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## Keppel Pacific Oak US REIT

(a real estate investment trust constituted on 22 September 2017 in the Republic of Singapore)  
(managed by Keppel Pacific Oak US REIT Management Pte. Ltd.)

### LAUNCH OF PRIVATE PLACEMENT TO RAISE GROSS PROCEEDS OF APPROXIMATELY US\$65.0 MILLION IN KEPPEL PACIFIC OAK US REIT

#### 1. Introduction

Keppel Pacific Oak US REIT Management Pte. Ltd., as manager of Keppel Pacific Oak US REIT (the “**Manager**”), wishes to announce the proposed private placement of new units in Keppel Pacific Oak US REIT (“**Units**”, and the new Units to be issued pursuant to the Private Placement, the “**New Units**”) at an issue price of between US\$0.720 (the “**Minimum Issue Price**”) and US\$0.743 per New Unit (both figures inclusive) (the “**Issue Price Range**”) to raise gross proceeds of approximately US\$65.0 million (the “**Private Placement**”).

#### 2. Details of the Private Placement

The Manager has appointed DBS Bank Ltd. and United Overseas Bank Limited as the joint bookrunners and underwriters in relation to the Private Placement (the “**Joint Bookrunners and Underwriters**”).

The Manager has today entered into a subscription agreement with the Joint Bookrunners and Underwriters (the “**Subscription Agreement**”), pursuant to which the Joint Bookrunners and Underwriters have been appointed to procure subscribers for the New Units at an issue price per New Unit (the “**Issue Price**”) to be determined on the terms and subject to the conditions of the Subscription Agreement.

The Private Placement shall be subject to certain conditions precedent set out in the Subscription Agreement, including the receipt of the approval in-principle of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. The Private Placement is fully underwritten by the Joint Bookrunners and Underwriters on the terms and subject to the conditions of the Subscription Agreement.

The Issue Price Range of between US\$0.720 and US\$0.743 per New Unit (both figures inclusive) represents a discount of between:

- (i) 6.6% and 9.5% to the volume weighted average price (“**VWAP**”) of US\$0.7959 per Unit, for trades in the Units done on the SGX-ST for the preceding Market Day<sup>1</sup> on 27 July 2021, up to the time the Subscription Agreement was signed; and
- (ii) (for illustrative purposes only) 2.0% and 5.0% to the adjusted VWAP<sup>2</sup> of US\$0.7579 per Unit.

The Issue Price will be determined by the Manager and the Joint Bookrunners and Underwriters following a book-building process. The Manager will make an announcement via SGXNET once the Issue Price has been determined.

### **3. Rationale for the Private Placement**

The Manager believes that the Private Placement will bring the following key benefits to the Unitholders:

#### **3.1 Benefits of the Acquisitions**

The Manager intends to use the net proceeds from the Private Placement to partially fund the proposed acquisitions (the “**Acquisitions**”) by Keppel Pacific Oak US REIT of two office buildings, namely (a) Bridge Crossing located in Nashville, Tennessee, United States of America, and (b) 105 Edgeview located in Denver, Colorado, United States of America (the “**Properties**”). A summary of these benefits is as follows:

- Deepen Presence in Key Growth Markets Driven by Tech and Innovation, which will Enhance Income Resilience;
- Prime Locations in Key Submarkets with Limited Upcoming Supply;
- DPU-Accretive Acquisitions that strengthen KORE’s Distributions and Total Unitholder Returns;
- Augments KORE’s Green Footprint; and
- Enhances Weightage in Current Indices and Positions for Further Index-Inclusions

(see announcement titled “Proposed Acquisitions of Bridge Crossing in Nashville, Tennessee and 105 Edgeview in Denver, Colorado, in the USA” dated 28 July 2021 for further details and benefits of the Acquisitions to Keppel Pacific Oak US REIT and its Unitholders).

#### **3.2 Benefits of the Private Placement**

It is intended that the Acquisitions will be financed by a combination of debt financing and the net proceeds from the Private Placement, taking into account the then prevailing market conditions, so as to ensure that the Acquisitions will provide overall distribution per Unit accretion to Unitholders while maintaining an optimum level of gearing. The Manager believes

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1 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

2 The adjusted VWAP is computed based on the VWAP of trades in the Units done on the SGX-ST for the preceding Market Day on 27 July 2021, up to the time the Subscription Agreement was signed and subtracting the Cumulative Distribution (as defined herein) of approximately 3.80 US cents per Unit (being the mid-point of the estimated Cumulative Distribution Range (as defined herein)). This amount is only an estimate based on information currently available to the Manager, and the actual Cumulative Distribution may differ and will be announced on a later date.

that the Private Placement, in combination with debt financing, is an efficient and overall beneficial method of raising funds to finance the Acquisitions.

The increase in the total number of Units in issue and enlarged Unitholder base is expected to enhance the free float and trading liquidity of the Units and raise the profile of Keppel Pacific Oak US REIT among investors.

#### **4. Eligibility to Participate in the Private Placement**

The offer of New Units under the Private Placement will be made to institutional, accredited and other investors.

The New Units have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable securities laws of any state or jurisdiction of the United States. Accordingly, the New Units are being offered and sold outside the United States in offshore transactions as defined in and in reliance on Regulation S under the Securities Act.

The Manager, along with the Joint Bookrunners and Underwriters, reserves the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

#### **5. Use of Proceeds**

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of approximately US\$65.0 million from the Private Placement in the following manner:

- (i) up to approximately US\$62.3 million (which is equivalent to 95.8% of the gross proceeds of the Private Placement) to partially fund the Acquisitions<sup>3</sup>; and
- (ii) up to approximately US\$2.7 million (which is equivalent to 4.2% of the gross proceeds of the Private Placement) to pay the estimated fees and expenses, including (i) the underwriting and placement commission and related fees and expenses payable to the Joint Bookrunners and Underwriters, and (ii) professional and other fees and expenses to be incurred by Keppel Pacific Oak US REIT in connection with the Acquisitions and Private Placement,

with the balance of the gross proceeds of the Private Placement, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding its current intention, in the event that the Private Placement is completed but the Acquisitions do not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes, including, without limitation, to repay existing indebtedness and for funding capital expenditures and general corporate and/or working capital purposes.

Pending the deployment of the net proceeds from the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or used to repay outstanding borrowings or for any other purpose on a short-term

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<sup>3</sup> The balance of the purchase consideration for the Acquisitions will be funded by debt financing.

basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

## 6. Authority to issue Units

The issue of the New Units under the Private Placement is being carried out pursuant to a general mandate (the “**General Mandate**”) given to the Manager at the annual general meeting of Keppel Pacific Oak US REIT (“**AGM**”) held on 20 April 2021.

Pursuant to the General Mandate, the Manager may, during the period from 20 April 2021 to (i) the conclusion of the next AGM, or (ii) the date by which the next AGM is required by applicable regulations to be held, whichever is earlier, issue new Units and/or securities, warrants, debentures or other instruments convertible into Units (“**Convertible Securities**”) such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the total number of Units in issue (excluding treasury Units, if any) as at 20 April 2021 (the “**Base Figure**”), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a *pro rata* basis to existing Unitholders, shall not be more than 20.0% of the Base Figure.

The Base Figure, being the number of Units in issue as at 20 April 2021, was 945,264,658 Units.

The number of Units that can be issued under the General Mandate is 472,632,329 Units, of which no more than 189,052,931 Units may be issued on a non *pro rata* basis.

The Manager has issued 2,102,066 Units since 20 April 2021 on a non *pro rata* basis. The up to 90,277,000 New Units to be issued pursuant to the Private Placement (based on the Minimum Issue Price of US\$0.720 per New Unit to raise gross proceeds of approximately US\$65.0 million) would constitute up to 9.6% of the Base Figure which is within the 20.0% limit for issue of new Units other than on a *pro rata* basis. Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement.

## 7. Status of the New Units

### 7.1 Entitlement to Cumulative Distribution

Keppel Pacific Oak US REIT’s policy is to distribute its distributable income on a semi-annual basis to Unitholders.

The Manager had on 26 July 2021 announced a distribution of 3.16 US cents per Unit for the period from 1 January 2021 to 30 June 2021 (“**1HFY21 Distribution**”).

In connection with the Private Placement, however, the Manager intends to declare in respect of the Units in issue on the day immediately prior to the issue of the New Units (the “**Existing Units**”), an advanced distribution for the period from 1 July 2021 to the day immediately preceding the date on which the New Units will be issued under the Private Placement (the “**Advanced Distribution**”) and together with the 1HFY21 Distribution, the “**Cumulative Distribution**”).

The current expectation of the Manager is that the quantum of distribution per Unit in Keppel Pacific Oak US REIT under the Cumulative Distribution<sup>4</sup> is estimated to range from 3.78 US cents to 3.82 US cents, comprising (i) the 1HFY21 Distribution of approximately 3.16 US cents, and (ii) the Advanced Distribution which is currently estimated to be between 0.62 US cents and 0.66 US cents (the “**Cumulative Distribution Range**”). A further announcement on the actual quantum of the Cumulative Distribution will be made by the Manager in due course.

The next distribution following the Cumulative Distribution will comprise Keppel Pacific Oak US REIT’s distributable income for the period from the date on which the New Units are issued under the Private Placement to 31 December 2021. Semi-annual distributions will resume thereafter.

The Cumulative Distribution is intended to ensure that the distributable income accrued by Keppel Pacific Oak US REIT up to the day immediately prior to the date of issue of the New Units (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

For the avoidance of doubt, holders of the New Units will not be entitled to participate in the distribution of any distributable income accrued by Keppel Pacific Oak US REIT prior to the date of issue of the New Units (including the Cumulative Distribution). The New Units are expected to be issued and commence trading on the SGX-ST on 6 August 2021.

## **7.2 Status of the New Units issued pursuant to the Private Placement**

The New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to Keppel Pacific Oak US REIT’s distributable income from the day of issuance of the New Units as well as all distributions thereafter, other than in respect of the Cumulative Distribution.

## **8. Application to the SGX-ST for Approval-in-Principle**

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

By Order of the Board  
Keppel Pacific Oak US REIT Management Pte. Ltd.  
(Company Registration Number: 201719652G)  
as manager of Keppel Pacific Oak US REIT

Marc Tan / Darren Tan  
Company Secretaries  
28 July 2021

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4 The Cumulative Distribution Range comprises the declared 1HFY21 Distribution of 3.16 US cents per New Unit and the estimated distribution for the period from 1 July 2021 to 5 August 2021 (being the date immediately prior to the date on which the New Units are issued pursuant to the Private Placement), based on the distributable income for the period from 1 January 2021 to 30 June 2021 and the Manager’s pro-rated estimate of Keppel Pacific Oak US REIT’s revenue and expenses for the period from 1 July 2021 to 5 August 2021. This amount is only an estimate based on information currently available to the Manager, and the actual Cumulative Distribution may differ.

## **IMPORTANT NOTICE**

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of Keppel Pacific Oak US REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events. The past performance of Keppel Pacific Oak US REIT and the Manager are not necessarily indicative of the future performance of any of them.

The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, Perpetual (Asia) Limited, in its capacity as trustee of Keppel Pacific Oak US REIT, Keppel Capital Holdings Pte. Ltd. and KORE Pacific Advisors Pte. Ltd., as the sponsors of Keppel Pacific Oak US REIT or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of any other jurisdiction.

### **Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore:**

The New Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).