RESTRUCTURING

In December 2017, Section 267A of the US Internal Revenue Code was enacted, which could have potentially affected the deductibility of certain interest expenses for taxable year beginning after 31 December 2017. As a result, KORE restructured certain subsidiaries (the Barbados Restructuring) in January 2018 to comply specifically with the interpretation of Section 267A as drafted. The tax rates applicable to the Barbados subsidiaries are currently on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases.

On 20 December 2018, the United States Department of the Treasury released proposed regulations under Section 267A (the Proposed 267A Regulations). The Proposed 267A Regulations are not expected to necessitate any further changes to KORE's structure (including Barbados entities set-up on 1 January 2018) in order to preserve the deductibility of interest paid on KORE's intercompany financing arrangements. As such, the Manager currently expects that the Proposed 267A Regulations will not have any material impact on the consolidated net tangible assets or DPU of KORE. The Manager will continue to review various tax planning alternatives to mitigate any future tax impact.

KORE cautions that the Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, potentially effective as of 1 January 2018, could differ materially from the Proposed 267A Regulations and could result in additional costs. Such regulations under Section 267A were expected to be promulgated in 2019. However, the final regulations have not yet been released to date and the United States Department

DEBT MATURITY PROFILE (%)

2020		4.4
2021		30.1
2022		30.1
2023		16.7
2024		18.7

of the Treasury has not provided guidance on when it expects the final regulations to be issued. The delay in the release of the final regulations does not necessarily indicate that there will be any meaningful changes from the Proposed 267A Regulations. Nevertheless, additional guidance or negative application of relevant tax laws related to Section 267A could have a material impact on the consolidated net tangible assets or DPU of KORE.

INVESTMENT PROPERTIES

As at 31 December 2019, assets under management (AUM) amounted to approximately US\$1.26 billion as compared to US\$1.02 billion as at 31 December 2018. The increase of US\$0.24 billion or 23.5% in carrying value was due to the acquisitions of Maitland Promenade I and One Twenty Five (combined value of US\$150.4 million, including acquisition costs), capital expenditure, leasing costs and straight-line rent capitalised (US\$41.1 million) and fair value gains in the investment properties (US\$48.2 million). The fair value gain in investment properties, mainly from the Seattle properties – The Westpark Portfolio, The Plaza Buildings and Bellevue Technology Center – as well as from Bellaire Park, are due to sound economic fundamentals and positive office demand in KORE's key growth markets, especially Seattle, resulting in overall positive rental reversions and higher occupancies.

NET ASSET VALUE (NAV) PER UNIT

As at 31 December 2019, NAV per Unit was US\$0.80 (31 December 2018: US\$0.80). Excluding the DPU declared for the period from 29 October 2019 to 31 December 2019 of US\$1.06 US cents, the adjusted NAV per Unit was US\$0.79 (31 December 2018: US\$0.78).

FUNDING AND BORROWINGS

As at 31 December 2019, KORE's gross borrowings amounted to US\$480.4 million (31 December 2018: \$374.4 million). The increase was mainly due to borrowings drawn during the year to partially finance the acquisitions of Maitland Promenade I and One Twenty Five.

During FY2019, KORE drew down US\$31.0 million from its revolving credit

INVESTMENT PROPERTIES (US\$m)

as at 31 December 2019

Property	As at 31 December 2019	As at 31 December 2018
The Plaza Buildings	275.0	253.5
Bellevue Technology Center	144.0	136.0
The Westpark Portfolio	199.9	178.0
Westmoor Center	132.0	126.4
Great Hills Plaza	41.2	37.3
Westech 360	49.5	46.6
1800 West Loop South	82.0	75.5
Bellaire Park	53.0	42.2
One Twenty Five ¹	102.0	-
Maitland Promenade I & II ²	96.0	43.6
Iron Point	39.4	37.0
Powers Ferry	20.5	19.8
Northridge Center I & II	22.0	20.9

- ¹ One Twenty Five was acquired on 1 November 2019 for US\$101.5 million.
² Maitland Promenade I was acquired on 16 January 2019 for US\$48.5 million.

KEY STATISTICS

	As at 31 December 2019	As at 31 December 2018
Aggregate leverage ¹	36.9%	35.1%
Interest coverage ratio	4.8 times	5.6 times
All-in interest rate	3.69% p.a.	3.54% p.a.
Weighted average term to maturity	2.9 years	3.7 years

- ¹ Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

facilities to finance capital expenditures and tenant improvements, leaving US\$109.0 million of unutilised facilities available for future obligations.

The Manager continues to adopt a prudent approach towards capital management. 100% of KORE's borrowings are unsecured and are US dollar-denominated, providing a natural hedge for its US investments and income.

Approximately 81.0% of KORE's non-current borrowings had been hedged from floating-to-fixed rates, significantly safeguarding distributions against interest rate volatility.

As at 31 December 2019, the weighted average term to maturity of its debt was 2.9 years (31 December 2018: 3.7 years), with no long-term debt refinancing requirements until November 2021. All-in average cost of debt was 3.69% (FY2018: 3.54%) per annum

FINANCIAL REVIEW

and interest coverage ratio was 4.8 times (FY2018: 5.6 times).

KORE's aggregate leverage was 36.9% as at 31 December 2019, as compared to 35.1% as at 31 December 2018. Looking ahead, the Manager will continue to assess its capital structure to maintain it at an optimal level for KORE.

CASH FLOWS AND LIQUIDITY

As at 31 December 2019, KORE's cash and cash equivalents were US\$38.2 million.

Net cash generated from operating activities for FY2019 was US\$73.4 million, mainly from cash received from its NPI and net positive working capital movement.

Net cash used in investing activities for FY2019 amounted to US\$180.0 million. This is largely due to US\$144.9 million of net cash used to fund the acquisitions of Maitland Promenade I and One Twenty Five, as well as funds utilised for capital expenditures and tenant improvements.

Net cash generated from financing activities amounted to US\$104.2 million. This comprised proceeds of US\$74.4 million from the private placement (net of transaction costs), as well as net borrowings of

US\$105.5 million obtained from external banks. During FY2019, interest expense paid to external banks and distributions to Unitholders were US\$15.1 million and US\$60.6 million respectively.

CAPITAL MANAGEMENT

The Manager regularly reviews KORE's financial policy, as well as its debt and capital management structures to optimise KORE's funding sources. KORE's exposure to various risk elements is also monitored closely through clearly established management policies and procedures.

The Manager seeks to maintain an optimal combination of debt and equity in order to balance the cost of capital and maximise returns to Unitholders. The Manager also monitors externally imposed capital requirements closely and ensures KORE's adopted capital structure complies with these requirements.

Under the Property Funds Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS), the aggregate leverage should not exceed 45.0% of KORE's deposited properties. KORE has complied with this requirement for FY2019.

FINANCIAL RISK MANAGEMENT

KORE is exposed to a variety of financial risks, including tax, credit, liquidity and market (mainly interest rate) risks. The Manager carries out financial risk management in accordance with its established policies and guidelines while achieving a balance between the costs of risks occurring and the costs of managing them. KORE's financial risk management is discussed in more detail in the notes to the financial statements.

The Manager continues to adopt appropriate hedging strategies to manage interest rate exposure for KORE. Interest rate swaps have been entered into to hedge interest rate exposure of the long-term loans. As at 31 December 2019, 81.0% of the non-current borrowings had been hedged using floating-to-fixed interest rate swaps.

ACCOUNTING POLICY

The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, the applicable requirements of the CIS Code issued by the MAS and the relevant provisions of the Trust Deed. KORE's significant policies are discussed in more detail in the notes to the financial statements.

USE OF 26 NOVEMBER 2018 RIGHTS ISSUE AND 29 OCTOBER 2019 PRIVATE PLACEMENT PROCEEDS

The use of proceeds raised from the Rights Issue completed in November 2018 has been substantially disbursed, with the balance of proceeds reallocated to working capital, as follows:

	Per Offer Information Statement US\$'000	Actual US\$'000	Balance of proceeds US\$'000	Reallocation of the use of net proceeds ³ US\$'000	Balance of proceeds after reallocation US\$'000
Partial funding of cash consideration for The Westpark Portfolio ¹	89,700	89,700	–	–	–
Transaction costs	3,418	2,259	1,159 ²	(1,159)	–
Working capital ³	–	–	–	1,159	–
	93,118	91,959	1,159	–	–

¹ Agreed purchase consideration for The Westpark Portfolio was US\$169.4 million with the remaining amount to be financed by debt.

² The lower actual transaction cost was largely due to lower fees relating to the preparation of the Offer Information Statement. The funds earmarked for this purpose have been released and reallocated accordingly as explained in footnote 3.

³ The balance of net proceeds intended for transactions costs have been reallocated to capital expenditure and working capital. Working capital use relates mainly to repayment of finance expenses for the term loans and other general and administrative expenses.

On 29 October 2019, an aggregate of 104,286,000 Units were issued at US\$0.725 per Unit which amounted to gross proceeds of US\$75.6 million from the Private Placement. The use of proceeds raised from the Private Placement is in accordance with its stated use, as follows:

	Intended use of proceeds US\$'000	Actual US\$'000	Balance of proceeds US\$'000
Partial funding of cash consideration for One Twenty Five ¹	71,500	71,500	–
Transaction costs	2,700	1,620	1,080
Working capital	1,407	–	1,407
	75,607	73,120	2,487

¹ Agreed purchase consideration for One Twenty Five was US\$101.5 million with the remaining amount to be financed by debt.

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

WE PLACE SUSTAINABILITY AT THE HEART OF OUR STRATEGY, DELIVERING SOLUTIONS FOR SUSTAINABLE URBANISATION WHILE CREATING ENDURING VALUE FOR OUR STAKEHOLDERS – THROUGH ENVIRONMENTAL STEWARDSHIP, RESPONSIBLE BUSINESS PRACTICES, AND NURTURING OUR PEOPLE AND THE COMMUNITIES, WHEREVER WE OPERATE.



ENVIRONMENTAL STEWARDSHIP

We will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.

For more information,
go to: pages 67 to 68



RESPONSIBLE BUSINESS

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

For more information,
go to: pages 69 to 70



PEOPLE AND COMMUNITY

We are committed to providing a safe and healthy workplace, investing in developing and training our people, and uplifting communities wherever we operate.

For more information,
go to: pages 71 to 74

LETTER TO STAKEHOLDERS

GRI 102-14

DEAR STAKEHOLDERS,

It is my pleasure to present Keppel Pacific Oak US REIT's (KORE) second Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards.

Sustainability is an integral part of KORE's strategy and is taken into account in the Manager's drive to create long-term value for our stakeholders.

Our approach to sustainability includes our commitment to the sustainable use of resources, active stakeholder engagement and social responsibility. Guiding us on our journey are the three strategic thrusts of Environmental Stewardship, Responsible Business, as well as nurturing our People and Community wherever we operate. At the same time, we have also considered and integrated environmental, social and governance (ESG) standards and targets into KORE's strategy and business practices, where it made business sense.

We continue to adapt to the evolving business landscape by mitigating emerging risks and capitalising on new opportunities related to ESG issues. These efforts also contribute to our sustainability strategy and help reinforce our brand identity of a resilient, forward-thinking business.

IMPROVING ON OUR BASELINE

Value creation, climate change and energy management continue to be critical and material ESG issues in our business. In our inaugural report for 2018, we set the baseline and outlined KORE's sustainability strategy so that we could quantify year-on-year improvements and progress towards our goals.

Since then, we have grown our portfolio actively, delivering value-added returns to our Unitholders. As part of KORE's growth strategy, the Manager completed two value accretive acquisitions in 2019 – Maitland Promenade I in Orlando, Florida, and One Twenty Five in Dallas, Texas. This grew KORE's portfolio value to US\$1.26 billion, up 51.8% from US\$0.83 billion at listing and 23.5% from US\$1.02 billion at end-2018.

At the same time, we have improved our energy and emission efficiency performance through various initiatives, such as the installation of smart building management systems and the use of energy-saving light



Sustainability is an integral part of Keppel Pacific Oak US REIT's strategy and is taken into account in the Manager's drive to create long-term value for our stakeholders.

emitting diodes (LEDs). Looking ahead, we will continue to assess opportunities that advance our sustainability agenda, and increase resource efficiency while safeguarding the interests of our key stakeholders.

CREATING LONG-LASTING AND POSITIVE IMPACTS

At the heart of our business is our people. We believe in investing in the individuals that create value for KORE and promoting their overall well-being. We are also committed to providing our employees with valuable career opportunities, on a merit-based and nondiscriminatory basis.

In 2019, 100% of our workforce received training, guidance and performance reviews, with each employee receiving an average of 18 hours of training. We also achieved a zero health and safety incident rate and a 100% regulatory compliance rate.

While our primary focus is on creating value and sustainable growth for our stakeholders, we also believe in creating long-lasting and

positive impacts within the communities where we operate. As at end-2019, together with Keppel Capital, we committed about 1,380 volunteer hours to community initiatives.

FORWARD TOGETHER

Looking ahead, we will continue to engage with our key stakeholders and focus on improving our operational performance. We look forward to collaboratively progressing towards our vision of a sustainable future and creating long-term value for all of our stakeholders.

Yours sincerely,

A handwritten signature in black ink that reads "David Snyder". The signature is written in a cursive, slightly slanted style.

DAVID SNYDER
Chief Executive Officer and
Chief Investment Officer
20 February 2020

ABOUT THIS REPORT

This is KORE's second Sustainability Report, which outlines its ESG performance. The policies and disclosures in this report exhibit Keppel Pacific Oak US REIT Management's (the Manager) commitment to sustainable business practices. Continuously measuring our ESG performance against our commitments and policies ensures accountability and transparency.

The Board has reviewed and approved the material ESG factors for KORE and considers them as part of KORE's strategy formulation. The Board also oversees the management and monitoring of the ESG factors and evaluates them periodically.

GLOBAL REPORTING INITIATIVE (GRI) STANDARDS

GRI 102-54

This report was prepared in accordance with the GRI Standards: Core option. The Manager's sustainability reporting framework is aligned with the GRI's Reporting Principles: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. It forms the basis of the content and aspect boundaries in this report. To ensure that the GRI Reporting Principles are properly addressed, the Manager engaged with key stakeholders and evaluated the materiality of ESG topics based on stakeholder feedback and relevance to KORE's business context. This process is further detailed in the sections on Managing Sustainability and Materiality Assessment. The GRI Content Index on pages 75 and 76 indicates the full list of GRI references and disclosures used in this report.

REPORTING PERIOD AND SCOPE

GRI 102-46 | 102-50 | 102-52 | 102-53

This report will be updated and published annually. The information and metrics in the report are based on the financial year from 1 January to 31 December 2019. It presents the economic, environmental and social impacts of KORE's properties, as well as the Manager's sustainability strategy and policies.

As of 31 December 2019, KORE's portfolio comprised a balanced mix of 13 quality freehold office buildings and business campuses across eight key growth markets in the US with a combined portfolio value of US\$1.26 billion. With an aggregate net lettable area of over 4.7 million sf, these quality properties have an extensive and diversified tenant base, with good exposure



The Manager engages key stakeholders in the evaluation of the materiality of ESG topics.

to the growth and defensive sectors including the technology, as well as medical and healthcare sectors.

The ESG performance metrics featured in this report are based on KORE's 100% ownership of The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio in Seattle, Washington; Westmoor Center in Denver, Colorado; Great Hills Plaza and Westtech 360 in Austin, Texas; 1800 West Loop South and Bellaire Park in Houston, Texas; Maitland Promenade I & II in Orlando, Florida; Iron Point in Sacramento, California, as well as Powers Ferry and Northridge Center I & II in Atlanta, Georgia. The exclusions for energy, emissions and water data have been specified in the respective sections.

Contact for feedback:
enquiries@koreusreit.com

MANAGING SUSTAINABILITY

THE MANAGER ADVANCES KORE'S SUSTAINABILITY JOURNEY THROUGH THE IMPLEMENTATION OF BEST PRACTICES, PERFORMANCE EVALUATION AND CONTINUAL IMPROVEMENT.

The Manager's sustainability strategy focuses on environmental stewardship, social responsibility and the long-term resilience of KORE's operations and supply chain. Through sustainable business practices, KORE adapts to the evolving business landscape, minimises impacts to the environment and optimises resource efficiency. To integrate ESG considerations throughout KORE's business operations, the Manager has established a Sustainability Committee comprising members from various functions, including asset management, investment, finance, risk and compliance, human resources and investor relations.

The Manager aligns its sustainability management framework with that of the Keppel Group where applicable. To further guide decision making and the management of ESG issues, the Manager takes reference from the Group's policies. These policies include the Keppel Code of Conduct, Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Manual, Conflict of Interests Policy, as well as policies on environment, health and safety matters.

The Manager extends its sustainability efforts across the supply chain by referencing the Keppel Supplier Code

of Conduct, which aims to integrate the Keppel Group's sustainability principles across its supply chain and positively influence the ESG practices of its suppliers. The Manager also adheres to regulations set by the Singapore Exchange (SGX) and the Monetary Authority of Singapore (MAS).

To ensure that employees are prepared for evolving standards and policies, training is provided and encouraged. The Manager leverages the Keppel Group's various platforms to facilitate and foster a culture of continuous learning. In addition, the Manager encourages the sharing of knowledge, best practices and ideas for improvement among employees, contractors and partners.

With the support of the Sustainability Committee, the Manager keeps abreast of developments and trends related to sustainability issues that are relevant to KORE's business operations. When necessary, the Manager ensures that policies are updated and communicated to the Board, management and all employees.

Additional policies are in place to govern the working relationships between the Manager and agents or other person(s) acting on behalf of the Manager and/or KORE. Employee and tenant safety is a core component of the sustainability management framework.

KORE received the Merit Award for Best Annual Report (First-Year Listed Companies) at the Singapore Corporate Awards in recognition of its high standard of disclosures in its annual report.



The Manager complies with all applicable safety regulations of the countries where it operates. In 2019, there were zero identified violations of laws, regulations and/or voluntary codes pertaining to the operation of KORE's portfolio.

Employees of the Manager are included under Keppel Capital's framework, and their development and well-being are considered and accounted for in Keppel Capital's policies and initiatives pertaining to health and safety, human resources, community outreach and other aspects of ESG.

GOVERNANCE STRUCTURE

GRI 102-18

Strong corporate governance and transparency are foundational to the Manager's approach towards sustainability. The Board and the Manager develop strategies that integrate ESG issues into key business practices and decision-making processes. The Sustainability Committee monitors and measures progress in sustainability and ensures continual improvement through periodic reviews.

Corporate governance policies and practices are guided by the Code of Corporate Governance (the Code) issued by the MAS. The Code requires the Board to address sustainability issues in its strategic business decisions and overall corporate governance. In addition, it provides the framework for controls, checks and accountability.

More information on KORE's corporate governance guidelines and practices can be found on pages 115 to 133 of the Annual Report.

EXTERNAL STANDARDS AND STRATEGIC MEMBERSHIPS

GRI 102-12 | 102-13

When feasible, the Manager implements external standards that bolster sustainability performance. Such standards include the US Environmental Protection Agency's ENERGY STAR® label and the US Green Building Council's Leadership in Energy and Environmental Design (LEED) certification.

At the same time, the Manager, through Keppel Capital, is a signatory of the United Nations Global Compact and is committed to the Compact's 10 universal principles, which include human rights, labour, environment and anti-corruption.

In addition, KORE is a member of the REIT Association of Singapore (REITAS). REITAS aims to promote and enhance the Singapore REIT business, as well as create an operational and regulatory environment that protects the interests of REIT Unitholders.

Through Keppel Capital, the Manager is also part of the Investor Relations Professional Association (Singapore) (IRPAS) that contributes to enhancing the overall standards of investor engagement efforts.

The Keppel Group supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to promote good corporate governance and empower the investment community through investor education.

ENGAGEMENT WITH KEY STAKEHOLDER GROUPS

GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager values the perspectives of its stakeholders and considers their feedback and concerns in KORE's sustainability management process. Directly engaging with key stakeholders allows the Manager to ensure that all material ESG issues are

accounted for and that key ESG issues can be addressed from diverse perspectives. The Manager believes that this multi-stakeholder process can help catalyse innovation and strengthen risk management.

KORE's stakeholder engagement framework was developed in accordance with the GRI Standards and the AccountAbility AA1000 Stakeholder Engagement Standard. In accordance with the GRI Standards, key stakeholder groups¹ were identified based on influence, representation, responsibility, dependency and proximity.

¹ Stakeholders are defined to be individuals, groups of individuals or organisations that affect and/or could be affected by the Manager's activities and associated performance.

ENGAGEMENT WITH KEY STAKEHOLDER GROUPS

The Manager has identified the following groups of key stakeholders.

 <p>EMPLOYEES</p> <p>Key Topics Providing platforms for employees to contribute and share ideas; building a culture of recognition and appreciation; enhancing career through self-directed learning and inspiring others through leading by example.</p>	 <p>TENANTS</p> <p>Key Topics Building and service quality; health, safety and environmental matters.</p>
<p>Modes of Engagement Dialogue sessions with senior leaders; employee engagement surveys; employee appreciation day; health and wellness month; quarterly town hall meetings; career day; leadership programmes; team building activities; involvement in different employees' interest groups.</p>	<p>Modes of Engagement Meetings and feedback sessions; tenant engagement activities; newsletters.</p>
<p>Frequency of Engagement Ongoing</p>	<p>Frequency of Engagement Ongoing</p>
 <p>INVESTORS</p> <p>Key Topics Business strategy and corporate developments; financial performance.</p>	 <p>BUSINESS PARTNERS</p> <p>Key Topics Compliance; collaboration; health, safety and environmental matters.</p>
<p>Modes of Engagement General Meetings; SGX announcements; annual reports; results briefings; conference calls; non-deal roadshows; conferences and in-person meetings.</p>	<p>Modes of Engagement Dialogue sessions; regular meetings with business partners including external property managers, key subcontractors, and suppliers; networking events.</p>
<p>Frequency of Engagement Ongoing</p>	<p>Frequency of Engagement Ongoing</p>

MANAGING SUSTAINABILITY



The Manager aligns with external standards such as the LEED rating and ENERGY STAR® programme that bolster the sustainability performance of its properties, including 1800 West Loop South (pictured).

MATERIALITY ASSESSMENT

GRI 102-47 | 103-1

KORE’s material aspects are unchanged from the previous sustainability report. The selection of ESG disclosures and their respective boundaries of this report were guided by GRI’s four Reporting Principles: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

Stakeholder Inclusiveness is a central aspect of KORE’s materiality assessment process and the Manager believes that what is important to its stakeholders is important to KORE. To ensure that the most relevant metrics and indicators are properly managed and disclosed, the Manager carefully considers KORE’s Sustainability Context, which is characterised by its specific industry, operations and the changing business landscape. KORE’s overall

business management strategy embodies Materiality and Completeness through an exhaustive approach to assessing operational impacts, managing ESG risks and opportunities, as well as incorporating the perspectives of its key stakeholders. This comprehensive strategy is reflected throughout the content of this report.

The resulting material aspects and indicators are outlined below.

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

Categories	Material Aspects	Targets	Aspect Boundary
Economic	Economic Performance	Execute a sound fiscal and asset management strategy to drive growth and long-term value for Unitholders	Internal & External
	Anti-corruption ¹	Achieve zero incidents of non-compliance with relevant laws and regulations	
Environment	Energy	Promote responsible consumption to ensure the efficient use of energy and resources	Internal
	Emissions		
	Water		
Social	Employment	Support employee well-being and active engagement	Internal
	Occupational Health and Safety	Achieve a zero-incident workplace	
	Training and Education	Support employee well-being and active engagement	Internal & External
	Customer Health and Safety	Achieve a zero-incident workplace	
	Local Communities	Advocate employee volunteerism and contribute to local communities through corporate social responsibility activities	

¹ Considered a compliance issue by the Manager.

ENVIRONMENTAL STEWARDSHIP

THE MANAGER IS COMMITTED TO MINIMISING GREENHOUSE GAS EMISSIONS, OPTIMISING ENERGY CONSUMPTION AND ADOPTING SOUND WATER MANAGEMENT PRACTICES.

CLIMATE ACTION

GRI 103-1 | 103-2 | 103-3

Emissions

GRI 305-2

The Manager is committed to minimising greenhouse gas (GHG) emissions through optimising energy management. Gases included in the calculation are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO₂e). In 2019, Scope 2 GHG emissions totalled 26,836^a tCO₂e.

In 2019, emission efficiency (only Scope 2) was 0.0083^b tCO₂e/sf, compared to our inaugural baseline efficiency of

0.0082 tCO₂e/sf in 2018. Although this represents a 1.2% increase in total Scope 2 emissions intensity from last year, much of this increase can be attributed to higher occupancy and unfavourable weather conditions that increased energy consumption across some of KORE's assets.

ENVIRONMENTAL MANAGEMENT

Energy Consumption

GRI 103-1 | 103-2 | 103-3 | 302-1

The materiality of energy consumption is driven by both the cost savings associated with energy efficiency, as well as its relationship to GHG emissions.

Strategies to achieve energy optimisation include, but are not limited to, operational improvements, implementation of new technologies, sustainable building designs and materials, as well as the

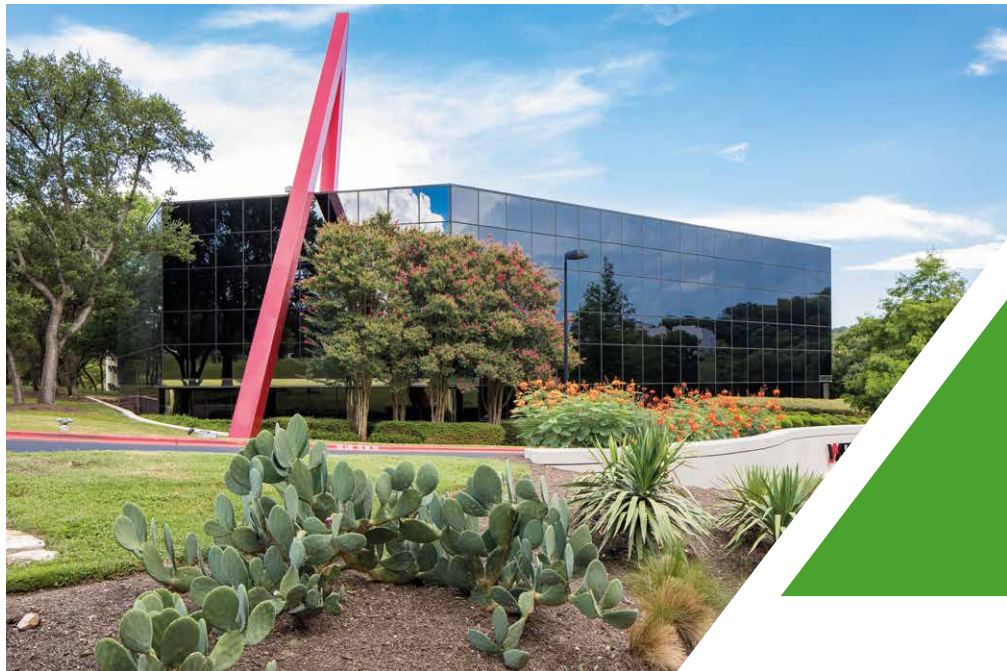
GHG EMISSIONS INTENSITY (SCOPE 2)

(tCO₂e/sf)

2019	<div style="width: 100%; height: 10px; background-color: #4CAF50;"></div>	0.0083
2018	<div style="width: 99.2%; height: 10px; background-color: #9E9E9E;"></div>	0.0082

Note: One Twenty Five, the most recently acquired property, and The Westpark Portfolio were excluded from the emissions performance data. The Westpark Portfolio was excluded to ensure completeness and accuracy as its data does not include consumption from tenant spaces.

- ^a The emission factors were used as defined by the United States Environmental Protection Agency: www.epa.gov.
- ^b The gross building area used to calculate emission intensities includes all common and tenants' areas but excludes unoccupied net lettable area.



The Manager implements green features at its properties, including Westech 360 (pictured), through minimising greenhouse gas emissions, optimising energy consumption and adopting sound water management practices.

ENVIRONMENTAL STEWARDSHIP

use of energy-efficient equipment.

KORE’s energy management strategy is executed through a process of continuous monitoring, assessment and reporting. This process ensures continual improvement and the implementation of corrective action when necessary.

KORE’s energy demand comprises a mix of direct and indirect sources of energy. Direct energy refers to primary sources of energy consumed on-site by its operations, whereas indirect energy is electricity purchased from external suppliers. In 2019, based on a detailed invoice assessment, KORE’s properties consumed 149,044 therms (15,721 GJ) of natural gas and 59,256,369 kWh (213,323 GJ) of purchased electricity.

In 2019, energy efficiency^a was 0.0709 GJ/sf, compared to 0.0692 GJ/sf in 2018. Although this represents a 2.5% increase in energy intensity from last year, much of this increase can be attributed to higher occupancy and unfavourable weather conditions that affected some of its assets.

Water Management

GRI 103-1 | 103-2 | 103-3 | 303-1

The Manager’s water management strategy focuses on conservation, best practices and implementing water-efficient technologies and equipment. KORE’s water management performance is measured in water intensity per floor area. The total water consumption of KORE consists of supplying its US properties with municipal water.

Based on direct metering and invoice assessments, total water consumption for KORE’s properties was about 306,070 m³ in 2019. Water intensity^b, or water use per gross floor area, was about 0.0769 m³/sf, an increase of 3.1% from last year’s 0.0746 m³/sf, attributable to higher water usage over the summer months and unexpected irrigation leaks at the Austin assets caused by the city of Austin’s construction works.

^a The gross building area used to calculate energy intensities includes all common and tenants’ areas but excludes unoccupied net lettable area.

^b The gross building area used to calculate water intensities includes all common and tenants’ areas but excludes unoccupied net lettable area.

In 2019, KORE implemented the following energy management initiatives.

ENERGY MANAGEMENT INITIATIVES



The Plaza Buildings	Completed a LED retrofit encompassing lighting in the stairwells and exterior soffit lights
Bellevue Technology Center	Replaced boiler with a new energy-efficient system Installed four variable frequency drivers to air handler units for better control of the units, driving further energy savings Installed energy saving HVAC Trane controls system
The Westpark Portfolio	Completed exterior LED lighting upgrades to all wall packs, light poles and soffit lighting throughout the premises
Great Hills Plaza	Progressive transition to LED lightings for new tenant spaces
Westech 360	Replaced lighting in two buildings with new LED lights in all common areas Progressive transition to LED lightings for new tenant spaces
1800 West Loop South	Installed occupancy sensors on all floors in the freight elevator vestibules Built out new tenant spaces with LED light fixtures and occupancy sensors
Bellaire Park	Completed central plant controls replacement that optimises performance of the chillers, resulting in energy savings Replaced metal halide garage rooftop lights with LEDs
Maitland Promenade I & II	Replaced HID pole lights and fluorescent lamps with LED lights

In 2019, KORE implemented the following water management initiatives.

WATER MANAGEMENT INITIATIVES



Westmoor Center	Separated the water lines to the property, enabling reclaimed water to be used for irrigation which will reduce water cost and potable water consumption
1800 West Loop South	Installed a smart irrigation controller equipped with weather sensors Installed water-efficient aerators on all restroom faucets and equipped some restrooms with automatic faucets
Maitland Promenade I	Replaced cooling tower fill with a design that increases efficiency

ENERGY INTENSITY (GJ/sf)

2019		0.0709
2018		0.0692

Note: One Twenty Five, the most recently acquired property, and The Westpark Portfolio were excluded from the energy performance data. The Westpark Portfolio was excluded to ensure completeness and accuracy as its data does not include consumption from tenant spaces.

WATER INTENSITY (m³/sf)

2019		0.0769
2018		0.0746

Note: The most recently acquired property, One Twenty Five, was not included in the performance data.

RESPONSIBLE BUSINESS

STRONG CORPORATE GOVERNANCE AND EFFECTIVE RISK MANAGEMENT ARE INTEGRAL TO KORE'S SUSTAINABILITY STRATEGY, AS WELL AS ITS ECONOMIC PERFORMANCE.

ECONOMIC SUSTAINABILITY

GRI 102-7 | 103-1 | 103-2 | 103-3 | 201-1

The Manager's primary responsibility is to optimise economic performance for its key stakeholders. KORE considers financially material ESG issues in its business strategy and operations, with the objectives of sustaining growth and delivering value through stable distributions and accretive investments.

In 2019, KORE concluded the value accretive acquisitions of One Twenty Five – an office complex comprising two class A buildings in Dallas, Texas, and Maitland Promenade I – a five-storey Class A office building in Orlando, Florida.

More information on KORE's business strategies can be found on page 3 of the Annual Report. Specific asset improvements can be found on pages 36 to 54 of the Annual Report.

The Manager recognises that ESG issues can directly impact financial performance, and as such, issues such as energy management are treated as economic opportunities. Recognitions such as LEED certifications (awarded to two KORE properties) and ENERGY STAR® labels (awarded to six KORE properties) benefit

tenants through cost savings arising from greater energy efficiency.

KORE's business operations are safeguarded by its refined Enterprise Risk Management (ERM) framework described in pages 70, 134 and 135 of the Annual Report. The scope of its economic management systems encompasses the operational boundaries of KORE, as the economic impacts occur throughout the organisation and supply chain. The scale of the organisation is represented by the metrics below:

- Total employees: Seven;
- Number of operations: One;
- Net property income: US\$74.8 million;
- Total capitalisation: US\$728.6 million; and
- Quantity of products: 13 office buildings and business campuses.

KORE's economic performance is measured through key metrics such as distribution per Unit and distribution yield. In addition, variance analysis is performed to assess and compare actual and forecasted figures. Results of financial performance are communicated through quarterly results meetings and annual reports. The financial performance highlights can be found on page 6 of the Annual Report.

Energy efficient practices by the Manager benefit tenants through cost savings.



RESPONSIBLE BUSINESS

CORPORATE GOVERNANCE AND RISK MANAGEMENT

GRI 102-11 | 102-16

Strong corporate governance and effective risk management are integral to KORE's sustainability strategy, as well as its long-term business success. Today's global business environment is characterised by rapid changes in regulations, standards and market dynamics. Along with such changes, new ESG opportunities and risks arise. A robust and dynamic governance and risk management framework allows the Manager to identify new risks, capitalise on new developments and remain resilient in competitive markets.

The majority of the Board consists of Independent Directors, ensuring fair consideration of its key stakeholder groups' interests in business decisions. The Manager is committed to the timely disclosure of accurate and material information, as well as engages with the investment community regularly to gather feedback.

The Manager adopts and aligns itself with the policies and practices outlined in the Code issued by the MAS. The Code provides a framework for enforcing controls, checks and accountability. The Code also requires that the Manager considers ESG issues when making strategic business decisions and implementing governance measures.

More information on KORE's corporate governance guidelines and practices is available on pages 115 to 133 of the Annual Report.

Enterprise Risk Management (ERM)

KORE's System of Management Controls includes an ERM framework which is based on a holistic and systematic approach. The ERM framework provides guidance and requirements pertaining to the reporting structure, monitoring mechanisms, and specific risk management processes and tools. In addition, it outlines KORE's processes and policies for identifying and managing key risks. The ERM framework is a key tool to quickly and effectively respond to emerging ESG risks and adapt to a constantly evolving business landscape.

Together, the Board, the Audit and Risk Committee (ARC) and the ERM framework ensure that KORE identifies and manages all ESG-related risks that have the potential to impact long-term Unitholder value, responsible business practices and/or operational continuity.

The risk management process also determines the adequacy and effectiveness of KORE's ERM framework. In 2019, the Board determined KORE's risk management system to be adequate and effective in

addressing all material ESG risks. The Manager is committed to reduce the environmental impact of its operations and has included environmental and social aspects in its risk management processes. More information on KORE's risk management strategy is available on pages 134 and 135 of the Annual Report.

Compliance, Anti-Bribery and Anti-Corruption Measures

GRI 103-1 | 103-2 | 103-3 | 205-3

The Manager adheres to the highest ethical standards and all applicable laws to prevent corruption throughout all its operations. As part of the Keppel Group, KORE has zero tolerance for all forms of corruption, bribery, fraud and unethical behaviour. Anti-corruption best practices are adopted as part of KORE's commitment to business ethics as well as the United Nations Global Compact Principles (Principle 10: Measures Against Corruption).

The Keppel Code of Conduct applies to all of KORE's employees and reinforces the Manager's commitment to a culture of ethical business practices. The code provides guidelines and standards for ethical business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures, as well as conflicts of interests. The policy also addresses potential conflicts of interest between employees and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The Manager has adopted measures to prevent corruption and unethical behaviour. These include:

- Outlining the responsibilities of employees to uphold anti-corruption and anti-bribery principles;
- Informing and guiding employees on how to pre-emptively identify and avoid instances of corruption; and
- Implementing policies that outline standards of conduct expected of the Manager and agents acting on behalf of the Manager.

All of KORE's management and employees receive mandatory communication and training on anti-corruption policies and procedures every year, including in 2019.

The Regulatory Compliance Governance Structure is responsible for managing anti-corruption efforts as well as enhancing corporate governance in general. The Board regularly reviews anti-corruption policies, updating, revising and implementing corrective measures as necessary. The ARC supports the Board in its oversight of regulatory compliance, in addition to

implementing effective compliance and governance mechanisms.

The Manager adheres to guidelines as set out in Keppel's Competition Law Compliance Manual, which aims to ensure that its employees do not engage in any anti-competitive behaviour in the conduct of its business.

There were no violations of anti-corruption, anti-bribery, anti-competitive or anti-trust policies or cases identified in 2019.

SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT

GRI 102-9

KORE's supply chain is mainly located in the US and Singapore. It includes suppliers such as electricity retailers, security, building material suppliers, professional service providers (such as building consultants, banking, audit and tax services) and contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling.

The Manager takes reference from the Keppel Supplier Code of Conduct, which aims to integrate the Keppel Group's sustainability principles across its supply chain and positively influence the ESG practices of its suppliers. In addition, the process of selecting potential suppliers is in part based on their track records of dependability, sustainability policies, procedures, accreditations as well as certifications, where possible.

PRODUCT QUALITY AND SAFETY

Customer Health and Safety

GRI 103-1 | 103-2 | 103-3 | 416-2

The Manager is committed to creating a safe environment for its tenants by cultivating a strong culture of health and safety.

The Manager considers health and safety issues during the selection, acquisition and operation of its buildings. This process is designed to avoid potential hazards and identify opportunities for improvement throughout the portfolio and building life cycles.

Zero incidents or violations of laws, regulations and/or voluntary codes were identified pertaining to the provision, use and customer health and safety of the KORE portfolio in 2019.

In 2019, an external consultant conducted tenant surveys to gauge satisfaction levels across KORE's properties. Results from the surveys were used to further improve performance, increase tenant retention, maximise portfolio value and achieve operational excellence.

PEOPLE AND COMMUNITY

THE MANAGER BELIEVES THAT PEOPLE ARE THE CRUCIAL DRIVERS OF ITS SUCCESS AND IS COMMITTED TO PROMOTING THE WELL-BEING, HEALTH AND SAFETY OF ITS EMPLOYEES AND OTHER KEY STAKEHOLDERS.

LABOUR PRACTICES, TALENT MANAGEMENT AND HUMAN RIGHTS

The Manager strives to build up its talent pool through continual investments in employee welfare, training and development. This is accomplished through five key focused areas:

1. Making a difference: Provide platforms for employees to contribute in their own meaningful way;
2. Having a voice: Allow sharing of ideas on improvement;
3. Feeling valued: Build a culture of recognition and appreciation;
4. Growing a career: Enhance career through self-directed learning; and
5. Inspiring to grow: Inspire others through leading by example.

Investing in its employees drives business value through improving its ability to engage and satisfy current employees, as well as attracting and retaining top talent. The Manager understands that these benefits have direct financial impacts and fosters alignment between best practices in corporate social responsibility and long-term business value.

Profile of Employees

GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 401-1

As of end-2019, the Manager had a full-time workforce of seven individuals, consisting of four males and three females. Out of the seven employees, six are permanent employees and one female employee is under contract. All employees are hired locally in the country of operation.

One employee is based in the US and six are based in Singapore. In 2019, two dedicated female finance headcounts between 30 and 50 years old were directly seconded under

the Manager, while a female employee between 30 and 50 years old ended her secondment. The Manager continues to be supported by outsourced professionals for several functions, including but not limited to investor relations, risk and compliance, human resources, information technology, legal and corporate secretarial. The Manager seeks to work with outsourced professionals that implement sustainable best practices and complement the Manager’s vision of organisational development.

Diversity and Inclusion

The Manager embraces workforce diversity and believes that it fosters innovation. This creates an inclusive culture that respects the values of the diverse communities where it operates. The Manager’s beliefs are reflected in the hiring selection process and policies. Hiring selections are based on merit and individual competencies, as well as organisational and job fit. The hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age.

At the end of 2019, the female and male ratio of the workforce was 43% and 57% respectively, while 86% of the workforce were executives or managers.

Provision of Benefits

GRI 401-2

The Manager provides all its employees with competitive salaries and complies with all applicable laws relating to employment terms and benefits across all the operational locations. To support employee well-being, all Singapore-based employees of the Manager are provided with benefits such as life insurance, healthcare, leave entitlements and local pension funds.

Training and development programmes enable employees to expand their skill sets and keep abreast of industry trends.



PEOPLE AND COMMUNITY

Performance Management

GRI 103-1 | 103-2 | 103-3 | 404-3

The Manager understands that people are its greatest asset and prioritises best practices and policies that nurture their well-being and professional development.

The Manager’s pay-for-performance strategy fosters a high-performance culture by driving individual ownership of collective goals. This optimises value-creation for all stakeholders while incentivising individual performance. This philosophy is supported by a robust performance management framework consisting of regular performance reviews and platforms for two-way communication that foster and monitor pathways to career development and advancement.

In 2019, 100% of the Manager’s employees received performance and career development reviews. During these reviews, employees and their supervisors discuss performance, as well as their goals and targets. The targets are focused on four key areas: Financial, Process, Customers & Stakeholders and People. The Manager ensures opportunities are granted based entirely on merit. Employee performance and development is further enabled and incentivised by prospects of advancement, training, promotion, recognition of achievements and compensation.

Succession Planning and Talent Management

To ensure a strong talent pipeline, the Manager has in place a succession planning and talent management framework. This framework is reviewed annually by the Board and management to ensure that future leaders are identified and equipped with the necessary professional and

personal skills to take on greater leadership responsibilities.

In addition, the Manager leverages the Keppel Group’s talent management processes, which are centralised at the corporate level. The Keppel Leadership Institute, which was launched in 2015, exemplifies the Group’s commitment to develop future leaders to take on new leadership responsibilities, tackle emerging business challenges and capitalise on emerging opportunities. As part of the Manager’s efforts to strengthen its leadership pipeline, opportunities are created for high potential employees to cultivate an innovative, entrepreneurial and global mindset.

These include strategic reviews, annual symposiums and case studies to prepare high-potential employees for projects requiring advanced skills and competencies.

Employees also benefit from access to networking events where they can engage with senior management and members of other Keppel business units. These platforms develop high-potential employees at different levels, spur innovative thinking and harness the collective strengths of business units across the Keppel Group.

Employee Engagement

Continual employee engagement and two-way feedback help the Manager better understand the needs and expectations of its employees. Employees of the Manager participated in the Keppel Group 2019 Employee Engagement Survey, which measures employee satisfaction. The survey was administered by an external consultant and saw strong participation from employees. The Manager, with the

support of Keppel Capital, reviews the results each year to identify and implement initiatives to enhance employee engagement and satisfaction. The results of the 2019 Employee Engagement Survey showed high levels of engagement.

To foster greater collaboration and recognition among employees, a digital platform known as K’Kudos was launched in July 2019. K’Kudos is available online and can be accessed through internet and mobile applications. The platform enables employees to thank one another and express appreciation to those who have gone the extra mile to make a difference.

Keppel Capital also hosted an Appreciation Day in August 2019, where senior management served food to employees as a gesture of appreciation for their hard work. “Thank you” cards were also exchanged among employees.

Training and Development

GRI 103-1 | 103-2 | 103-3 | 404-1 | 404-2

The Manager believes that investing in the development of its employees is an investment in the future of KORE. As such, training and development programmes are made available to help employees expand their skill sets and keep abreast of industry trends.

To ensure current employees stay competitive in the changing landscape, leadership programmes, such as the Advanced Leaders Programme which was designed in conjunction with INSEAD, are made available to employees. For emerging leaders, a residential leadership programme, designed in collaboration with Nanyang Technological University, aims to build competence in employees as they transit from operation leadership to strategic leadership.

In 2019, each full-time employee received an average of 18 training hours.

TRAINING HOURS PER EMPLOYEE BY GENDER

Female	13
Male	21

TRAINING HOURS PER EMPLOYEE BY EMPLOYEE CATEGORY

Managerial	12
Executive	24
Non-Executive	3



The Manager continually engages its workforce through various activities, including team building events.

The Manager's employee development is supported by customised learning and development programmes that cater to specific career stages and industry needs. In addition, employees of the Manager have the benefit of accessing Keppel Group-level resources such as online learning resources, as well as annual training and declaration exercises.

To encourage employees to take charge of their own learning and career development, in June 2019, Keppel Capital organised its inaugural Career Day. At the Career Day booths, employees learned how to plan their careers and initiate conversations on their career goals, gained a deeper understanding of their individual working styles and were introduced to various learning courses that they can sign up for via Workday and Udemy.

OCCUPATIONAL HEALTH AND SAFETY

GRI 103-1 | 103-2 | 103-3 | 403-2

The Manager is committed to fostering a culture of safety and providing a healthy environment for all stakeholders.

KORE adopts the Keppel Zero Fatality Strategy, which was introduced in 2016. The Keppel Zero Fatality Strategy consists of the five components illustrated in the graphic on this page.

A Strong Safety Culture

With safety as a core value, the Manager encourages employees to take ownership of safety issues through the implementation of high safety standards and personal diligence. Employees are encouraged to be forthcoming in reporting safety incidents and safety policies will be updated and corrective measures deployed as necessary. The prevention of all safety lapses is the first priority.

Safety procedures such as emergency evacuation drills are conducted annually at all of KORE's properties to ensure the preparedness of property managers, site staff and tenants.



To ensure compliance with relevant laws, regulations and industry best practices, annual audits are conducted at selected properties on a rotational basis. If safety and health issues are identified during these audits, corrective measures will be implemented by the Manager and the respective property managers.

Management Approach

The Manager aligns its health and safety strategy with industry best practices. Various platforms are utilised to facilitate learning about best practices in health and safety. In addition, there are several platforms for sharing of experiences and ideas among employees, contractors and partners.

A notable platform is the annual Keppel Health, Safety and Environment (HSE) Roundtable, where senior management from Keppel's entities share their expertise,

industry best practices and exchange ideas to further enhance Keppel's safety performance. The proceedings of the roundtable are distilled into an action plan that will be incorporated into the Group's safety roadmap and strategies.

In 2019, Keppel Capital conducted a Health & Wellness Month in October to further promote health and wellness among Keppel employees. This consisted of a series of talks on health and mental wellness held throughout the month. There was also a Health & Wellness Festival featuring booths that sold healthy snacks, fruits and other health-related products.

In order to raise awareness on safety and wellness, several events were conducted at the Group level. Some of these events are listed below.

2019 SAFETY AND WELLNESS EVENTS

Fire Safety Awareness Training

Invited a speaker from FIRE Specialist Rescue Centre Singapore to promote awareness on fire safety to Keppel Capital staff

Global Safety Timeout (GSTO)

Organised by the Keppel Group's HSE Committee, the GSTO is held annually to encourage employees to adopt the right attitude to ensure their own safety, as well as the safety of those around them at all times

Health and Safety Committee Talk

Health talk for Keppel Capital employees by fellow colleagues on improving the quality of life through aspects such as physical strength, dietary choices and work-life balance

Keppel Capital Office Safety Site Inspection

Keppel Capital HSE Committee conducted an inspection of the Keppel Capital office at Keppel Bay Tower

Waves of Safety Messages

Keppel Capital HSE Committee members posted daily safety messages on social media platform, Yammer, to further ingrain a safety culture in the organisation

PEOPLE AND COMMUNITY



As part of its efforts to support initiatives that positively impact the community, the Manager engaged in several activities in 2019 with MDAS, including a coffee art on canvas workshop (pictured).

To support continual improvement, the Manager actively seeks feedback and suggestions from tenants to better understand their health and safety needs.

Health and Safety Performance

KORE's health and safety strategies are designed to achieve a target of zero occupational health and safety incidents. As of the end of 2019, there were no incidents of injury, fatalities, occupational disease, safety-related lost days/ absenteeism or work-related fatalities.

There were no reported incidents of any violation of laws, regulations and/or voluntary codes pertaining to the operation of the KORE portfolio in 2019.

COMMUNITY DEVELOPMENT

GRI 103-1 | 103-2 | 103-3 | 413-1

Nurturing local communities and creating a lasting positive impact are key tenets of KORE's corporate stewardship and responsibility. The Manager engages community stakeholders, takes action to avoid negative impacts and actively supports initiatives that positively affects the community.

To achieve this, the Manager, through Keppel Capital, offers philanthropic donations in the form of financial contributions and employee volunteerism. Employees are given two days of paid volunteer leave each year.

In 2019, the Manager, together with Keppel Capital, collectively dedicated about 1,380 hours to community outreach activities.

Such efforts include engagement activities that help build its ongoing relationship with beneficiaries from its adopted charity, the Muscular Dystrophy Association (Singapore) (MDAS). MDAS was founded in 2000 with a mission to maximise the quality of life of people with muscular dystrophy and their families, to integrate them into society and support research towards a cure. In 2019, Keppel engaged MDAS through fun activities and workshops on coffee art on canvas, clay making and prata flipping.

In August 2019, Keppel hosted about 50 senior citizens from the Thye Hua Kwan Senior Services to an urban gardening activity. A bowling event was also organised for 60 students from the New Life Children and Student Care Centre in October 2019.

The Manager also engages its tenants through a variety of events held at its properties throughout the year. Besides festive events, notable 2019 engagement events that supported worthy causes include electronics recycling drives, blood donation drives, school supply drives and river trail cleanups that were held in conjunction with non-governmental organisations.

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Material Topics	Chapter, Page Reference, Performance and/or Explanation for Omissions
GRI 101: Foundation 2016			
Organisational Profile			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	3
	102-2	Activities, brands, products, and services	3, 36 to 54
	102-3	Location of headquarters	Backcover
	102-4	Location of operations	4 to 5, 40 to 41
	102-5	Ownership and legal form	3, 12, 40 to 41
	102-6	Markets served	3 to 5, 40 to 41
	102-7	Scale of the organisation	2 to 7, 69, 71
	102-8	Information on employees and other workers	69, 71
	102-9	Supply chain	64, 70
	102-10	Significant changes to organisation and its supply chain	8 to 11, 16
	102-11	Precautionary Principle or approach	70, 134 to 135
	102-12	External initiatives	65
	102-13	Membership of associations	65
Strategy			
	102-14	Statement from senior decision-maker	62 to 63
Ethics and Integrity			
	102-16	Values, principles, standards, and norms of behaviour	Inside Front Cover, 61, 70, 115 to 133
Governance			
	102-18	Governance structure	12, 65
Stakeholder Engagement			
	102-40	List of stakeholder groups	65
	102-41	Collective bargaining agreements	None of the Manager's employees are under any collective bargaining agreements.
	102-42	Identifying and selecting stakeholders	65
	102-43	Approach to stakeholder engagement	65
	102-44	Key topics and concerns raised	65
Reporting Practice			
	102-45	Entities included in the consolidated financial statements	4 to 5, 89
	102-46	Defining report content and topic Boundaries	63, 66
	102-47	List of material topics	66
	102-48	Restatements of information	The intensity values have been restated for FY2018 on pages 67 and 68 based on an updated unit of measurement.
	102-49	Changes in reporting	No changes.
	102-50	Reporting period	63
	102-51	Date of most recent report	The 2018 sustainability report was published in March 2019.
	102-52	Reporting cycle	63
	102-53	Contact point for questions regarding the report	63
	102-54	Claims of reporting in accordance with the GRI Standards	63
	102-55	GRI content index	75 to 76
	102-56	External assurance	This report has not been externally assured.
CATEGORY: ECONOMIC			
Economic Performance			
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	66, 69
	103-2	The management approach and its components	55 to 60, 69
	103-3	Evaluation of the management approach	69
	201-1	Direct economic value generated and distributed	2, 6 to 7, 69, 83 to 89
Anti-corruption			
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	66, 70
	103-2	The management approach and its components	64, 70
	103-3	Evaluation of the management approach	64, 70
	205-3	Confirmed incidents of corruption and actions taken	70

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Material Topics	Chapter, Page Reference, Performance and/or Explanation for Omissions
CATEGORY: ENVIRONMENT			
Energy			
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	66 to 68
	103-2	The management approach and its components	67 to 68
	103-3	Evaluation of the management approach	67 to 68
	302-1	Energy consumption within the organisation	67 to 68
Water			
GRI 303: Water 2016	103-1	Explanation of the material topic and its Boundary	66, 68
	103-2	The management approach and its components	68
	103-3	Evaluation of the management approach	68
	303-1	Water withdrawal by source	68
Emissions			
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	66, 67
	103-2	The management approach and its components	67
	103-3	Evaluation of the management approach	67
	305-2	Energy indirect (Scope 2) GHG emissions	67
CATEGORY: SOCIAL			
Employment			
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	66, 71 to 72
	103-2	The management approach and its components	64, 71 to 72
	103-3	Evaluation of the management approach	71 to 72
	401-1	New employee hires and employee turnover	71
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	71
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	66, 73 to 74
	103-2	The management approach and its components	64, 73 to 74
	103-3	Evaluation of the management approach	73 to 74
	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	73 to 74
Training and Education			
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	66, 72 to 73
	103-2	The management approach and its components	72 to 73
	103-3	Evaluation of the management approach	72 to 73
	404-1	Average hours of training per year per employee	72 to 73
	404-2	Programs for upgrading employee skills and transition assistance programs	72 to 73
	404-3	Percentage of employees receiving regular performance and career development reviews	72
Local Communities			
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	66, 74
	103-2	The management approach and its components	74
	103-3	Evaluation of the management approach	74
	413-1	Operations with local community engagement, impact assessments, and development programs	74
Customer Health and Safety			
GRI 416: Customer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	64, 66, 70
	103-2	The management approach and its components	64, 70
	103-3	Evaluation of the management approach	70
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	70

78 FINANCIAL STATEMENTS

Report of the Trustee	78
Statement by the Manager	79
Independent Auditor's Report	80
Statements of Financial Position	83
Consolidated Statement of Comprehensive Income	84
Distribution Statement	85
Statements of Changes in Unitholders' Funds	86
Consolidated Statement of Cash Flows	88
Portfolio Statement	89
Notes to the Financial Statements	90

115 GOVERNANCE

Corporate Governance	115
Risk Management	134

136 OTHER INFORMATION

Additional Information	136
Unit Price Performance	137
Statistics of Unitholdings	139
Corporate Information	141

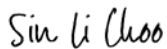
REPORT OF THE TRUSTEE

For the financial year ended 31 December 2019

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel Pacific Oak US REIT (previously known as Keppel-KBS US REIT) (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of the units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel Pacific Oak US REIT Management Pte. Ltd. (previously known as Keppel-KBS US REIT Management Pte. Ltd.) (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 22 September 2017 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements, set out on pages 83 to 114, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited



Sin Li Choo
Director

Singapore
20 February 2020

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2019

In the opinion of the directors of Keppel Pacific Oak US REIT Management Pte. Ltd. (previously known as Keppel-KBS US REIT Management Pte. Ltd.) (the "Manager"), the Manager of Keppel Pacific Oak US REIT (previously known as Keppel-KBS US REIT) (the "Trust"), the accompanying financial statements set out on pages 83 to 114 comprising the Statements of Financial Position of the Group and the Trust as at 31 December 2019, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial year ended 31 December 2019, Consolidated Portfolio Statement of the Group as at 31 December 2019 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2019, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the financial year ended 31 December 2019 and consolidated portfolio holdings of the Group as at 31 December 2019, are in accordance with the International Financial Reporting Standards and the relevant provisions of the Trust Deed between Perpetual (Asia) Limited and the Manager dated 22 September 2017 (as amended) and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,

Keppel Pacific Oak US REIT Management Pte. Ltd.

(previously known as Keppel-KBS US REIT Management Pte. Ltd.)



Soong Hee Sang

Director

Singapore
20 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL PACIFIC OAK US REIT

(previously known as Keppel-KBS US REIT) (Constituted under a Trust Deed dated 22 September 2017 (as amended) in the Republic of Singapore)
For the financial year ended 31 December 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Keppel Pacific Oak US REIT (previously known as Keppel-KBS US REIT) (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2019, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial year ended 31 December 2019, Consolidated Portfolio Statement of the Group as at 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Changes in Unitholders' Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2019, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows and consolidated portfolio holdings of the Group, and changes in unitholders' funds of the Trust for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and ACRA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2019, the carrying amount of investment properties was US\$1,256.5 million (2018: US\$1,016.8 million) which accounted for 96.6% (2018: 95.3%) of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of estimates made by the Manager and the external appraisers engaged by the Manager. As disclosed in Note 25(d), valuations of investment properties are highly sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and a review of the valuation reports issued by the external valuers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation model and the reasonableness of the significant assumptions by reference to historical rates and benchmark market data. Our procedures also included validating the reliability of property related data used by the external appraisers. In addition, we discussed with the external appraisers the valuation techniques and basis for the significant assumptions used. We assessed the overall appropriateness of the movements in fair value of the investment properties and the associated deferred tax consequences arising from the fair value gains. We also assessed the adequacy of disclosures in Note 25(d) to the consolidated financial statements.

Taxation – US. Tax Reform

On December 2018, the United States Department of the Treasury released the proposed regulations under Section 267A of the United States Internal Revenue Code, as amended. As disclosed in Note 24 to the consolidated financial statements, changes resulting from US tax reform legislation and related administrative guidance, including the application of the proposed regulations, are complex and require significant judgement, which may have an impact on the current and deferred tax provisions of the Group. The regulations under Section 267A is still in proposed form, and could differ from the final regulations when promulgated. Accordingly, we have identified this as a key audit matter.

Our audit procedures included, amongst others, a review by our internal tax specialists of the analysis and conclusions reached by the Manager and their tax advisors regarding the portfolio interest exemption, group tax structure and tax positions of the Group. We also involved our internal tax specialists in the assessment of fiscal developments in countries in which the Group operates, and in the recalculation of the amounts recognised as deferred tax, including the assessment of correspondences with the tax authorities obtained by the Manager.

We also assessed the adequacy of the Group's disclosures concerning income taxes included in Note 13 and Note 20 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRSs, relevant provisions of the Trust Deed and relevant requirements of the CIS Code issued by the Monetary Authority of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL PACIFIC OAK US REIT

(previously known as Keppel-KBS US REIT) (Constituted under a Trust Deed dated 22 September 2017 (as amended) in the Republic of Singapore)
For the financial year ended 31 December 2019

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

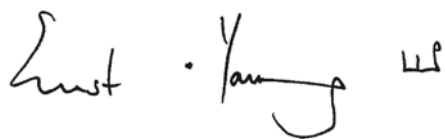
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.



Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
20 February 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Trust	
		2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Current assets					
Cash and cash equivalents	4	38,226	40,612	11,587	3,698
Trade and other receivables	5	5,295	3,069	10,920	32,857
Deposit	6	–	2,500	–	–
Prepaid expenses		232	644	54	136
		43,753	46,825	22,561	36,691
Non-current assets					
Derivative asset	7	362	3,537	362	3,537
Investment properties	8	1,256,500	1,016,750	–	–
Investment in subsidiaries	9	–	–	1,138,584	971,797
		1,256,862	1,020,287	1,138,946	975,334
Total assets		1,300,615	1,067,112	1,161,507	1,012,025
Current liabilities					
Trade and other payables	10	24,140	16,382	4,239	5,331
Loans and borrowings	11	21,000	5,000	21,000	5,000
Rental security deposits		787	893	–	–
Rent received in advance		7,358	4,926	–	–
		53,285	27,201	25,239	10,331
Non-current liabilities					
Loans and borrowings	11	456,984	366,632	456,984	366,632
Rental security deposits		5,582	4,247	–	–
Derivative liability	7	6,820	1,220	6,820	1,220
Preferred units	12	125	125	–	–
Deferred tax liabilities	13	29,268	9,711	–	–
		498,779	381,935	463,804	367,852
Total liabilities		552,064	409,136	489,043	378,183
Net assets attributable to Unitholders		748,551	657,976	672,464	633,842
Represented by:					
Unitholders' funds		748,551	657,976	672,464	633,842
Units in issue and to be issued ('000)	14	935,902	823,490	935,902	823,490
Net asset value per unit (US\$) attributable to Unitholders	15	0.80	0.80	0.72	0.77

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

		Group	
		2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Gross revenue	16	122,886	105,917
Property expenses	17	(48,133)	(41,565)
Net property income		74,753	64,352
Finance income		89	94
Finance expenses	18	(16,065)	(12,040)
Manager's base fees		(5,078)	(4,379)
Trustee's fee		(122)	(154)
Net change in fair value of derivatives	7	(8,775)	2,317
Other trust expenses	19	(2,929)	(2,421)
Net income before tax and fair value change in investment properties		41,873	47,769
Net change in fair value of investment properties	8	48,159	15,354
Net income for the period before tax		90,032	63,123
Tax expense	20	(20,374)	(10,106)
Net income for the period attributable to Unitholders		69,658	53,017
Earnings per unit (US cents)			
Basic and diluted	21	7.95	7.70

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

DISTRIBUTION STATEMENT

For the financial year ended 31 December 2019

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Income available for distribution to Unitholders at the beginning of the year/date of constitution	19,722	–
Net income for the year/period	69,658	53,017
Distribution adjustments (Note A)	(18,875)	(9,221)
Income available for distribution to Unitholders	70,505	43,796
Distribution to Unitholders during the year/period		
- Distribution of 3.82 US cents per Unit for the period 9 November 2017 to 30 June 2018	–	(24,074)
- Distribution of 2.40 US cents per Unit for the period 1 July 2018 to 31 December 2018	(19,722)	–
- Distribution of 3.00 US cents per Unit for the period 1 Jan 2019 to 30 June 2019	(24,758)	–
- Distribution of 1.95 US cents per Unit for the period 1 Jul 2019 to 28 October 2019	(16,123)	–
Income available for distribution to Unitholders at the end of the year/ period	9,902	19,722
Distribution per Unit (DPU) (US cents):	6.01	6.22
Note A - Distribution adjustments comprise:		
Property related non-cash items ⁽¹⁾	(4,997)	(4,499)
Manager's base fee paid/payable in Units	5,078	4,379
Trustee's fee	122	154
Amortisation of upfront debt-related transaction costs ⁽²⁾	856	747
Deferred tax expense	19,557	9,711
Net change in fair value of derivatives	8,775	(2,317)
Net change in fair value of investment properties	(48,159)	(15,354)
Others ⁽³⁾	(107)	(2,042)
Net distribution adjustments	(18,875)	(9,221)

⁽¹⁾ This mainly comprise straight-line rent adjustments and amortisation of lease incentives.

⁽²⁾ Upfront debt-related transaction costs are amortised over the life of the borrowings.

⁽³⁾ This includes non tax-deductible items and other adjustments.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2019

Group	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2019		623,739	34,237	657,976
Net income for the year		–	69,658	69,658
Net increase in net assets resulting from operations		–	69,658	69,658
Unitholders' transactions				
Issue of new Units:				
- Private placement	14	75,607	–	75,607
- Issue costs	14	(180)	–	(180)
- Manager's base fee paid/payable in Units	14	5,078	–	5,078
- Manager's acquisition fee paid in Units	14	1,015	–	1,015
Distribution to Unitholders		(20,041)	(40,562)	(60,603)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		61,479	(40,562)	20,917
At 31 December 2019		685,218	63,333	748,551
At 22 September 2017 (date of constitution)		–	–	–
Net income for the period		–	53,017	53,017
Net increase in net assets resulting from operations		–	53,017	53,017
Unitholders' transactions				
Issue of new Units:				
- Initial public offering	14	553,137	–	553,137
- Rights issue	14	93,118	–	93,118
- Issue costs	14	(23,296)	–	(23,296)
- Manager's base fee paid/payable in Units	14	4,379	–	4,379
- Manager's acquisition fee paid in Units	14	1,695	–	1,695
Distribution to Unitholders		(5,294)	(18,780)	(24,074)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		623,739	(18,780)	604,959
At 31 December 2018		623,739	34,237	657,976

The accompanying notes form an integral part of the financial statements.

	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
Trust				
At 1 January 2019		623,739	10,103	633,842
Net income for the year		-	17,705	17,705
Net increase in net assets resulting from operations		-	17,705	17,705
Unitholders' transactions				
Issue of new Units:				
- Private placement	14	75,607	-	75,607
- Issue costs	14	(180)	-	(180)
- Manager's base fee paid/payable in Units	14	5,078	-	5,078
- Manager's acquisition fee paid in Units	14	1,015	-	1,015
Distribution to Unitholders		(20,041)	(40,562)	(60,603)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		61,479	(40,562)	20,917
At 31 December 2019		685,218	(12,754)	672,464
At 22 September 2017 (date of constitution)		-	-	-
Net income for the period		-	28,883	28,883
Net increase in net assets resulting from operations		-	28,883	28,883
Unitholders' transactions				
Issue of new Units:				
- Initial public offering	14	553,137	-	553,137
- Rights issue	14	93,118	-	93,118
- Issue costs	14	(23,296)	-	(23,296)
- Manager's base fee paid/payable in Units	14	4,379	-	4,379
- Manager's acquisition fee paid in Units	14	1,695	-	1,695
Distribution to Unitholders		(5,294)	(18,780)	(24,074)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		623,739	(18,780)	604,959
At 31 December 2018		623,739	10,103	633,842

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	Group	
		2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Operating activities			
Net income before tax		90,032	63,123
Adjustments for:			
Property related non-cash items		(4,997)	(4,499)
Manager's fee paid/payable in Units		5,078	4,379
Interest income		(89)	(94)
Finance expenses	18	16,065	12,040
Fair value change in derivatives	7	8,775	(2,317)
Fair value change in investment properties	8	(48,159)	(15,354)
		66,705	57,278
Changes in working capital			
Trade and other receivables		(1,302)	(3,234)
Trade and other payables		5,996	4,240
Rental security deposits		476	489
Rent received in advance		1,945	2,105
		73,820	60,878
Cash generated from operations			
Tax paid		(380)	(23)
		73,440	60,855
Net cash generated from operating activities			
Cash flows from investing activities			
Acquisition of investment properties and related assets and liabilities		(144,942)	(948,597)
Payment for capital expenditure relating to investment properties		(35,136)	(29,356)
Deposit placed		–	(2,500)
Interest received		89	94
		(179,989)	(980,359)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issuance of Units	14	75,607	646,255
Payment of transaction costs relating to issuance of Units	14	(1,174)	(23,296)
Proceeds from new loans		121,000	374,440
Payment of debt related transaction costs		(505)	(3,555)
Repayment of loan		(15,000)	–
Proceeds from issuance of preferred Units	12	–	1,625
Redemption of preferred Units	12	–	(1,500)
Financing expense paid on loans and borrowings		(15,136)	(9,696)
Financing expense paid on preferred units		(26)	(83)
Distribution to Unitholders		(60,603)	(24,074)
		104,163	960,116
Net cash generated from financing activities			
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year/period		40,612	–
		(2,386)	40,612
Cash and cash equivalents at end of the year/period			
		38,226	40,612

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

PORTFOLIO STATEMENT

As at 31 December 2019

Description of property	Location	Tenure of land	Fair value as at 31 December 2019 US\$'000	Fair Value as at 31 December 2018 US\$'000	Percentage of total net assets as at 31 December 2019 %	Percentage of total net assets as at 31 December 2018 %
The Plaza Buildings	Seattle, Washington, US	Freehold	275,000	253,500	36.7%	38.5%
Bellevue Technology Center	Seattle, Washington, US	Freehold	144,000	136,000	19.2%	20.7%
The Westpark Portfolio	Seattle, Washington, US	Freehold	199,900	178,000	26.7%	27.1%
Westmoor Center	Denver, Colorado, US	Freehold	132,000	126,400	17.7%	19.2%
Great Hills Plaza	Austin, Texas, US	Freehold	41,200	37,300	5.5%	5.7%
Westech 360	Austin, Texas, US	Freehold	49,500	46,600	6.6%	7.1%
1800 West Loop South	Houston, Texas, US	Freehold	82,000	75,500	11.0%	11.5%
Bellaire Park (previously known as West Loop I & II)	Houston, Texas, US	Freehold	53,000	42,200	7.1%	6.4%
One Twenty Five	Dallas, Texas, US	Freehold	102,000	–	13.6%	–
Maitland Promenade I & II ¹	Orlando, Florida, US	Freehold	96,000	43,600	12.8%	6.5%
Iron Point	Sacramento, California, US	Freehold	39,400	37,000	5.3%	5.6%
Powers Ferry	Atlanta, Georgia, US	Freehold	20,500	19,750	2.8%	3.0%
Northridge Center I & II	Atlanta, Georgia, US	Freehold	22,000	20,900	2.9%	3.2%
Total investment properties			1,256,500	1,016,750	167.9%	154.5%
Other assets and liabilities (net)			(507,949)	(358,774)	(67.9%)	(54.5%)
Net assets			748,551	657,976	100.0%	100.0%

¹ Maitland Promenade I was acquired on 16 January 2019. Maitland Promenade I & II are treated as a single business campus.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. General

Keppel Pacific Oak US REIT (previously known as Keppel-KBS 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. (previously known as Keppel-KBS 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.

With effect from 5 September 2019, the name of the Trust was changed from Keppel-KBS US REIT to Keppel Pacific Oak US REIT.

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 Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fees structures of these services are as follows:

(a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of the Trust's annual distributable income (calculated before accounting for the base fee and performance fee, if any). The base fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

For the financial year ended 31 December 2019, the Manager has elected to receive 100.0% (2018:100.0%) of its base fee in the form of Units.

The base fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the base fee is payable in Units, the Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to an annual performance fee of 25.0% per annum of the difference in Distribution Per Unit ("DPU") in a period with the DPU in the preceding period (calculated before accounting for performance fee but after accounting for the base fee in each period) multiplied by the weighted average number of Units in issue for such period. The performance fee is payable if the DPU in any period exceeds the DPU in the preceding period, notwithstanding that the DPU in the period where the performance fee is payable may be less than the DPU in any preceding period. For the financial year ended 31 December 2019, the difference in DPU shall be the difference in actual DPU with the projected DPU as set out in the prospectus dated 2 November 2017.

The performance fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to an acquisition fee of 1.0% of the purchase price of investment property acquired, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion. The acquisition fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of investment property sold or divested, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion.

The divestment fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

(b) Trustee's fees

The Trustee fees are charged on a scaled basis of up to 0.015% per annum of the value of all the gross assets of the Group ("Deposited Property"), subject to a minimum of S\$14,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time.

(c) Development management fee

Pursuant to the Trust Deed, the Manager is entitled to a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Manager on behalf of the Trust. When the estimated total project costs are above US\$100.0 million, the Manager will be entitled to receive a development fee equivalent to 3.0% for the first US\$100.0 million. For the remaining total project costs in excess of US\$100.0 million, the independent directors will first review and approve the quantum of the remaining development management fee, whereupon the Manager may be directed by the independent directors to reduce the remaining development management fee. The development management fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Any increase in the rate or any change in the structure of the Manager's fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

2. Basis of preparation

2.1 Statement of compliance

The financial statements 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.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

As at 31 December 2019, the Group and the Trust's current liabilities exceed its current assets by US\$9.5 million (2018: current assets exceed its current liabilities by US\$19.6 million) and US\$2.7 million (2018: current assets exceed its current liabilities by US\$26.4 million) respectively. Notwithstanding the net current liability position, based on the Group and Trust's existing financial resources, the Manager is of the opinion that the Group and the Trust will be able to refinance its borrowings and meet its current obligations as and when they fall due.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("US\$"), which is the functional currency of the Trust. All financial information presented in United States dollars has been rounded to the nearest thousand (US\$'000), unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses at the end of each reporting period. Actual results may defer from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are disclosed in Note 24 (tax risk) and Note 25(d) (Valuation of investment properties).

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms to perform valuations. The Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as per Note 25(a).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Significant accounting policies

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values as at acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. Any excess of the sum of fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as a fair value adjustment to investment properties as incurred.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The financial statements of the subsidiaries are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The Manager has determined the currency of the primary economic environment in which the Group operates, i.e. the functional currency, to be the US\$.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to functional currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

3.3 Investment properties

Investment properties are properties that are held to earn rental income or for capital appreciation, or for both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in profit or loss. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognised in profit or loss.

3.4 Financial instruments

Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's non-derivative financial assets comprise of cash and cash equivalents and trade and other receivables ("Loans and receivables"). Loans and receivables are classified in the amortised cost measurement category.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using effective interest method and are subject to impairment. Financial assets measured at amortised cost are recognised in profit or loss when the assets are derecognised or impairment, and through amortisation process.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the sum of the consideration received is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as financial liabilities measured at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

Other financial liabilities comprise other payables, rental security deposits and loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Significant accounting policies (continued)

3.4 Financial instruments (continued)

Preferred units

Preferred units are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expenses in profit or loss as accrued.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. The Group elects not to adopt hedge accounting.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised in profit or loss.

3.5 Impairment of financial assets

Non-derivative financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a prior loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.6 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.7 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change in investment properties recognised in profit or loss. Tenant lease incentives are included in the cost basis of the investment property and recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

Recoveries income

Recoveries from tenants are recognised as revenue in the period in which the applicable costs are incurred. The operating lease agreements include certain services to tenants comprising the overall property management, including common area maintenance services (such as cleaning, security, landscaping, utilities, and repairs and maintenance) as well as other administrative and support services. These services are specified in the lease agreements and separately invoiced. The Group has determined that these services constitute distinct non-lease components and are within the scope of IFRS 15 Revenue from Contracts with Customers. The Group has allocated the consideration in the contract to the separate lease and non-lease components on a relative basis. These services, which are provided to tenant in exchange for operating cost recoveries, are considered to be a single performance obligation delivered to tenants over time. Under IFRS 15, service component within leasing contracts is accounted for separately from rental income. The pattern of revenue recognition has however remained unchanged.

Other operating income

Other operating income comprise car park income and other non-rental income recognised as earned. Car park income consists of contractual and transient car park income, which is recognised upon utilisation of parking facilities. In addition, car park income paid by tenants represents the right to park in pre-determined parking stalls on certain tenant leases.

Finance income

Interest income is recognised as it accrues, using the effective interest method.

3.8 Finance expenses

Finance expenses comprise interest expense on borrowings, amortisation of borrowing-related transaction costs and commitment fees incurred on the borrowings and dividends on preferred units that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

3.9 Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the United States, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Distribution policy

Keppel Pacific Oak US REIT's distribution policy is to distribute 100% of its distributable income for the period from the Listing Date to the end of 31 December 2019. Thereafter, Keppel Pacific Oak US REIT will distribute at least 90.0% of its distributable income for each financial year. The actual distribution will be determined at the discretion of the Board of Directors of the Manager.

3.11 Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.7.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Significant accounting policies (continued)

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group's investment properties are primarily commercial office properties and are located in the United States. Therefore, the directors consider that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in the financial statement.

3.14 New standards effective 1 January 2019

The accounting policies adopted are consistent with those previously applied under IFRS except that in the current financial year, the Group has adopted all the IFRSs which are effective for annual financial period beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

3.15 New standards issued but not yet effective

The Group has not adopted the following standards as applicable to the Group that have been issued but not yet effective:

	Effective for annual periods beginning on or after
Amendments to IFRS 3 Definition of a Business	1 January 2020
Amendments to IFRS 1-1 and 1-8 Definition of Material	1 January 2020

The Group expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

4. Cash and cash equivalents

	Group		Trust	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Cash at bank	38,226	40,612	11,587	3,698

Cash at banks earns interest at floating rates based on daily bank deposit rates.

5. Trade and other receivables

	Group		Trust	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Trade receivables	4,852	1,603	-	-
Other receivables	443	1,466	443	1,466
Amounts due from subsidiaries	-	-	10,477	31,391
	5,295	3,069	10,920	32,857

Other receivables and amounts due from subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US\$2.6 million as at 31 December 2019 (2018: US\$1.6 million) that are past due at the end of the reporting period but not impaired. The analysis of their aging at the end of the reporting period is as follows:

	Group	
	2019 US\$'000	2018 US\$'000
Past due 0 to 1 month	2,182	1,423
Past due 1 to 3 months	394	147
Past due 3 to 6 months	33	33
	2,609	1,603

The Manager believes that no impairment loss is necessary in respect of these trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantee, insurance bonds or cash security deposits.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the end of the reporting period and the movement in allowance accounts used to record the impairment are as follows:

	Group
	2018 US\$'000
Trade receivables – nominal amounts	1,608
Less: Allowance for impairment	(5)
	1,603
Movement in allowance accounts:	
Charged for the period and balance as at 31 December 2018	5

Expected credit loss

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group
	2019 US\$'000
Movement in allowance accounts	
At 1 January	5
Charge for the year	71
Written off	–
At 31 December	76

6. Deposit

On 27 November 2018, the Manager announced that the Group had entered into a purchase and sale agreement for the proposed acquisition of Maitland Promenade I for a consideration of US\$48.5 million. A non-refundable deposit of US\$2.5 million had been placed with an escrow agent in accordance to the purchase and sale agreement. This deposit was paid to the vendor and credited against the purchase consideration upon completion of the acquisition on 16 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7. Derivative financial instruments

	Group and Trust		
	Contract/ Nominal amount US\$'000	Assets US\$'000	Liabilities US\$'000
2019			
Interest rate swaps	372,080	362	(6,820)
Derivative financial instruments as a percentage of the Group's net assets			(0.86%)
Derivative financial instruments as a percentage of the Trust's net assets			(0.96%)
2018			
Interest rate swaps	297,080	3,537	(1,220)
Derivative financial instruments as a percentage of the Group's net assets			0.35%
Derivative financial instruments as a percentage of the Trust's net assets			0.37%

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps to provide fixed rate funding for terms of 3 to 5 years (2018: 3 to 5 years).

The changes in fair value of the interest rate swaps are recognised in the profit or loss.

8. Investment properties

	Group	
	2019 US\$'000	2018 US\$'000
Consolidated Statement of Financial Position		
As at beginning of the financial period	1,016,750	–
Acquisitions (including acquisition costs)	150,442	965,846
Capital expenditure capitalised	36,152	31,518
Fair value changes in investment properties	53,156	19,386
As at 31 December	1,256,500	1,016,750
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	53,156	19,386
Net effect of amortisation and straight lining ⁽¹⁾	(4,997)	(4,032)
Net fair value change recognised in the Statement of Comprehensive Income	48,159	15,354

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

(1) Arising from accounting for rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flow is included in the carrying values of the investment properties and subsequently adjusted to the fair value changes in investment properties recognised in profit or loss.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2019. The valuations were performed by Jones Lang LaSalle, an independent valuer with a recognised and relevant professional qualification and with a recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in Note 25(d).

9. Investment in subsidiaries

	Trust	
	2019 US\$'000	2018 US\$'000
Unquoted equity investment at cost	1,138,584	971,797

Details of the subsidiaries of the Trust are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust	
			2019 %	2018 %
Direct subsidiaries:				
KORE S1 Pte Ltd* (previously known as Keppel-KBS US REIT S1 Pte Ltd)	Investment holding	Singapore	100	100
KORE S2 Pte Ltd* (previously known as Keppel-KBS US REIT S2 Pte Ltd)	Investment holding	Singapore	100	100
KORE S3 Pte Ltd*®	Investment holding	Singapore	100	–
KORE S4 Pte Ltd*®	Investment holding	Singapore	100	–
Indirect subsidiaries:				
KORE US Parent REIT, INC* (previously known as Keppel-KBS US Parent REIT, INC)	Investment holding	United States	100	100
KORE US Properties REIT, INC* (previously known as Keppel-KBS US Properties REIT, INC)	Investment holding	United States	100	100
KORE Bellevue Technology Center, INC* (previously known as Keppel-KBS Bellevue Technology Center, INC)	Investment in real estate properties	United States	100	100
KORE Plaza Buildings, INC* (previously known as Keppel-KBS Plaza Buildings, INC)	Investment in real estate properties	United States	100	100
KORE Iron Point, INC* (previously known as Keppel-KBS Iron Point, INC)	Investment in real estate properties	United States	100	100
KORE Westmoor Center, INC* (previously known as Keppel-KBS Westmoor Center, INC)	Investment in real estate properties	United States	100	100
KORE Great Hills Plaza, INC* (previously known as Keppel-KBS Great Hills Plaza, INC)	Investment in real estate properties	United States	100	100
KORE Westech 360, INC* (previously known as Keppel-KBS Westech 360, INC)	Investment in real estate properties	United States	100	100
KORE 1800 West Loop, INC* (previously known as Keppel-KBS 1800 West Loop, INC)	Investment in real estate properties	United States	100	100
KORE West Loop I and II, INC* (previously known as Keppel-KBS West Loop I and II, INC)	Investment in real estate properties	United States	100	100

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Investment in subsidiaries (continued)

Indirect subsidiaries (continued):

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust	
			2019 %	2018 %
KORE Powers Ferry Landing, INC [*] (previously known as Keppel-KBS Powers Ferry Landing, INC)	Investment in real estate properties	United States	100	100
KORE Northridge Center, INC [*] (previously known as Keppel-KBS Northridge Center, INC)	Investment in real estate properties	United States	100	100
KORE Maitland Promenade, INC [*] (previously known as Keppel-KBS Maitland Promenade, INC)	Investment in real estate properties	United States	100	100
KORE Westpark, LLC [*] (previously known as Keppel-KBS Westpark, LLC [*])	Investment in real estate properties	United States	100	100
KORE Maitland Promenade I, LLC [*]	Investment in real estate properties	United States	100	100
KORE 125 John Carpenter, LLC [@]	Investment in real estate properties	United States	100	–
KORE US TRS, LLC [*] (previously known as Keppel-KBS US TRS, LLC)	Provision of non-customary property services	United States	100	100
Keppel-KBS US REIT B1 SRL [#]	Investment holding	Barbados	100	100
Keppel-KBS US REIT B2 SRL [#]	Investment holding	Barbados	100	100
Keppel-KBS H1 KFT ^{&}	Dormant	Hungary	100	100

* Audited by Ernst & Young LLP Singapore

[^] Audited by Ernst & Young LLP United States for group reporting purpose

[#] Audited by Ernst & Young LLP Barbados

[&] Audited by Ernst & Young LLP Hungary

[@] Incorporated during the financial year

10. Trade and other payables

	Group		Trust	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Trade payables	40	75	–	–
Other payables	951	676	104	314
Amounts due to a subsidiary	–	–	–	148
Amounts due to related companies	198	383	198	383
Accrued expenses	22,951	15,248	3,937	4,486
	24,140	16,382	4,239	5,331

Amounts due to a subsidiary and related companies are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

11. Loans and borrowings

	Group and Trust		
	Maturity	2019 US\$'000	2018 US\$'000
Current			
Revolving credit facility (unsecured)	2020	21,000	5,000
Non-current			
Revolving credit facility (unsecured)	2024	40,000	–
USD term loan at LIBOR + 1.10% (unsecured)	2021	144,720	144,720
USD term loan at LIBOR + 1.19% (unsecured)	2022	144,720	144,720
USD term loan at LIBOR + 1.10% (unsecured)	2023	80,000	80,000
USD term loan at LIBOR + 1.30% (unsecured)	2024	50,000	–
		459,440	369,440
Less: Unamortised transaction costs		(2,456)	(2,808)
Total non-current loans and borrowings		456,984	366,632
Total loans and borrowings		477,984	371,632

As at 31 December 2019, the Group has US\$109.0 million (2018: US\$45.0 million) of unutilised revolving credit facilities.

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 January 2019 US\$'000	Financing cash flows US\$'000	Transaction Cost US\$'000	31 December 2019 US\$'000
Group and Trust				
Loans and borrowings	371,632	108,808	(2,456)	477,984

12. Preferred units issued

	Group	
	2019 US\$'000	2018 US\$'000
As at beginning of the financial period	125	–
Issuance of preferred units	–	1,625
Redemption of preferred units	–	(1,500)
As at 31 December	125	125

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 12.5% (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2019 US\$'000	2018 US\$'000
Investment properties	29,268	9,711

Movements in deferred tax liabilities of the Group during the period are as follows:

	At 22 September 2017 US\$'000	Statement of Comprehensive Income (Note 20) US\$'000	At 31 December 2018 US\$'000	Statement of Comprehensive Income (Note 20) US\$'000	At 31 December 2019 US\$'000
Deferred tax liabilities					
Investment properties					
- Change in fair values of investment properties	-	4,261	4,261	13,364	17,625
- Tax depreciation	-	5,450	5,450	6,193	11,643
	-	9,711	9,711	19,557	29,268

14. Units in issue and to be issued

	Group and Trust			
	2019		2018	
	No. of Units '000	US\$'000	No. of Units '000	US\$'000
Units issued				
As at beginning of the financial period	821,731	622,714	-	-
Issue of new Units:				
- Initial public offering	-	-	628,565	553,137
- Rights issue	-	-	186,236	93,118
- Private placement	104,286	75,607	-	-
- Management fees paid in Units	6,797	4,741	3,934	3,354
- Acquisition fees paid in Units	1,335	1,015	2,996	1,695
- Issue costs	-	(180)	-	(23,296)
- Capital distribution	-	(20,041)	-	(5,294)
As at 31 December	934,149	683,856	821,731	622,714
Units to be issued				
Management fee payable in Units	1,753	1,362	1,759	1,025
Total Units issued and to be issued				
as at 31 December	935,902	685,218	823,490	623,739

During the financial year ended 31 December 2019, the following Units were issued and to be issued:

- On 29 October 2019, 104,286,000 new Units were issued for the Private Placement to raise US\$75.6 million of proceeds for the acquisition of One Twenty Five. The Trust also issued 1,335,351 new Units to the Manager as payment of acquisition fees for the acquisition of One Twenty Five. The acquisition fee of US\$1.0 million is based on 1% of the acquisition price.
- For the financial year ended 31 December 2019, the Trust issued 6,796,306 new Units to the Manager as payment of 100% of the Manager's base fees for the period from 1 October 2018 to 30 September 2019.
- 1,752,743 new Units to be issued as payment of management fees in units for the period from 1 October 2019 to 31 December 2019.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- Have the right to receive notice of, attend and one vote per Unit at any meeting of the Unitholders.

The Unitholders are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the Unitholders are entitled to a return of capital based on the asset value per Unit of the Trust.

The restriction on Unitholders include the following:

- A Unitholder's right is limited to the right to acquire due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provision of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units for the Private Placement.

15. Net asset value per Unit

Note	Group		Trust	
	2019	2018	2019	2018
Net asset value per Unit is based on:				
- Net assets (US\$'000)	748,551	657,976	672,464	633,842
- Total Units issued and to be issued at 31 December ('000)	14 935,902	823,490	935,902	823,490

16. Gross revenue

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Rental income	91,209	80,736
Recoveries income	27,099	20,781
Other operating income	4,578	4,400
	122,886	105,917

Recoveries income includes, amongst others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

17. Property expenses

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Utilities	7,932	7,420
Repair and maintenance expenses	5,558	4,847
Property management fees	6,372	5,011
Property taxes	13,496	12,709
Other property operating expenses	14,775	11,578
	48,133	41,565

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18. Finance expenses

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Effective interest expense on borrowings	15,926	11,813
Dividends on preferred units	26	83
Commitment fees	113	144
	16,065	12,040

19. Other trust expenses

Included in other trust expenses are the following:

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Audit fees paid to auditors of the Group	498	497
Non-audit fees paid to auditors of the Group	226	470
Internal audit fees paid to a related company	65	37
Valuation fees	83	131
Other expenses	2,057	1,286
	2,929	2,421

Other expenses include legal fees, investor relations and related expenses.

20. Tax expense

The major components of tax expense for the year/period ended 31 December 2019 and 31 December 2018 are:

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Current tax expense		
Withholding tax	30	23
Income tax	787	372
Deferred tax expense		
Movement in temporary differences	19,557	9,711
Tax expense	20,374	10,106
Reconciliation of effective tax rate		
Net income for the period before tax	90,032	63,123
Tax calculated using Singapore tax rate of 17% (2018: 17%)	15,305	10,731
Effect of different tax rate in foreign jurisdictions	5,069	(625)
	20,374	10,106

21. Earnings per Unit

Basic earnings per Unit is based on:

	Group	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Net income for the year/period	69,658	53,017

	Group	
	2019 No. of Units '000	2018 No. of Units '000
Weighted average number of Units:	843,917	688,193

Basic EPS is calculated based on the weighted average number of Units for the period. This comprises:

- (i) The weighted average number of Units in issue for the period; and
- (ii) The estimated weighted average number of Units to be issued as payment of Manager's base fees for the period.

Diluted earnings per Unit is equivalent to the basic earnings per Unit as there were no dilutive instruments in issue during the period.

22. 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	
	2019 US\$'000	22 September 2017 (date of constitution) to 31 December 2018 US\$'000
Acquisition of investment properties from a related party ¹	101,500	169,359
Management fees paid/payable to the Manager	5,078	4,379
Acquisition fee paid to the Manager	1,015	1,695
Trustee fees paid/payable	122	154

¹ **Pacific Oak Strategic Opportunity REIT, Inc and its subsidiaries**- Pacific Oak Strategic Opportunity REIT, Inc (formerly known as KBS Strategic Opportunity REIT, Inc) ("Pacific Oak SOR") is managed by Pacific Oak Capital Advisors LLC ("Pacific Oak CA"). Pacific Oak SOR was also formerly managed by KBS Capital Advisors LLC ("KBS CA"). The REIT Manager is a joint venture between Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd. ("KPA") in equal share. The partners of KPA include Peter McMillan III and Keith D. Hall who, together, own Pacific Oak CA and one-third of KBS CA. Given the relationship between KPA and Pacific Oak CA/KBS CA, transactions between Keppel Pacific Oak US REIT and any funds managed by Pacific Oak CA/KBS CA will constitute interested person transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. Financial ratios

	Group	
	2019 %	22 September 2017 (date of constitution) to 31 December 2018 %
Ratio of expenses to weighted average net assets ⁽¹⁾		
- Including performance component of the Manager's management fees	1.20	1.07
- Excluding performance component of the Manager's management fees	1.20	1.07
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. The Group did not incur any performance fee for the period ended 31 December 2019 and 31 December 2018.

(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.

24. Financial risk management objectives and policies

The Group's activities expose it to tax risk, market risk, interest rate risk, credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Tax risk

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect the Group.

Any change in the tax status of 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 the Group 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 after 31 December 2017. As a result, the Group restructured certain subsidiaries (the "Barbados Restructuring") on 1 January 2018 to comply specifically with the interpretations of Section 267A enacted then.

On 20 December 2018, the United States Department of the Treasury released proposed regulations under Section 267A (the "Proposed 267A Regulations"). Separately, on 20 November 2018, the Government of Barbados has announced that Barbados will converge its local and international tax rates. It was proposed that from 1 January 2019, domestic companies will pay the same tax rates as international companies, on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases (the "Barbados Tax Changes").

The Proposed 267A Regulations together with the Barbados Tax Changes are not expected to necessitate any further changes to the Group's structure (including Barbados entities set-up on 1 January 2018) in order to preserve the deductibility of interest paid on the Group's intercompany financing arrangements. As such, the Manager currently expects that the Proposed 267A Regulations together with the Barbados Tax Changes will not have any material impact on the consolidated net tangible assets or distributions per unit of Keppel Pacific Oak US REIT. The Manager will continue to review various tax planning alternatives to mitigate any future tax impact.

The Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, potentially effective as of 1 January 2018, could differ materially from the Proposed 267A Regulations and could result in additional costs. Such final regulations under Section 267A were expected to be promulgated in 2019. However, the final regulations have not yet been released to date and the United States Department of the Treasury has not provided guidance on when it expects the final regulations to be issued. The delay in the release of the final regulations does not necessarily indicate that there will be any meaningful changes from the Proposed 267A Regulations. Nevertheless, additional guidance or negative application of relevant tax laws related to Section 267A could have a material impact on the consolidated net tangible assets or distributions per unit of the Group.

Market risk

Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's business is not exposed to significant currency risk as the portfolio of properties are located in the US 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. The Trust will receive US\$ distributions from the investment properties which will be passed to the Unitholders, either in US\$ or converted to Singapore Dollar ("S\$") at the spot foreign exchange rate. The Trust is exposed to fluctuations in the cross-currency rates of the US\$ and S\$ for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk. The Group has minimal exposure to currency risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. The Manager will actively monitor and manage the Group's net exposure to interest rate risk through the use of interest rate hedging instruments and/or fixed rate borrowings, where applicable.

As at 31 December 2019, the Group had US\$372.1 million (2018: US\$297.1 million) of variable rate interest borrowings which are hedged with interest rate swaps, and US\$108.3 million (2018: US\$77.3 million) of unhedged variable rate interest loans and borrowings. The Group had not been exposed to significant cash flow risk.

Sensitivity analysis for interest rate risk

At the reporting date, if the interest rates of borrowings had been 1.0% (2018: 1.0%) per annum higher/lower with all other variables constant, the Group's net profit before tax would have been US\$1.1 million (2018: US\$0.8 million) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements.

The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes too significant a percentage of the Group's gross revenue and obtaining security deposits or letter of credits from the tenants, where applicable. The top tenant in 2019 accounted for 0.7% (2018: 0.6%) of total revenue. At the end of the reporting period, approximately 34.5% (2018: 42.1%) of the Group's trade receivables were due from 4 (2018:3) major tenants.

In measuring the lifetime expected credit loss allowance for trade and other receivables, debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables. Impaired receivables (net of security deposits and bank guarantees) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where such receivables are provided for, the Manager continues to engage in enforcement activity to attempt to recover these receivables due. Where recoveries are made, these are recognised in profit or loss.

Cash and cash equivalents are placed and derivative instruments are entered into with banks and financial institution counterparties which are of good ratings.

As at the reporting date, the Group believes that there is little or no credit risk inherent in the Group's trade and other receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

There were no significant trade and other receivables that are past due but not impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
			Within 1 year US\$'000	After 1 year but within 5 years US\$'000	After 5 years US\$'000
2019					
Non-derivative financial liabilities					
Trade and other payables	24,140	24,140	24,140	–	–
Loans and borrowings	477,984	522,679	34,987	487,692	–
Rental security deposits	6,369	6,369	787	3,400	2,182
Preferred units	125	204	16	63	125
	508,618	553,392	59,930	491,155	2,307
Derivatives					
Interest rate swaps (net-settled)	6,458	4,077	1,103	2,974	–
2018					
Non-derivative financial liabilities					
Trade and other payables	16,382	16,382	16,382	–	–
Loans and borrowings	371,632	409,334	18,889	390,445	–
Rental security deposits	5,140	5,140	893	2,894	1,353
Preferred units	125	204	16	63	125
	393,279	431,060	36,180	393,402	1,478
Derivatives					
Interest rate swaps (net-settled)	1,220	1,128	226	902	–

Trust	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
			Within 1 year US\$'000	After 1 year but within 5 years US\$'000	After 5 years US\$'000
2019					
Non-derivative financial liabilities					
Trade and other payables	4,239	4,239	4,239	–	–
Loans and borrowings	477,984	522,679	34,987	487,692	–
	482,223	526,918	39,226	487,692	–
Derivatives					
Interest rate swaps (net-settled)	6,458	4,077	1,103	2,974	–
2018					
Non-derivative financial liabilities					
Trade and other payables	5,331	5,331	5,331	–	–
Loans and borrowings	371,632	409,334	18,889	390,445	–
	376,963	414,665	24,220	390,445	–
Derivatives					
Interest rate swaps (net-settled)	1,220	1,128	228	902	–

Capital management

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits as set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Group's properties. To maintain and achieve an optimal capital structure, the Manager may issue new units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as the net property income from the property divided by the latest valuation of the property, on the properties acquired. The Manager also monitors the level of distribution to Unitholders.

The Group is subjected to the aggregate leverage limits as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 45.0% of the fund's deposited property.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

The aggregate leverage ratio is calculated as the total borrowings and deferred payments divided by the total assets. The aggregate leverage ratio is 36.9% as at 31 December 2019 (2018: 35.1%). The Group has complied with the Aggregate Leverage limit of 45.0% during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. 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 at the end of the reporting period:

	2019 US\$'000			Total
	Fair value measured at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
Group				
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	362	-	362
Total financial assets	-	362	-	362
Non-financial assets				
Investment properties				
- <i>Commercial</i>	-	-	1,256,500	1,256,500
Total non-financial assets	-	-	1,256,500	1,256,500
Liabilities measured at fair value				
Financial liabilities				
Derivative liabilities				
- <i>Interest rate swap</i>	-	6,820	-	6,820
Total financial liabilities	-	6,820	-	6,820
Trust				
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	362	-	362
Total financial assets	-	362	-	362
Liabilities measured at fair value				
Financial liabilities				
Derivative liabilities				
- <i>Interest rate swap</i>	-	6,820	-	6,820
Total financial liabilities	-	6,820	-	6,820

	2018 US\$'000			
	Fair value measured at the end of the reporting period using			
Group	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
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	3,537	-	3,537
Total financial assets	-	3,537	-	3,537
Non-financial assets				
Investment properties				
- <i>Commercial</i>	-	-	1,016,750	1,016,750
Total non-financial assets	-	-	1,016,750	1,016,750
Liabilities measured at fair value				
Financial liabilities				
Derivative liabilities				
- <i>Interest rate swap</i>	-	1,220	-	1,220
Total financial liabilities	-	1,220	-	1,220
Trust				
Assets measured at fair value				
Financial assets				
Derivative assets				
- <i>Interest rate swap</i>	-	3,537	-	3,537
Total financial assets	-	3,537	-	3,537
Liabilities measured at fair value				
Financial liabilities				
Derivative liabilities				
- <i>Interest rate swap</i>	-	1,220	-	1,220
Total financial liabilities	-	1,220	-	1,220

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. Fair value of assets and liabilities

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

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

(i) Information about significant unobservable inputs used in Level 3 fair value measurement

Investment properties

Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are 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\$1,256.5 million as at 31 December 2019. (2018: US\$1,016.8 million)

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

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the key unobservable inputs used:

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\$17.00 to US\$33.00 (2018: US\$17.80 to US\$38.60)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Discount rate of 7.00% to 8.75% (2018: 7.00% 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 6.25% to 8.00% (2018: 6.25% to 8.25%)	
Direct capitalisation method	• Rental rates per square foot per year of US\$17.00 to US\$33.00 (2018: US\$17.80 to US\$38.60)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Capitalisation rate of 6.00% to 7.25% (2018: 4.75% 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\$125.90 to US\$525.50 (2018: US\$113.50 to US\$478.60)	Higher price per square foot would result in a higher fair value, while lower rate would result in a lower fair value.

(ii) Movements in Level 3 assets and liabilities measured at fair value

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 8.

(iii) Valuation policies and procedures

The Group's Chief Executive Officer (CEO), who is assisted by the Chief Financial Officer (CFO) and Senior Investment Analyst, oversees the Group's valuation process and is responsible for setting the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value

The carrying amount of the Group and the Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. Commitments

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of up to six years.

Future minimum payments receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2019 US\$'000	2018 US\$'000
Not later than one year	94,901	74,196
Later than one year but not later than five years	289,639	208,754
Later than five years	84,469	52,471
	469,009	335,421

The above operating lease receivable are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

27. Subsequent events

Distribution

On 21 January 2020, the Manager announced a distribution of 1.06 US cents per Unit for the period from 29 October 2019 to 31 December 2019.

Issuance of management fee in units to the Manager

On 3 February 2020, 1,752,743 Units were issued as payment of management fees for 4Q 2019.

28. Comparative Information

The comparative figures for the Group and the Trust cover the financial period from 22 September 2017 (date of constitution) to 31 December 2018.

29. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Manager on 20 February 2020.

CORPORATE GOVERNANCE

The board and management of Keppel Pacific Oak US REIT Management Pte. Ltd. (the "Manager"), the manager of Keppel Pacific Oak US REIT ("KORE"), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2018¹ (the "2018 Code") as its benchmark for corporate governance policies and practices. The following describes the Manager's main corporate governance policies and practices, with specific reference to the 2018 Code and its accompanying Practice Guidance.

THE MANAGER OF KORE

The Manager has general powers of management over the assets of KORE. The Manager's main responsibility is to manage the assets and liabilities of KORE for the benefit of Unitholders. The Manager manages the assets of KORE with a focus on delivering sustainable distributions and creating long-term value for Unitholders.

The primary role of the Manager is to set the strategic direction of KORE and make recommendations to Perpetual (Asia) Limited as trustee of KORE (the "Trustee") on the acquisitions to, and divestments from, KORE's portfolio of assets, as well as enhancement of the assets of KORE, in accordance with its investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Manager. The Manager is also responsible for the risk management of KORE.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for KORE, at arm's length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for KORE with a view to delivering sustainable distributions;
2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the prevailing investment policy and investment strategy that the Manager has for KORE;
3. supervising and overseeing the management of KORE's properties (including lease management, systems control, data management and business plan implementation);

4. undertaking regular individual asset performance analysis and market research analysis;
5. managing the finances of KORE, including accounts preparation, capital management, co-ordination of the budget process, forecast modeling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
6. ensuring compliance with the applicable provisions of the relevant legislation pertaining to the operations of KORE, the Securities and Futures Act and all other relevant legislation of Singapore and the United States of America, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the Code on Collective Investment Schemes (including the Property Funds Appendix) issued by the Monetary Authority of Singapore ("MAS"), the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of KORE and its Unitholders. In this regard, the Manager confirms that it continues to maintain measures to ensure that KORE US Parent REIT, Inc. continues to qualify as a US REIT;
7. managing regular communications with Unitholders; and
8. supervising the property managers who perform day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for KORE's properties, pursuant to the property management agreements signed for the respective properties.

KORE, constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of KORE. All directors (the "Directors") and employees of the Manager are remunerated by the Manager, and not by KORE.

The Manager is appointed in accordance with the terms of the Trust Deed dated 22 September 2017 as amended by the First Supplemental Deed dated 5 September 2019 (the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a

simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager and its related parties) being disenfranchised, vote to remove the Manager.

BOARD MATTERS: THE BOARD'S CONDUCT OF AFFAIRS

Principle 1:

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Principle 3:

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

The Board of Directors of the Manager (the "Board") is responsible for the overall management and the corporate governance of KORE and the Manager, including establishing goals for management and monitoring the achievement of these goals.

Role: The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to KORE's and the Manager's activities of a significant nature, including decisions on strategic direction, guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of KORE and the Manager, establish, with management, the strategies and financial objectives (including appropriate focus on value creation, innovation and sustainability) to be implemented by management, and monitor the performance of management and ensure that the Manager has necessary resources to meet its strategic objectives;
- hold management accountable for performance and ensure proper accountability within KORE and the Manager;
- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes;
- be responsible for the governance of risk and ensure that management maintains a sound system of risk

¹ The Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018.

CORPORATE GOVERNANCE

management and internal controls, to safeguard the interests of KORE and its stakeholders; and

- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

Internal Limits of Authority: The Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/ business acquisition and divestment, operating/capital expenditure, capital management, leasing, divestments and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

Independent Judgment: All Directors are expected to exercise independent judgment in the best interests of KORE, and all Directors have discharged this duty consistently well.

Conflicts of Interest: All Directors are required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with KORE or the Manager as soon as is practicable after the relevant facts have come to his knowledge, and recuse themselves when the conflict-related matter is discussed unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion, and abstain from voting in relation to conflict-related matters. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions.

Board Committees: To assist the Board in the discharge of its oversight function, the Audit and Risk Committee and the Nominating and Remuneration Committee

have been constituted with clear written terms of reference, and play an important role in ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

Meetings: The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for KORE, proposed acquisitions and divestments, the annual budget, the performance of the business and the financial performance of KORE and the Manager. The Board also reviews and approves the release of the financial results. In addition, the Board reviews the risks to the assets of KORE, and acts upon any comments from the auditor of KORE. Board meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation.

The Manager's constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

If a Director is unable to attend a Board or Board committee meeting, he still receives all the papers and materials for discussion at that meeting. He will review them and will advise the Chairman or Board committee Chairman of his views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Closed Door Directors' Meetings: Time is also set aside at the end of each scheduled quarterly Board meeting for closed door discussions without the presence of management to discuss matters such as board processes, corporate governance initiatives, succession planning, and performance management and remuneration matters.

Company Secretary: The Company Secretary administers, attends and prepares minutes of Board proceedings. He assists the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Manager's Constitution and relevant rules and regulations are complied with. He also assists the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. He is also the primary channel of communication between KORE and the SGX.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Access to Information: The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals and that for this to happen, the Board must be kept well informed of KORE's businesses and affairs and be knowledgeable about the industry in which the businesses operate.

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KORE's business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the

THE NUMBER OF BOARD AND BOARD COMMITTEE MEETINGS HELD IN FY 2019, AS WELL AS THE ATTENDANCE OF EACH BOARD MEMBER AT THESE MEETINGS, ARE DISCLOSED IN THE FOLLOWING TABLE:

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Nominating and Remuneration Committee Meetings Attended
Mr Peter McMillan III	5	-	-
Mr Soong Hee Sang	5	4	3
Mr John J. Ahn	5	4	3
Mr Kenneth Tan Jhu Hwa	5	4	3
Mr Paul Tham	5	-	-
No. of Meetings held in FY 2019	5	4	3

reporting period. Management also surfaces key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

As a general rule, Board papers are required to be distributed to Directors at least five days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be focused on questions that the Directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Directors are also provided with the names and contact details of senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary. The Directors are entitled to request from management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of KORE.

The Board reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. A board strategy meeting is organised periodically for in-depth discussion on strategic issues and direction of KORE, to give the Directors a better understanding of KORE and its businesses, and to provide an opportunity for the Directors to familiarise themselves with the management team so as to facilitate the Board's review of KORE's succession planning.

Director Orientation: A formal letter is sent to newly-appointed Directors upon their appointment explaining their roles, duties, obligations and responsibilities as a Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of KORE, and site visits.

Training: Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KORE and its disclosure obligations, the Directors

are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act or other applicable legislation and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members.

Chairman and CEO: The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of KORE's operations.

He sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information is provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and management. At board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting.

At annual general meetings ("AGM") and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and management. The Chairman sets the right ethical and behavioural tone and takes a leading role in KORE's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and management.

The CEO, assisted by management, makes strategic proposals to the Board and after robust and constructive Board discussion, executes the agreed strategy, manages and develops KORE's businesses and implements the Board's decisions.

The clear separation of roles of the Chairman and CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberations on the business activities of KORE.

BOARD MATTERS: BOARD COMPOSITION AND GUIDANCE

Principle 2:

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Principle 4 :

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NOMINATING AND REMUNERATION COMMITTEE

The Manager has established the Nominating and Remuneration Committee ("NRC") to, among other things, make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession plans and conducting annual review of board diversity, board size, board independence and directors' commitment. The NRC comprises three Directors, all of whom, including the Chairman of the NRC, are independent; namely:

Mr Kenneth Tan	Chairman
Mr Soong Hee Sang	Member
Mr John J. Ahn	Member

The responsibilities of the NRC are disclosed in the Appendix hereto.

Process for appointment of new Directors and succession planning for the Board

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

- the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;
- in light of such review and in consultation with management, the NRC assesses if there are any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;

CORPORATE GOVERNANCE

- (c) external help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;
- (d) the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- (e) the NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Criteria for appointment of new Directors

All new appointments are subject to the recommendations of the NRC based on the following objective criteria:

- (1) Integrity;
- (2) Independent mindedness;
- (3) Diversity – possess core competencies that meet the current needs of KORE and the Manager and complement the skills and competencies of the existing Directors on the Board;
- (4) Able to commit time and effort to carry out duties and responsibilities effectively;
- (5) Track record of making good decisions;
- (6) Experience in high-performing corporations or property funds; and
- (7) Financially literate.

Alternate Director

The Manager has no alternate directors on the Board.

Board Diversity

The Manager recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenge needed to support good decision-making for the benefit of KORE, and is committed to ensuring that the Board comprises directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of

different perspectives and ideas, mitigate against groupthink and ensure that KORE has the opportunity to benefit from all available talent.

It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of KORE's and the Manager's businesses. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Manager will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

The Manager has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

The Board will, taking into consideration the recommendations of the NRC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to ensuring that female candidates are included for consideration when identifying suitable candidates for new appointment to the Board.

Annual review of Board size and composition

The Board consists of five members, three of whom are non-executive independent Directors.

The NRC is of the view that, taking into account the nature and scope of KORE's operations, the present Board size is appropriate and facilitates effective decision making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out in the Appendix hereto.

The NRC has recently conducted its assessment in January 2020 and is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The NRC is also satisfied that the Directors, as a group,

possess core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective.

The composition of the Board is also determined using the following principles:

- (i) The Chairman of the Board should be a non-executive Director of the Manager;
- (ii) The Board comprises Directors with a broad range of commercial experience including expertise in funds management, audit and accounting and the property industry; and
- (iii) At least half of the Board comprises independent Directors.

Further, in accordance with Provision 2.2 of the 2018 Code, at least a majority of the Board should comprise independent Directors where the Chairman is not an independent director.

The composition is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Board Independence

The Board determines on an annual basis, taking into account the views of the Nominating and Remuneration Committee ("NRC"), whether or not a Director is independent, bearing in mind the 2018 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations").

Under the 2018 Code, a Director who has no relationship with the Manager, its related companies, its 5% shareholders/unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of KORE, is considered to be independent. In addition, under the SF(LCB) Regulations, an independent Director is one who:

- (i) is independent from the management of the Manager and KORE;
- (ii) is independent from any business relationship with the Manager and KORE;

- (iii) is independent from every substantial shareholder of the Manager, and every substantial unitholder of KORE;
- (iv) is not a substantial shareholder of the Manager, or a substantial unitholder of KORE; and
- (v) has not served as a director of the Manager for a continuous period of 9 years or longer.

Taking into account the views of the NRC, the Board has determined that:

- (i) each of Mr Soong Hee Sang, Mr Kenneth Tan and Mr John J. Ahn (1) has been independent from management and business relationships with the Manager and KORE, (2) has not been a substantial shareholder of the Manager or a substantial unitholder of KORE, and (3) has been independent from every substantial shareholder of the Manager and substantial unitholder of KORE;
- (ii) Mr Peter McMillan III is not considered independent from KBS Pacific Advisors Pte Ltd which is a substantial shareholder of the Manager. Mr McMillan holds one-third of the voting shares in KBS Pacific Advisors Pte Ltd which in turns holds 50% of the voting shares in the Manager. Mr McMillan is also not considered independent from Pacific Oak Strategic Opportunity REIT, Inc which is a substantial unitholder of KORE as he is a director of Pacific Oak Strategic Opportunity REIT, Inc; and
- (iii) Mr Paul Tham is not considered independent from Keppel Corporation Limited which is a substantial shareholder of the Manager and a substantial unitholder of KORE. Mr Tham is the Chief Executive Officer of Keppel REIT Management Limited which is a related corporation of Keppel Corporation Limited.

None of the Directors have served on the Board for a continuous period of 9 years or longer.

The Chairman and CEO are separate persons, the independent Directors currently comprise a majority of the Board, and the Board committees are chaired by and comprise at least a majority of independent Directors. If the Chairman is conflicted, the ARC Chairman will lead the Board. In addition, the Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the ARC Chairman. In light of the

foregoing, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent Director.

Taking into account the independence and diversity of the Board, the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of KORE.

Annual review of Directors' time commitments

The NRC assesses annually whether a Director is able to and has been adequately carrying out his duties as a Director. Instead of fixing a maximum number of listed company board representation and/or other principal commitments that a Director may have, the NRC assesses holistically whether a Director is able to and has been adequately carrying out his duties as a Director, taking into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's listed company board representations and/or other principal commitments, and the Director's actual conduct and participation on the Board and Board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NRC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the Directors.

Taking into account the abovementioned factors, the NRC was of the view that each Director has given sufficient time and attention to the affairs of KORE and the Manager and has been able to discharge his duties as director effectively.

Key information regarding Directors

The following key information regarding Directors are set out in the following pages of this Annual Report:

Pages 13 to 14: Academic and professional qualifications, Board committee served on (as a member or Chairman), date of first appointment as a Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, whether considered by the Board to be independent; and

Page 140: Unitholdings in KORE as at 21 January 2020.

BOARD MATTERS: BOARD PERFORMANCE

Principle 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

Independent Coordinator: To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte. Ltd., was appointed for this role. Mr Tan does not have any other connection with KORE, the Manager or any of the Directors.

Formal Process and Performance Criteria: The evaluation processes and performance criteria are set out in the Appendix hereto.

Objectives and Benefits: The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

REMUNERATION MATTERS

Principle 6:

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration

Principle 7:

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company

CORPORATE GOVERNANCE

Principle 8:

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

The composition of the NRC has been set out under Principle 4 on page 117. The NRC comprises entirely non-executive Directors, all of whom, including the Chairman of the NRC, are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, and Unit grants) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Manager and administers the Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external consultants where required. In FY 2019, the NRC undertook a review of the pay mix for key management personnel with the assistance of external remuneration consultants, namely Aon Hewitt. The external remuneration consultants had no relationships with the Manager which would affect their independence and objectivity.

ANNUAL REMUNERATION REPORT

Although the remuneration of the Directors and employees of the Manager is paid by the Manager, and not by KORE, the Manager is disclosing the following information on the remuneration of its Directors, CEO and key management personnel.

Policy in respect of Directors' remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office.

Remuneration policy in respect of key management personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

In FY 2019, the NRC undertook a pay mix review for key management personnel with the assistance of Aon Hewitt. The exercise is to achieve market competitive base pay versus short term incentives while maintaining total compensation competitiveness. The current total remuneration structure reflects four key objectives:

- (a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholder's interests;
- (b) Long-term orientation: To motivate employees, to drive sustainable long-term growth;
- (c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders; and

- (d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The total remuneration mix comprises three components - annual fixed pay, annual performance bonus and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks against the relevant industry market data. The size of the Manager's annual performance bonus pot is determined by KORE's financial and non-financial performance, and is distributed to employees based on their individual performance. The long-term incentive is in the form of two Unit plans, being the Restricted Unit Plan ("RUP") and the Performance Unit Plan ("PUP"). A portion of the annual performance bonus is granted in the form of deferred Units that are awarded under the RUP. The PUP comprises performance targets determined on an annual basis and which vest over a longer term horizon. The RUP and PUP are long term incentive plans of the Manager. Executives who have greater ability to influence strategic outcomes have a greater proportion of their overall remuneration at risk. Eligible employees of the Manager are granted existing Units in KORE already owned by the Manager. Therefore, no new Units are or will be issued by KORE to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration are aligned with the interests of Unitholders and promote the long-term success of KORE. The mix of fixed and variable reward is considered appropriate for the Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performances. This link is achieved in the following ways:

THE FRAMEWORK FOR DETERMINING THE DIRECTORS' FEES IS SHOWN IN THE TABLE BELOW:

	Chairman	Member
Main Board	S\$75,000 per annum	S\$46,000 per annum
Audit and Risk Committee	S\$23,000 per annum	S\$14,000 per annum
Nominating and Remuneration Committee	S\$14,500 per annum	S\$7,500 per annum

- (1) By placing a significant portion of executive's remuneration at risk ("at-risk component") and in some cases, subject to a vesting schedule;
- (2) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
- a. There are four scorecard areas that the Manager has identified as key to measuring its performance to:
- i. Financial;
- ii. Process;
- iii. Customer and stakeholders; and
- iv. People.
- Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;
- b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually;
- (3) By selecting performance conditions for the KORE PUP such as Asset under Management, Distribution per Unit and Total Unitholder Return for equity awards that are aligned with Unitholders' interests;
- (4) By requiring those KPIs or conditions to be met in order for the at-risk components of remuneration to be awarded or to vest; and
- (5) Forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.
- The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of KORE and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 31 DECEMBER 2019

The level and mix of each of the Directors' remuneration for 2019 are set out below:

Name of Director	Base/Fixed Salary (S\$)	Variable or Performance-related Income/Bonuses (S\$)	Directors' Fees (S\$)	Benefits-in-Kind (S\$)
Peter McMillan III	-	-	75,000	-
Soong Hee Sang	-	-	76,500	-
John J. Ahn	-	-	67,500	-
Kenneth Tan Jhu Hwa	-	-	74,500	-
Paul Tham ⁽¹⁾	-	-	46,000	-

¹ Mr Paul Tham's fees are paid 100% to Keppel Capital.

The level and mix of the remuneration of the CEO and each of the other key management personnel for 2019, in bands of S\$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel ⁽¹⁾	Base/Fixed Salary	Variable or Performance-related Income/Bonuses ⁽²⁾	Benefits-in-Kind	Contingent Award of Units	
				PUP ⁽³⁾	RUP ⁽³⁾
Above S\$750,000 to S\$1,000,000					
David Eric Snyder	40%	19%	n.m. ⁽⁴⁾	27%	14%
Above S\$250,000 to S\$500,000					
Andy Gwee	51%	37%	n.m. ⁽⁴⁾	-	12%

¹ The Manager has less than five key management personnel other than the CEO.

² The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for 2019 were met.

³ Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at 30 April 2019 (being the grant date), the estimated value of each unit granted in respect of the contingent awards under the PUP was S\$0.68. As at 17 February 2020 (being the grant date for the contingent deferred units under the RUP), the estimated value of each unit granted in respect of the contingent awards under the RUP was S\$1.01. For the PUP, the figures were based on the value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.

⁴ "n.m" means not material.

CORPORATE GOVERNANCE

- (1) Prudent funding of annual performance bonus;
- (2) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP;
- (3) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met; and
- (4) Potential forfeiture of variable incentives in any year due to misconduct.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2019.

In order to align the interests of the CEO and key management personnel with those of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO and key management personnel in bands of S\$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 120 to 122.

Long term incentive plans – KORE Unit Plans

The RUP and the PUP (the "KORE Unit Plans") are long-term incentive schemes implemented by the Manager in 2019. No employee share option schemes or share schemes have been implemented by KORE.

The KORE Unit Plans are put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KORE Unit Plans also aim to strengthen the Manager's competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. The range of performance targets to be set under the PUP emphasises stretched or strategic targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to KORE or the Manager. Outstanding performance bonuses under the KORE Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

Remuneration of Employees who are Substantial Shareholders/Unitholders or Immediate Family Members of a Director, the Chief Executive Officer or a Substantial Shareholder/Unitholder

No employee of the Manager was a substantial shareholder of the Manager or a substantial unitholder of KORE or an immediate family member of a Director, the CEO, a substantial shareholder of the Manager or a substantial unitholder of KORE and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2019. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT: AUDIT COMMITTEE

Principle 10:

The Board has an Audit Committee which discharges its duties objectively

The Board is responsible for providing a balanced and understandable assessment of KORE's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of KORE. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET, media releases, as well as KORE's corporate website.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KORE's performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments, as well as business and operational information. The financial results are compared against the respective budgets, together with explanations of significant variances for the reporting period.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") has been appointed by the Board from among the Directors of the Manager and comprises three non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Soong Hee Sang and the members are Mr John J. Ahn and Mr Kenneth Tan.

All the members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC's role includes assisting the Board to ensure the integrity of financial reporting and that a sound internal control and risk management system is in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. KORE's and the Manager's internal audit function has been outsourced to Keppel Corporation Limited's Group Internal Audit department. They, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in FY 2019. In addition, the ARC met with the external auditor and the internal auditor at least once during FY 2019, without the presence of management.

During FY 2019, the ARC performed independent reviews of the financial statements of KORE before the announcement of KORE's quarterly, half- and full-year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financials.

The ARC also reviewed and approved both the internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KORE and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations reported by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY 2019, an aggregate amount of US\$642,000, comprising non-audit service fees of US\$181,000 and audit service fees US\$461,000, was paid/payable to the external auditor of KORE and its subsidiaries.

Cognisant that the external auditor should be free from any business or other relationships with KORE that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to KORE's relationships with them during FY 2019. In determining the independence of the external auditor, the ARC reviewed all aspects of KORE's relationships with it including the processes, policies and safeguards adopted by KORE and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of non-audit services in FY 2019 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC

is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of KORE's statutory financial audit. KORE has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to its appointment of audit firms. In addition, none of the ARC members were former partners or directors of the external auditor within the last two years or hold any financial interest in the external auditor.

The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal audit team was independent, adequately resourced and effective in performing its functions, and had appropriate standing within KORE and the Manager.

The ARC reviewed the "Whistle-Blower Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of any control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Policy annually to ensure that it remains current. The details of the Policy are set out on pages 130 and 131 herein.

The ARC members are kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of KORE.

ACCOUNTABILITY AND AUDIT: RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The ARC assists the Board in examining the adequacy and effectiveness of KORE's and the Manager's risk management system to ensure that it remains robust. The ARC also reviews and guides management in the

formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, in order to safeguard Unitholders' interests and KORE's assets. The ARC reports to the Board any critical risk issues, material matters, findings and recommendations in respect of significant risk matters. The responsibilities of the ARC are disclosed in the Appendix hereto.

Risk Assessment and Management of Business Risk

Identifying and managing risks is central to the business of KORE and to protecting Unitholders' interests and value. KORE operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Board met five times in FY 2019. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

KORE's Enterprise Risk Management framework ("ERM Framework") provides KORE and the Manager with a systematic approach to risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. Details of the Manager's approach to risk management and internal controls and the management of key business risks are set out in the "Risk Management" section on pages 134 and 135 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), as disclosed on page 134.

The Manager has in place a risk management assessment framework (the "Assessment Framework") which was established to facilitate the Board's assessment on the adequacy and effectiveness of KORE's and the Manager's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of KORE and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

In addition, the Manager has adopted the Whistle-Blower Policy, Insider Trading Policy and Code of Practice for Safeguarding

CORPORATE GOVERNANCE

Information which reflect the management’s commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

Independent Review of Internal Controls

KORE’s and the Manager’s internal auditor conduct an annual risk-based review of the adequacy and effectiveness of KORE’s and the Manager’s material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made by the internal auditor in this respect.

KORE and the Manager also have in place the KORE’s System of Management Controls Framework (the “Framework”) outlining KORE’s and the Manager’s internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of KORE’s and the Manager’s system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to KORE’s and the Manager’s business scope and environment. Such policies and procedures

govern financial, operational, regulatory compliance and information technology matters and are reviewed and updated periodically. Compliance governance is governed by the regulatory compliance management committee and working teams. Employees are guided by the Manager’s core values and expected to comply strictly with the Keppel Code of Conduct.

Under the second Line of Defence, KORE and the Manager are required to conduct a self-assessment exercise on an annual basis. This exercise requires KORE and the Manager to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under KORE’s ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory Compliance works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and the Chief Financial Officer (“CFO”) are required to provide KORE and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal

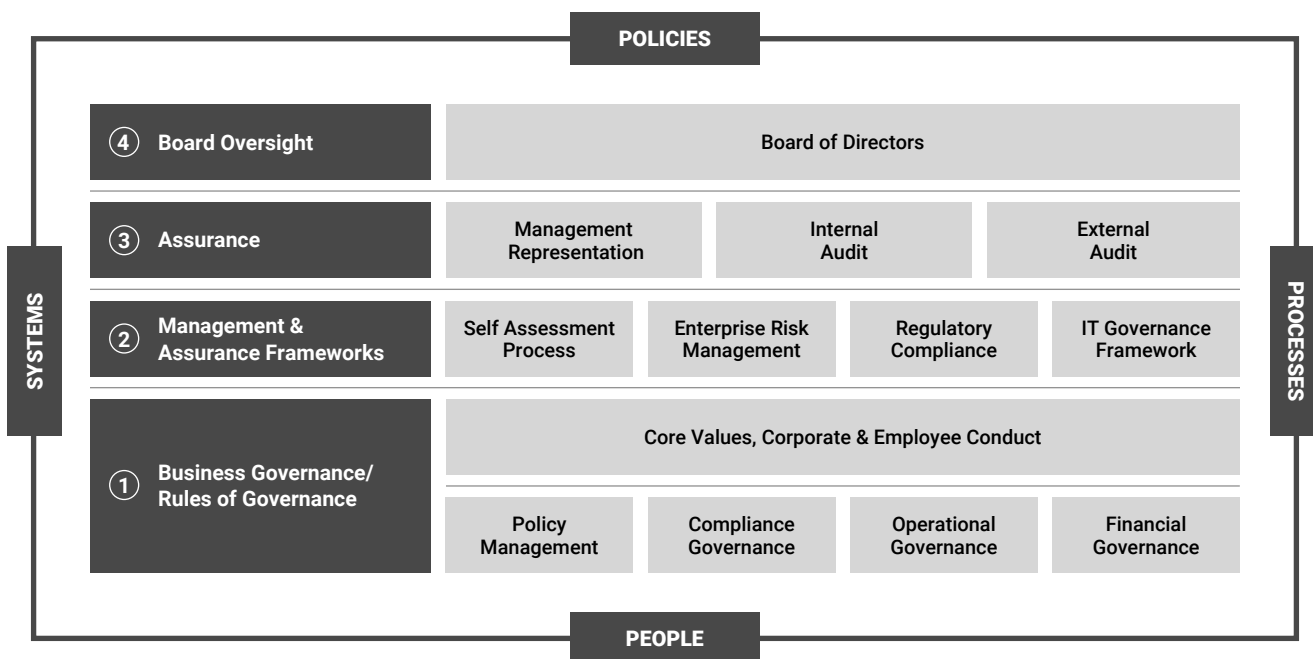
and external auditors provide added independent assessments of the overall control environment.

The Board, supported by the ARC, oversees KORE’s and the Manager’s system of internal controls and risk management. The Board has received assurance from the CEO, Mr David Snyder, and the CFO, Mr Andy Gwee, that, amongst others:

- (1) the financial records of KORE and the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances of KORE and the Manager;
- (2) the internal controls of KORE and the Manager are adequate and effective to address the financial, operational, compliance and information technology risks which KORE and the Manager consider relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and
- (3) they are satisfied with the adequacy and effectiveness of KORE’s and the Manager’s risk management system.

Based on the Framework, the internal controls and risk management policies and procedures established and maintained by KORE and the Manager, and the regular audits, monitoring and reviews performed by the internal and external auditors, the

KORE’S SYSTEM OF MANAGEMENT CONTROLS (KSMC)



Board, with the concurrence of the ARC, is of the opinion that, taking into account the nature, scale and complexity of KORE's and the Manager's operations, as at 31 December 2019, KORE's and the Manager's internal controls and risk management system, are adequate and effective in addressing the financial, operational, compliance and information technology risks which KORE and the Manager consider relevant and material to its current business scope and environment.

The system of internal controls and risk management established by KORE and the Manager provides reasonable, but not absolute, assurance that KORE and the Manager will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

INTERNAL AUDIT

The internal audit function of KORE and the Manager is outsourced to Keppel Corporation Limited's Group Internal Audit department ("Internal Audit"). They were appointed as the internal auditor since 2018. The role of the internal auditor is to provide independent assurance to the ARC that KORE and the Manager maintain a sound system of internal controls by conducting risk-based reviews of key controls and procedures and their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high-risk areas.

Staffed by suitably qualified executives, Internal Audit has direct access to the ARC and unrestricted access to all of KORE's and the Manager's documents, records, properties and personnel. The Head of Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a member of the Institute of Internal Auditors ("IIA"), Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors Incorporated, USA ("IIA"). External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016. The results re-affirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing. The professional competence of Internal

Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as auditing and accounting pronouncements.

During FY 2019, Internal Audit adopted a risk-based approach to audit planning and execution that focused on key risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. A summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the ARC.

UNITHOLDER RIGHTS, CONDUCT OF UNITHOLDER MEETINGS AND ENGAGEMENT WITH UNITHOLDERS AND STAKEHOLDERS

Principle 11:

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12:

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company

Principle 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Manager maintains regular and two-way communication with Unitholders to share views and address any queries on the REIT's operating performance and business strategies. In 2019, the Manager engaged with a total of 404 local and international investors and analysts through meetings, conference calls, post-results engagements and site visits. Management also participated widely in local and overseas conferences to engage with the global

investors and understand their views. More details of the Manager's investor relations activities and efforts are set out on pages 17 to 18 of this Annual Report.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET. The Manager ensures that unpublished price-sensitive or trade-sensitive information is not selectively disclosed, and if on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public via SGXNET.

Unitholders are also kept abreast of the latest announcements and updates on KORE via its corporate website at www.koreusreit.com. Unitholders and members of the public can post questions via the feedback and general enquiries webpage, or to the investor relations contact available on the REIT's website.

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on KORE's website and reviewed regularly to ensure relevance and effectiveness.

Unitholders are informed of Unitholders' meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers, via SGXNET and KORE's website. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and class shall be specified).

At Unitholders' meetings, each distinct issue is proposed as a separate resolution, unless the resolutions are interdependent and linked so as to form one significant proposal. All resolutions proposed at the meeting will be voted on by way of an electronic poll and the results of the poll will be displayed "live" to Unitholders/proxies immediately after each poll is conducted.

CORPORATE GOVERNANCE

An independent scrutineer is also appointed to validate voting procedures and oversee the process. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meetings via SGXNET.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board and the respective Chairman of the ARC and the NRC are required to be present to address questions at general meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary of the Manager prepares minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board and management. These minutes will also be published on the REIT's website.

KORE's policy is to distribute, on a half-yearly basis, at least 90% of its distributable income for each financial year.

SECURITIES TRANSACTIONS

Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of KORE, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Manager's directors and officers. In FY 2019, the Manager issued notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of KORE one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive

information. The Manager's officers are also informed that they should not deal in KORE's securities on short-term considerations.

CONFLICTS OF INTERESTS

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

- (1) The Manager will not manage any other real estate investment trust which invests in the same type of properties as KORE;
- (2) All resolutions in writing of the directors of the Manager in relation to matters concerning KORE must be approved by at least a majority of the directors of the Manager, including at least one Independent Director;
- (3) At least one-third of the Board shall comprise independent Directors;
- (4) In respect of matters in which Pacific Oak Capital Advisors LLC and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by KBS Pacific Advisors Pte Ltd ("KPA") and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of KPA and/or its subsidiaries; and
- (5) In respect of matters in which Keppel Corporation Limited and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Corporation Limited and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of Keppel Corporation Limited and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party (meaning any "interested person" as defined in the Listing Manual and/or, as the case may be, an "interested party" as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of KORE, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

EMPLOYEE CODE OF CONDUCT

The Manager has in place an employee code of conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of ethical business behaviour including anti-

THE NUMBER OF UNITHOLDERS' MEETINGS HELD IN FY 2019, AS WELL AS THE ATTENDANCE OF EACH BOARD MEMBER, ARE DISCLOSED IN THE FOLLOWING TABLE:

Director	Unitholders' Meetings Attended
Mr Peter McMillan III	2
Mr Soong Hee Sang	2
Mr John J. Ahn	2
Mr Kenneth Tan Jhu Hwa	2
Mr Paul Tham	2
No. of Meetings held in FY 2019	2

corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all staff to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The rules require business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption rules are also spelled out to protect the business, resources and reputation of KORE and the Manager. Employees must not offer or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, or any benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

The employee code of conduct is published on the intranet which is accessible by all employees of the Manager. New employees are briefed on the policy when they join the Manager. Subsequently, all employees are required to acknowledge the policy annually to ensure awareness.

RELATED PARTY TRANSACTIONS
The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Related Party transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of KORE and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party transactions which are entered into by KORE and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager also incorporates into its internal audit plan a review of all Related Party transactions entered into by KORE. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of KORE's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of KORE's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of KORE and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of KORE's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning KORE relate to transactions entered into or to be entered into by the Trustee for and on behalf of

KORE with a Related Party of KORE or the Manager, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions:

- are conducted on normal commercial terms;
- are not prejudicial to the interests of KORE and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of KORE or the Manager. If the Trustee is to sign any contract with a Related Party of KORE or the Manager, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to REITs.

KORE will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of KORE's latest audited net tangible assets.

The aggregate value of all Related Party transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in KORE's annual report for that financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that Related Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Related Party transactions (and the basis, including, where practicable, the quotations obtained to support such basis on which they are entered into) which are entered into by KORE.

On a quarterly basis, management reports to the ARC the Related Party transactions entered into by KORE. The Related Party transactions are also reviewed by Internal

CORPORATE GOVERNANCE

Audit and all findings, if any, are reported during the ARC meetings. The Trustee also has the right to review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

The ARC reviews all Related Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

APPENDIX BOARD COMMITTEES – RESPONSIBILITIES

A. Audit and Risk Committee

- (1) Reviewing financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- (2) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls, including financial, operational, compliance (including processes to mitigate conflicts of interests in respect of the sourcing of potential acquisitions) and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
- (3) (a) Review the Board's comment on the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls systems, and state whether it concurs with the Board's comments.
 - (b) Where there are material weaknesses identified in the Manager's and KORE's risk management and internal control systems, to consider and recommend the necessary steps to be taken to address them.
- (4) Review the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls systems.
- (5) Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions or policies taken by management on the recommendations and observations.
- (6) Reviewing the nature and extent of non-audit services performed by the external auditors, to ensure their independence and objectivity.
- (7) Meeting with external auditors (without the presence of management and internal auditors) and internal auditors (without the presence of management and external auditors), at least annually.
- (8) Making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- (9) Reviewing the adequacy, effectiveness and independence of the Manager's and KORE's external audit function and internal audit function, at least annually, and report the Committee's assessment to the Board.
- (10) Reviewing the scope and results of the external audit function and internal audit function, at least annually.
- (11) Ensuring at least annually that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager and KORE.
- (12) Approving the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- (13) Reviewing the policy and arrangements (such as whistle-blower policy) by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
- (14) Reporting significant matters raised through the whistle-blowing channel to the Board.
- (15) Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).
- (16) Reviewing related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" ("Interested Person Transactions") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("Interested Party Transactions", and together with Interested Person Transactions, "Related Party Transactions").
- (17) Investigating any matters within the Audit and Risk Committee's purview, whenever it deems necessary.
- (18) Reviewing and monitoring of hedging policies and instruments to be implemented by KORE.
- (19) Reviewing and recommending to the Board hedging policies and monitoring the implementation of such policies.
- (20) Obtaining recommendations on risk tolerance and strategy from management, and where appropriate, reporting and recommending to the Board for its determination:
 - (i) the nature and extent of significant risks which the Manager and KORE may take in achieving its strategic objectives; and
 - (ii) overall levels of risk tolerance, risk parameters and risk policies.
- (21) Reviewing and discussing, as and when appropriate, with management on the Manager's and KORE's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, risk mitigation and monitoring processes and procedures.
- (22) Reviewing the Information Technology (IT) governance and cybersecurity framework to ascertain alignment with business strategy and risk tolerance including monitoring the adequacy of IT capability and capacity to ensure

business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery.

- (23) Receiving and reviewing at least quarterly reports from management on the Manager and KORE's risk profile and major risk exposures, and the steps taken to monitor, control and mitigate such risks, to ensure that such risks are managed within acceptable levels.
- (24) Reviewing the Manager's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types.
- (25) Receiving and reviewing updates from Management to assess the adequacy and effectiveness of the Manager's compliance framework in line with relevant laws, regulations and best practices.
- (26) Through interactions with the Head of Risk and Compliance who has a direct reporting line to the Committee, reviewing and overseeing performance of the Manager's implementation of compliance programmes.
- (27) Reviewing and monitoring the Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.
- (28) Reviewing the adequacy, effectiveness and independence of the Risk and Compliance function, at least annually, and report the Committee's assessment to the Board.
- (29) Reviewing and monitoring management's responsiveness to the critical risks, compliance issues and material matters identified and recommendations of the Risk and Compliance function.
- (30) Providing timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.
- (31) Ensuring that the Head of Risk and Compliance have direct and unrestricted access to the Chairman of the Committee.
- (32) Review the Audit and Risk Committee terms of reference annually and

recommend any proposed changes to the Board.

- (33) Perform such other functions as the Board may determine from time to time.
- (34) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

B. Nominating and Remuneration Committee

- (1) Recommend to the Board the appointment and re-appointment of Directors (including alternate Directors, if any).
- (2) Annual review of the structure and size of the Board and Board Committees, and the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age.
- (3) Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative, objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives.
- (4) Annual review of the independence of each Director, and to ensure that the Board comprises (a) majority non-executive Directors, and (b) at least half, or (if Chairman is not independent) a majority of independent Directors.
- (5) Assess, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Company.
- (6) Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and each Director.
- (7) Annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and individual Directors.

- (8) Review the succession plans for the Board (in particular, the Chairman) and other key management personnel.
- (9) Review talent development plans.
- (10) Review the training and professional development programs for Board members.
- (11) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as the key management personnel, including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Company's long-term strategy and performance.
- (12) Consider all aspects of remuneration to ensure that they are fair, and review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- (13) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
- (14) Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.
- (15) Review the level and structure of remuneration for directors and key management personnel relative to the internal and external peers and competitors to ensure that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Company for the long term.
- (16) Set performance measures and determine targets for any performance-related pay schemes.

CORPORATE GOVERNANCE

- (17) Administer the Company's long-term incentive schemes in accordance with the rules of such schemes.
- (18) Report to the Board on material matters and recommendations.
- (19) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board for approval.
- (20) Perform such other functions as the Board may determine.
- (21) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

BOARD ASSESSMENT

Evaluation processes

Board

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the Independent Co-ordinator or the NRC Chairman will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman. Thereafter, the report is presented to the NRC. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman on the report.

Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties, responsibilities and performance objectives in accordance with the established Board processes of the Company.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's board committee work contribution, whether the Director takes his role of Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings was appropriate (in terms

of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

WHISTLE-BLOWER POLICY

The Whistle-Blower Policy (the "Policy") was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Manager and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Manager or contract worker appointed by the Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- a. Dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
- b. Fraudulent;
- c. Corrupt;
- d. Illegal;
- e. Other serious improper conduct;
- f. An unsafe work practice; or
- g. Any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the report or be a witness.

The Head of Keppel Corporation's Group Internal Audit is the Receiving Officer for the purposes of the Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the ARC Chairman on all matters arising under the Policy.

Reporting Mechanism

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Manager are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), via the established reporting channel, he or she may make the report directly to the ARC Chairman.

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channel.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation

Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. An Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees of the Manager have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or investigatory leave when it is determined by the ARC Chairman that it would be in the best interests of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the

person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)"). Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in an investigation. A reprisal means personal disadvantage by:

- Dismissal;
- Demotion;
- Suspension;
- Termination of employment/ contract;
- Any form of harassment or threatened harassment;
- Discrimination; or
- Current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he/she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him/her.

NATURE OF CURRENT DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEES

Director	Board Membership	Audit and Risk Committee Membership	Nominating and Remuneration Committee Membership
Mr Peter McMillan III	Chairman and Non-Executive Director	-	-
Mr Soong Hee Sang	Independent Director	Chairman	Member
Mr John J. Ahn	Independent Director	Member	Member
Mr Kenneth Tan Jhu Hwa	Independent Director	Member	Chairman
Mr Paul Tham	Non-Executive Director	-	-

GOVERNANCE

CORPORATE GOVERNANCE

Summary of Disclosures of 2018 Code

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the "2018 Code") in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements under the 2018 Code.

Board Matters

The Board's Conduct of Affairs

Principle 1

Provision 1.1	Pages 116, 117, 126 and 127
Provision 1.2	Page 117
Provision 1.3	Pages 115 and 116
Provision 1.4	Pages 128 to 130 and 117 to 125
Provision 1.5	Pages 116 and 119
Provision 1.6	Pages 116 and 117
Provision 1.7	Pages 116 and 117

Board Composition and Guidance

Principle 2

Provision 2.1	Pages 118 and 119
Provision 2.2	Page 118
Provision 2.3	Page 118
Provision 2.4	Page 118
Provision 2.5	Page 116

Chairman and Chief Executive Officer

Principle 3

Provision 3.1	Page 117
Provision 3.2	Page 117
Provision 3.3	Page 119

Board Membership

Principle 4

Provision 4.1	Pages 117 to 119
Provision 4.2	Page 117
Provision 4.3	Pages 117 and 118
Provision 4.4	Pages 118 and 119
Provision 4.5	Pages 13, 14, 117 and 119

Board Performance

Principle 5

Provision 5.1	Pages 119 and 129
Provision 5.2	Pages 119 and 130

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

Provision 6.1	Pages 120 to 122
Provision 6.2	Page 117
Provision 6.3	Pages 120 to 122
Provision 6.4	Page 120

Summary of Disclosures of 2018 Code

Remuneration Matters

Level and Mix of Remuneration

Principle 7

Provision 7.1	Pages 120 to 122
Provision 7.2	Pages 120 to 122
Provision 7.3	Pages 120 to 122

Disclosure on Remuneration

Principle 8

Provision 8.1	Pages 120 to 122
Provision 8.2	Page 122
Provision 8.3	Pages 120 to 122

Accountability and Audit

Risk Management and Internal Controls

Principle 9

Provision 9.1	Page 123
Provision 9.2	Page 124

Audit Committee

Principle 10

Provision 10.1	Pages 122 to 125 and 127 to 131
Provision 10.2	Page 122
Provision 10.3	Page 123
Provision 10.4	Pages 122 to 125
Provision 10.5	Page 123

Shareholder Rights and Responsibilities

Shareholder Rights and Conduct of General Meetings

Principle 11

Provision 11.1	Pages 125 and 126
Provision 11.2	Page 125
Provision 11.3	Page 126
Provision 11.4	Page 126
Provision 11.5	Page 126
Provision 11.6	Page 126

Engagement with Shareholders

Principle 12

Provision 12.1	Pages 125 and 126
Provision 12.2	Page 125
Provision 12.3	Page 125

Managing Stakeholders Relationship

Engagement with Stakeholders

Principle 13

Provision 13.1	Pages 125 and 126
Provision 13.2	Pages 125 and 126
Provision 13.3	Page 125

RISK MANAGEMENT

PROACTIVE AND EFFECTIVE RISK MANAGEMENT IS A FUNDAMENTAL PART OF KEPPEL PACIFIC OAK US REIT'S (KORE) BUSINESS STRATEGY.

A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The Enterprise Risk Management (ERM) framework, which forms part of KORE's System of Management Controls, provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as KORE's policies and limits in addressing and managing key risks identified. The ERM framework also allows KORE to respond promptly and effectively to changes in the constantly evolving business landscape.

Robust ERM Framework

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review. The ERM framework is dynamic and evolves to adapt to the changing business environment.

Risk assessment takes into account both the impact and likelihood of occurrence, as well as covers the investment, financial, operational, reputational and other major aspects of KORE's business. Tools deployed include risk rating matrices and risk registers to assist the Manager in its performance of risk management.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and KORE's assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to management in formulating various risk policies and guidelines, where necessary. The terms of reference of the ARC are disclosed on pages 128-129 of this Report.

The Board and management meet quarterly, or more frequently, when necessary, to review KORE's performance; assess its current and future operating, financial and investment risks; as well as respond to feedback from the risk and compliance manager and auditors.

The Board, assisted by the ARC, has in place three Risk Tolerance Guiding Principles for the Manager and KORE. These principles, which determine the nature and extent of the significant risks that the Board is willing

5-STEP RISK MANAGEMENT PROCESS

Step 1 Identify	Understand strategy, identify value drivers and risk factors.
Step 2 Assess	Prioritise risk factors by assessing their potential impact and likelihood of occurrence.
Step 3 Mitigate	Develop action plans to mitigate risks and identify key risk indicators (KRI) to monitor risks.
Step 4 Implement	Communicate and implement action plans.
Step 5 Monitor	Monitor mitigation results and KRI.

to take in achieving its strategic objectives, include:

1. Risks taken should be carefully evaluated, commensurate with rewards, and are in line with KORE's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so significant as to endanger KORE.
3. KORE does not condone safety breaches or lapses, non-compliance with laws and regulations, or acts such as fraud, bribery and corruption.

The risk management assessment framework also guides the Manager and the Board in assessing the adequacy and effectiveness of the risk management system within KORE. In 2019, the Board has assessed and deemed KORE's risk management system to be adequate and effective in addressing the key risks identified below. Other current, evolving or emerging risks are also well monitored and reported where significant, including:

1. Operational Risks

- All operations are aligned with KORE's strategies to deliver sustainable distributions and strong total returns to its Unitholders.
- The Manager works closely with the property managers to optimise asset performance and control property expenses. The Manager oversees an

active asset management programme that has been put in place to oversee leasing, capital projects and operations at the properties. Measures include prompt lease renewals to reduce rental voids, active monitoring of rental payments from tenants to minimise rental arrears and bad debts, controlling property expenses to maximise net property income and evaluating counter-parties on an ongoing basis.

- Through the property managers and leasing agents, the Manager actively engages and fosters close relationships with tenants to manage a well-spread lease expiry profile.
- Business continuity plans are updated and tested periodically to ensure KORE is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, operations and assets.
- KORE's assets undergo regular audits to review the operational property management processes of the buildings, as well as ensure safety standards and security processes are in line with latest local requirements.

- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.
- Insurance coverage is reviewed annually to ensure that KORE's assets are adequately and appropriately insured.

2. Economic and Taxation Risks

- KORE may be adversely affected by economic and real estate market conditions in the US as well as changes in taxation legislation, administrative guidance or regulations.
- The Manager manages this by closely monitoring the US political environment, economic developments and tax regime. The Manager also works closely with tax agents and advisors to anticipate and evaluate the impact of any changes in taxation legislation, administrative guidance and regulations on the business of KORE and its Unitholders.

3. Liquidity and Financing Risks

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing the tenure of borrowings, to ensure a well-staggered debt maturity profile.
- The Manager maintains an appropriate working capital to ensure there are adequate liquid reserves to meet financial obligations. Steps have also been taken to plan for capital and expense requirements to manage the cash position at any point of time.

4. Exposure to Financial Markets Risks

- The Manager constantly monitors exposure to interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.
- As at end-2019, approximately 81.0% of its non-current term loans had been hedged with floating-to-fixed interest rate swaps.

- In 2019, KORE was not exposed to significant foreign currency risk as its functional currency was in USD and the cash flows from the operations of its properties were denominated in USD. Distribution to Unitholders will be declared in USD and Unitholders can choose to receive the distribution either in USD or in SGD, which will be converted from USD at spot exchange rate at time of distribution. KORE also borrows in USD to provide a partial natural hedge to the properties.

5. Credit Risks

- Credit risk assessments of tenants are carried out prior to signing of lease arrangements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.
- Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby preventing rental arrears.
- The Manager also monitors the tenant mix to ensure a resilient portfolio with low tenant concentration risk.

6. Investment Risks

- Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing economic climate and market conditions.
- The Board reviews and approves all investment proposals after evaluating the benefits and risks involved.
- Considered risks are taken in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

7. Compliance Risks

- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations, including the SGX-ST Listing Rules, Code of Corporate Governance, Code on Collective Investment Schemes, Property Funds Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act, as well as tax rulings in the relevant jurisdictions in which it operates.
- KORE and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.
- Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KORE's business operations.
- The Manager closely monitors changes in legislation and regulations, as well as new developments in its operating environment.
- KORE adopts a strong anti-corruption and anti-bribery stance. It also regularly communicates key policy requirements to ensure relevant policies, processes and controls are effectively designed, managed and implemented, so that compliance risks and controls are effectively handled.

8. Emerging Risks

- The Manager performs monitoring of evolving or emerging risks.
- Cybersecurity is an example of an emerging risk which is monitored closely and actions are taken, when necessary, to prevent and mitigate it.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000) FY 2019 US\$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) FY 2019 US\$'000
Pacific Oak Strategic Opportunity REIT, Inc and its subsidiaries - Acquisition of investment properties	Pacific Oak Strategic Opportunity REIT, Inc (formerly known as KBS Strategic Opportunity REIT, Inc) ("Pacific Oak SOR") is managed by Pacific Oak Capital Advisors LLC ("Pacific Oak CA"). Pacific Oak SOR was also formerly managed by KBS Capital Advisors LLC ("KBS CA"). The REIT Manager is a joint venture between Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd. ("KPA") in equal share. The partners of KPA include Peter McMillan III and Keith D. Hall who, together, own Pacific Oak CA and one-third of KBS CA. Given the relationship between KPA and Pacific Oak CA/KBS CA, transactions between Keppel Pacific Oak US REIT and any funds managed by Pacific Oak CA/KBS CA will constitute interested person transactions.	101,500 ¹	Nil
Keppel Pacific Oak US REIT Management Pte. Ltd. - Manager's management fees - Acquisition fees	Manager of the REIT	5,078 1,015	Nil Nil
Perpetual (Asia) Ltd - Trustee fees	Trustee of the REIT	122	Nil

¹ Based on the agreed purchase price as set out in the Purchases and Sales Agreement.

Certain other interested person transactions outlined in the Prospectus dated 02 November 2017 are deemed to have been approved by the Unitholders and are therefore not subjected to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of fees charged thereunder which will adversely affect Keppel Pacific Oak US REIT.

Keppel Pacific Oak US REIT has not obtained a general mandate from Unitholders for interested person transactions for the financial year under review.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by Keppel Pacific Oak US REIT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of Keppel Pacific Oak US REIT.

Please also see significant related party transactions on Note 22 in the financial statements.

Subscription of Keppel Pacific Oak US REIT Units

During the financial year ended 31 December 2019, Keppel Pacific Oak US REIT issued:

- 6,796,306 new Units as payment of management fees to the Manager;
- 1,335,351 new Units to the Manager in relation to the acquisition fees paid for the acquisition of One Twenty Five; and
- 104,286,000 new Units were issued for the Private Placement to raise US\$ 75.6 million of proceeds for the acquisition of One Twenty Five.

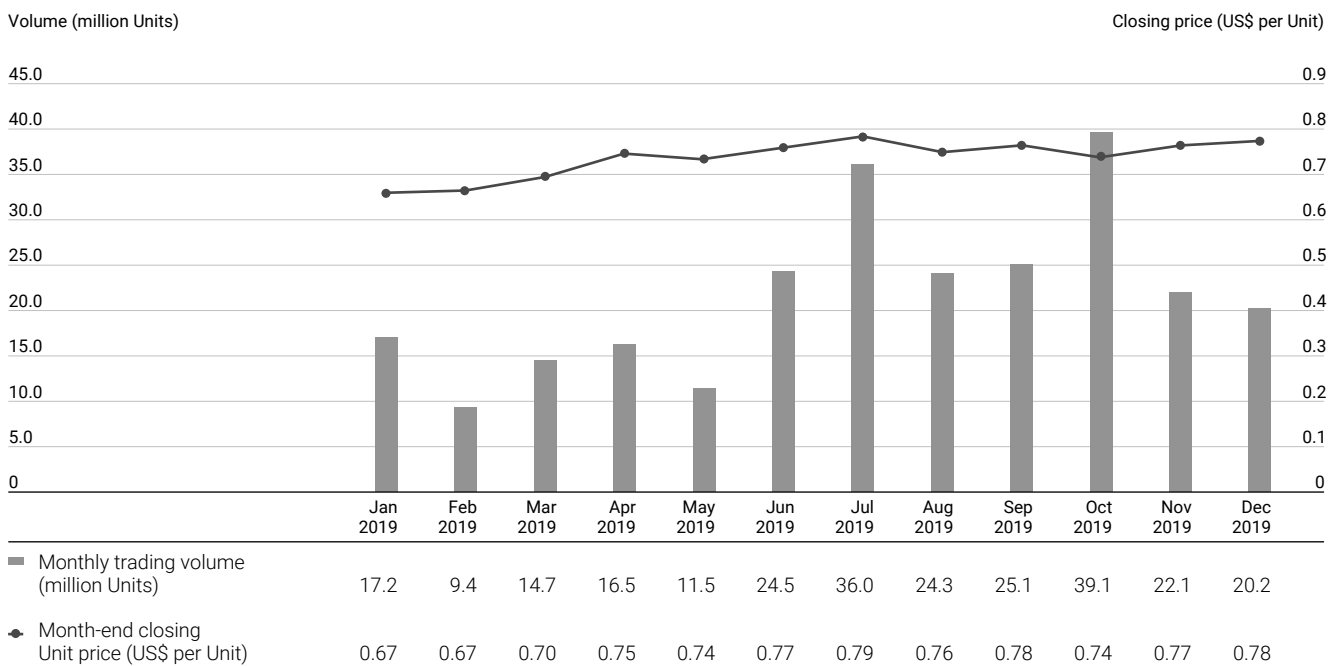
OTHER INFORMATION

UNIT PRICE PERFORMANCE

Approximately 260.6 million Keppel Pacific Oak US REIT (KORE) Units were traded in the financial year ending 31 December 2019 (FY 2019). The Unit closed at US\$0.78 on 31 December 2019.

Total Unitholder return was 41.0%¹. KORE declared a total distribution per Unit (DPU) of 6.01 US cents for FY 2019, translating to a distribution yield of 7.7% based on the closing price per Unit of US\$0.78 on 31 December 2019.

MONTHLY TRADING PERFORMANCE



UNIT PRICE PERFORMANCE

	FY 2019	FY 2018
Highest closing price (US\$ per Unit)	0.82	0.92
Lowest closing price (US\$ per Unit)	0.61	0.54
Average closing price (US\$ per Unit)	0.73	0.81
Closing price on last trading day (US\$ per Unit)	0.78	0.61
Trading volume (million Units)	260.6	147.3

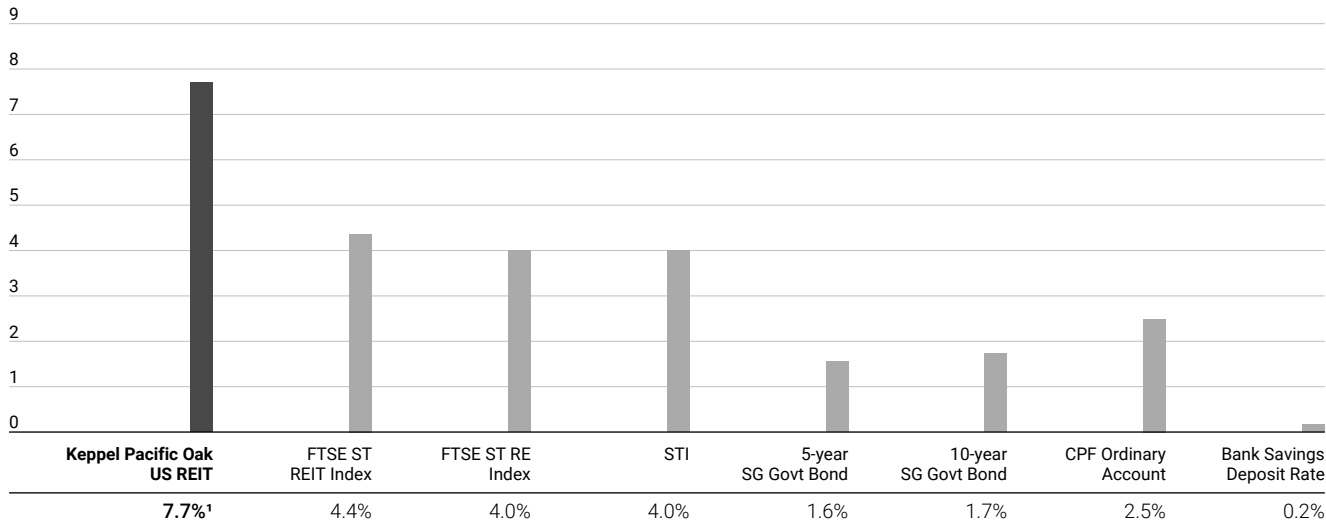
¹ Source: Bloomberg.

OTHER INFORMATION

UNIT PRICE PERFORMANCE

COMPARATIVE YIELDS

(as at 31 December 2019)

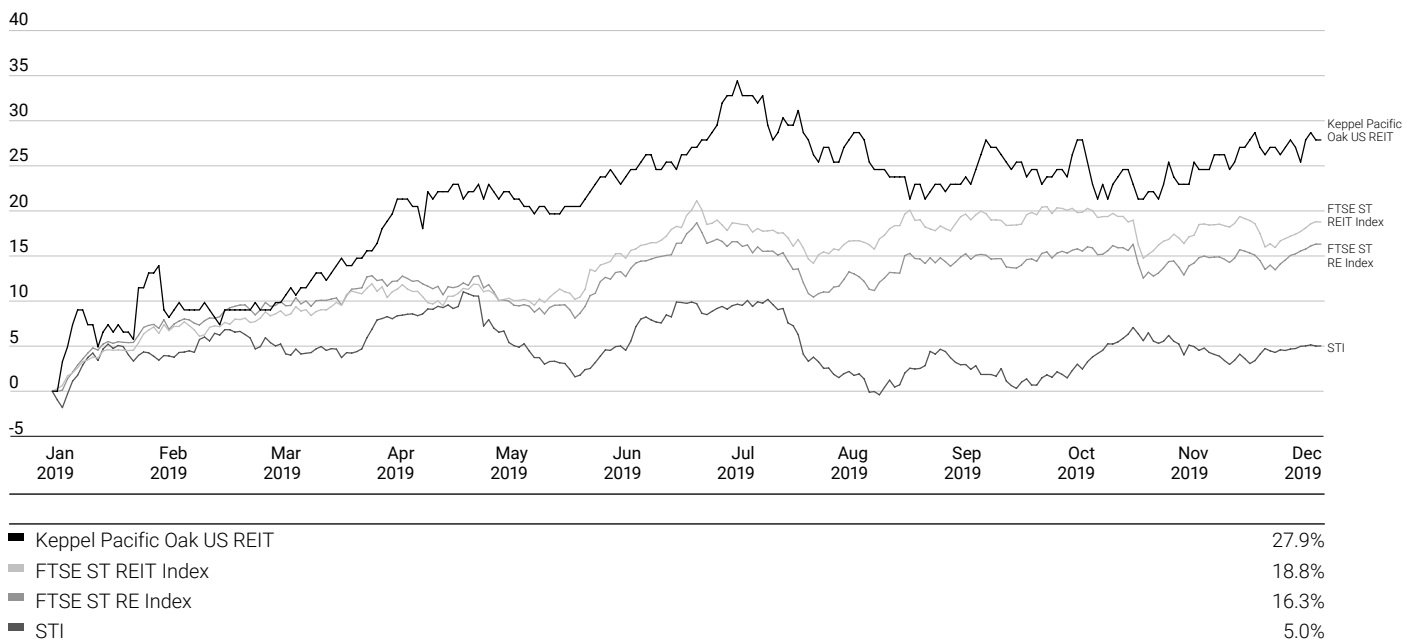


¹ Based on Keppel Pacific Oak US REIT's total DPU of 6.01 US cents for FY 2019 and the market closing price per Unit of US\$0.78 as at 31 December 2019.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities.

UNIT PRICE PERFORMANCE AGAINST INDICES

(for the period from 1 January 2019 to 31 December 2019)



Source: Bloomberg.

OTHER INFORMATION

STATISTICS OF UNITHOLDINGS

As at 2 March 2020

Issued and Fully Paid Units

935,901,779 Units (Voting rights: 1 vote per Unit)

There is only one class of Units in Keppel Pacific Oak US REIT.

Market capitalisation of US\$673,849,281 based on market closing price of US\$0.72 per Unit on 2 March 2020.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	17	0.29	848	0.00
100 - 1,000	381	6.45	336,006	0.04
1,001 - 10,000	3,240	54.81	18,866,488	2.02
10,001 - 1,000,000	2,250	38.06	102,236,575	10.92
1,000,001 AND ABOVE	23	0.39	814,461,862	87.02
TOTAL	5,911	100.00	935,901,779	100.00

TWENTY LARGEST UNITHOLDERS

NO.	Name	NO. OF UNITS	%
1	DBS Nominees (Private) Limited	461,919,565	49.36
2	Raffles Nominees (Pte.) Limited	99,887,463	10.67
3	Citibank Nominees Singapore Pte Ltd	70,269,235	7.51
4	Keppel Capital Investment Holdings Pte Ltd	64,165,352	6.86
5	DB Nominees (Singapore) Pte Ltd	20,599,272	2.20
6	DBSN Services Pte. Ltd.	20,259,838	2.16
7	HSBC (Singapore) Nominees Pte Ltd	14,213,320	1.52
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,424,132	1.01
9	Goi Seng Hui	6,391,529	0.68
10	OCBC Securities Private Limited	5,471,602	0.58
11	United Overseas Bank Nominees (Private) Limited	5,269,412	0.56
12	Keppel Pacific Oak US REIT Management Pte. Ltd.	5,086,355	0.54
13	ABN AMRO Clearing Bank N.V.	5,064,200	0.54
14	Phillip Securities Pte Ltd	3,757,958	0.40
15	CGS-CIMB Securities (Singapore) Pte. Ltd.	3,414,980	0.36
16	BPSS Nominees Singapore (Pte.) Ltd.	3,332,000	0.36
17	Merrill Lynch (Singapore) Pte. Ltd.	3,089,637	0.33
18	UOB Kay Hian Private Limited	2,992,410	0.32
19	Maybank Kim Eng Securities Pte. Ltd.	2,514,907	0.27
20	DBS Vickers Securities (Singapore) Pte Ltd	2,437,900	0.26
	Total	809,561,067	86.49

OTHER INFORMATION

STATISTICS OF UNITHOLDINGS

As at 2 March 2020

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2020, the direct and deemed interests of each Director in the Units¹ in Keppel Pacific Oak US REIT are as follows:

Name of Director	No. of Units
Peter McMillan III	4,333,612 (Deemed) ²
Soong Hee Sang	Nil
John J. Ahn	Nil
Kenneth Tan Jhu Hwa	Nil
Paul Tham	Nil

¹ As at 21 January 2020, there are no convertible securities in Keppel Pacific Oak US REIT.

² Peter McMillan III's deemed interest arises from his shareholdings in KBS Pacific Advisors Pte. Ltd., which in turn is deemed to have interest in the units held by Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, as at 2 March 2020, the Substantial Unitholders of Keppel Pacific Oak US REIT and their interests in the Units in Keppel Pacific Oak US REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	99,463,992 (Deemed) ¹	10.63
Keppel Corporation Limited	69,185,192 (Deemed) ²	7.39
Keppel Capital Holdings Pte. Ltd.	69,185,192 (Deemed) ³	7.39
Keppel Capital Investment Holdings Pte. Ltd.	64,165,352 (Direct)	6.86
Pacific Oak Strategic Opportunity REIT, Inc.	64,165,352 (Deemed) ⁴	6.86
Pacific Oak Strategic Opportunity Limited Partnership	64,165,352 (Deemed) ⁵	6.86
Pacific Oak SOR (BVI) Holdings Ltd	64,165,352 (Deemed) ⁶	6.86
Pacific Oak SOR Properties LLC	64,165,352 (Direct)	6.86
Hillsboro Capital, Ltd.	82,858,569 (Direct)	8.85

Notes:

- (1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and other associated companies of Temasek Holdings (Private) Limited.
- (2) Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., which is in turn a wholly-owned subsidiary of Keppel Corporation Limited; and (ii) Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.
- (3) Keppel Capital Holdings Pte. Ltd.'s deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd.; and (ii) Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.
- (4) Pacific Oak Strategic Opportunity REIT, Inc.'s deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of Pacific Oak Strategic Opportunity Limited Partnership. Pacific Oak Strategic Opportunity Limited Partnership is a wholly-owned subsidiary of Pacific Oak Strategic Opportunity REIT, Inc.
- (5) Pacific Oak Strategic Opportunity Limited Partnership's deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of Pacific Oak Strategic Opportunity Limited Partnership.
- (6) Pacific Oak SOR (BVI) Holdings Ltd's deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd.

Public Unitholders

Based on the information available to the Manager as at 2 March 2020, approximately 73.66% of the issued Units in Keppel Pacific Oak US REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Pacific Oak US REIT is at all times held by the public.

Treasury Units

As at 2 March 2020, there are no treasury units held by Keppel Pacific Oak US REIT or the Manager.

CORPORATE INFORMATION

TRUSTEE

Perpetual (Asia) Limited

Registered Address:

8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981
Phone: +65 6908 8203
Fax: +65 6438 0255

Principal Business Address:

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Singapore 049318

AUDITOR

Ernst & Young LLP

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Phone: +65 6535 7777
Fax: +65 6532 7662
Partner-in-charge: Mr Nelson Chen
(With effect for the financial period from
22 September 2017 (date of constitution)
to 31 December 2018)

THE MANAGER

Keppel Pacific Oak US REIT Management Pte. Ltd.

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#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6803 1818
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Website: www.koreusreit.com

Principal Business Address:

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Investor Relations Contact:

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UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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retail-investor](https://www2.sgx.com/securities/retail-investor)

COMPANY SECRETARY

Mr Kelvin Chua

DIRECTORS OF THE MANAGER

Mr Peter McMillan III
Chairman and Non-Executive Director

Mr Soong Hee Sang
Independent Director

Mr John J. Ahn
Independent Director

Mr Kenneth Tan Jhu Hwa
Independent Director

Mr Paul Tham
Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Soong Hee Sang (Chairman)

Mr John J. Ahn

Mr Kenneth Tan Jhu Hwa

NOMINATING AND REMUNERATION COMMITTEE

Mr Kenneth Tan Jhu Hwa (Chairman)

Mr Soong Hee Sang

Mr John J. Ahn

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