

## KEPPEL PACIFIC OAK US REIT

### MINUTES OF THE ANNUAL GENERAL MEETING (“AGM”) OF THE UNITHOLDERS OF KEPPEL PACIFIC OAK US REIT HELD BY ELECTRONIC MEANS ON 3 JUNE 2020 AT 9.30 A.M.

#### PRESENT

Mr. Soong Hee Sang	Chairman of the Meeting
Mr. Peter McMillan III	Chairman of the Board (via video-conference)
Mr. David Snyder	Chief Executive Officer (via video-conference)
Mr. Kenneth Tan Jhu Hwa	Director (via video-conference)
Mr. John J. Ahn	Director (via video-conference)
Mr. Paul Tham	Director (via video-conference)
Mr. Gwee Wei Yong Andy	Chief Financial Officer

#### IN ATTENDANCE (VIA LIVE WEBCAST OR AUDIO CONFERENCE)

As per attendance lists.

#### 1. INTRODUCTION

Chairman of the Board extended a warm welcome to all Unitholders and attendees who had joined the virtual AGM by webcast and audio means. As he is based in the United States and to avoid any potential disruption arising from internet connectivity issues, he handed over to Mr Soong Hee Sang, Chairman of the Audit and Risk Committee, to chair the proceedings of the AGM (the “Chairman”).

The Chairman proceeded to introduce the board of directors (“Board”), Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of Keppel Pacific Oak US REIT Management Pte. Ltd (the “Manager”), the manager of Keppel Pacific Oak US REIT (“KORE”).

#### 2. QUORUM AND CONDUCT OF VOTING

As there was a quorum, Chairman called the meeting to order.

Chairman informed the meeting that he has been appointed as proxy by a number of Unitholders to vote on their behalf and voting will be conducted by poll. As all proxy forms have been submitted 72 hours before the AGM, the number of votes for and against each motion had been verified by the scrutineers, RHT Governance, Risk & Compliance (Singapore) Pte. Ltd., and the poll results will be announced after each resolution.

### **3. RESPONSES TO QUESTIONS RECEIVED FROM UNITHOLDERS**

Chairman also informed the meeting that responses to all substantial and relevant questions which have been submitted by Unitholders have been published on SGXNET and KORE's corporate website yesterday evening. Chairman added that CFO would be giving Unitholders a presentation where he would address some of the questions relating to KORE's business operations and outlook.

### **4. MANAGEMENT PRESENTATION**

CFO gave a presentation on KORE's performance update for the year ending 31 December 2019 and the first quarter of 2020. A copy of the presentation slides is available on SGXNET and KORE's corporate website.

#### Delivering Growth in FY 2019

CFO shared that 2019 was an exciting year for KORE. It concluded two value accretive acquisitions in the year namely Maitland Promenade I and One Twenty Five which strengthened KORE's portfolio, and extended its presence in the key growth market of Orlando, Florida, as well as marked its entrance into a new market - Dallas, Texas.

These strategic acquisitions, coupled with the Manager's drive for excellence saw KORE deliver on all its IPO projections, and achieved total Unitholder return of 41% for the year.

#### Driving Operational Excellence

Underpinning KORE's performance was its continued focus on operational excellence which brought its core strengths into the forefront.

These are:

- Presence in key growth markets in the US and exposure to the growth and defensive sectors of technology and healthcare;
- A highly diversified and resilient portfolio with low tenant concentration risk;
- Financial flexibility from having 100% unsecured debt;
- Strong rental reversion of 14.3% across the portfolio; as well as
- Strong committed occupancy of 93.6%.

Testament to these value propositions was KORE's inclusion into the MSCI Singapore Small Cap and FTSE All World Small Cap Indices in 2020, which will improve the REIT's trading liquidity.

#### Growth Trajectory since IPO

Since listing, KORE has continued to build upon the positive momentum, and have completed three value accretive acquisitions. This brought KORE's investment portfolio to US\$1.26 billion as at end-December 2019, up 52% since IPO.

## First Choice Submarkets in Key Growth Markets

Today, KORE has a footprint in eight key growth markets across the US that can provide the REIT with strong visible growth opportunities over the long term.

## 1Q 2020: Key Financial Performance

Following recent amendments by the SGX, KORE has since adopted half-yearly announcement of financial results. Nevertheless, as part of its proactive Unitholder engagement efforts, the Manager had in April, provided key business and operational updates for the first quarter of 2020.

Amid a rapidly evolving pandemic, KORE continues to maintain a strong financial position and liquidity. The Manager's efforts in 2019 saw KORE deliver year-on-year improvements to our distributable income for 1Q 2020. Following the announcement of the Final 267A tax regulations by the US Inland Revenue Service, KORE has reverted to the original tax structure with effect from 16 April 2020. Had the restructuring been completed on 1 January 2019, distributable income for FY 2019 would have increased by approximately 1.5%.

## 1Q 2020: Key Portfolio Performance

The strength of KORE's portfolio and markets has also resulted in positive rental reversions and stable occupancy for the first quarter of 2020. Notwithstanding the slowdown in leasing activities as corporates pushed back on viewings due to the social distancing and work from home measures, KORE leased 104,000 sf of space during the quarter, equivalent to 2.2% of total portfolio. With this, KORE will have only 6% of leases due for renewal for the rest of the year.

Portfolio rental reversion was 12% driven mainly by higher rents for leases signed in Austin, Seattle and Sacramento. Portfolio committed occupancy and weighted average lease expiry also remained healthy at 94% and 4.2 years respectively.

## Resilient Portfolio

In this current pandemic, KORE's highly diversified portfolio with very low tenant concentration risk provides resilience and a buffer against any sharp impact from a COVID-19 led downturn.

KORE's top 10 tenants, which are either listed companies or subsidiaries of large conglomerates, contribute only 19.5% of cash rental income, with the top tenant contributing just 3.5% of portfolio cash rental income. Approximately 38% of our tenants are in the high growth technology, as well as medical and healthcare sectors, which will continue to support the portfolio and drive future growth.

## Prudent Capital Management

On the capital management front, the weighted average term to maturity of KORE's debt was 2.9 years with an all-in average cost of debt of 3.53% per annum as at 31 March 2020. All of KORE's borrowings are US dollar-denominated and 100% unsecured, with no long-term debt refinancing requirements until November 2021.

Aggregate leverage and interest coverage ratios were a modest 36.9% and a healthy 4.2 times respectively, with 81.0% of the REIT's non-current loans hedged to fixed rates. KORE has also early refinanced US\$30 million or approximately 21% of expiring loans in 2021.

### Navigating the COVID-19 Situation

Since the onset of the Covid-19 pandemic, KORE has implemented precautionary measures across its portfolio to protect the health, safety and well-being of employees and tenants.

With local authorities implementing shelter in place orders and limiting operations to only essential services, KORE has ensured that all its properties remain safe, secure and operational.

In terms of the financial impact of COVID-19, KORE is relatively well buffered in that it has very limited retail exposure. For KORE, tenants from this sector, including those in medical retail, account for less than 2% of the REIT's total gross revenue, with the remaining being attributable to office space.

This has allowed KORE to collect over 90% of total rents in April 2020. KORE's balance sheet and financial standing remains strong and its income resilience is supported by a highly diversified tenant base with low concentration risk.

At this time, the full impact of the crisis is currently unknown, and as the Manager continues to monitor the situation, it is also committed to working collaboratively with tenants to navigate these difficult times.

### Last 12 Months Rent Growth

CFO shared that, based on data from independent research provider, CoStar, the average 12-month rent growth for KORE's key growth markets are double that of the US and gateway cities.

### Projected 12-Month Rent Outlook

Similarly, according to CoStar, the projected 12-month rent growth for KORE's key growth markets is expected to remain positive or flat, compared to negative growth projected in both the US and gateway cities. However, he cautioned that these are estimates by CoStar; and given how the US economy is evolving and changing rapidly, things can be fairly uncertain or fluid in the coming quarters.

In summary, while this is unprecedented and challenging times, KORE's primary goal remains the same – which is to deliver stable distributions and returns for its Unitholders.

## **AS ORDINARY BUSINESS**

**5. RESOLUTION 1: TO RECEIVE AND ADOPT THE REPORT OF PERPETUAL (ASIA) LIMITED, AS TRUSTEE OF KEPPEL PACIFIC OAK US REIT (THE “TRUSTEE”), THE STATEMENT BY KEPPEL PACIFIC OAK US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL PACIFIC OAK US REIT, AND THE AUDITED FINANCIAL STATEMENTS OF KEPPEL PACIFIC OAK US REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE AUDITORS’ REPORT THEREON**

- 5.1 Chairman proposed that the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements of Keppel Pacific Oak US REIT for the year ended 31 December 2019 and the Auditor’s Report thereon, be received and adopted.
- 5.2 Chairman casted his votes in accordance with voting instructions received. Based on the scrutineers’ report, the voting results were as follows.

Votes FOR the resolution: 241,412,322 votes or 99.99 per cent.
--

Votes AGAINST the resolution: 30,000 votes or 0.01 per cent.
--

- 5.3 Chairman declared the resolution carried.

**It was resolved as an Ordinary Resolution that** the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements of Keppel Pacific Oak US REIT for the year ended 31 December 2019 and the Auditor’s Report thereon, was received and adopted.

**6. RESOLUTION 2: TO RE-APPOINT MESSRS ERNST & YOUNG LLP (“E&Y”) AS THE AUDITOR OF KEPPEL PACIFIC OAK US REIT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT AGM OF KEPPEL PACIFIC OAK US REIT, AND TO AUTHORISE THE MANAGER TO FIX THEIR REMUNERATION**

- 6.1 The second item of the agenda was an Ordinary Resolution to deal with the re-appointment of Messrs Ernst & Young LLP (“E&Y”) as the auditor of Keppel Pacific Oak US REIT to hold office until the conclusion of the next AGM of Keppel Pacific Oak US REIT, and to authorise the Manager to fix their remuneration.
- 6.2 Chairman proposed that E&Y be re-appointed as the auditor of Keppel Pacific Oak US REIT to hold office until the conclusion of the next AGM of Keppel Pacific Oak US REIT, and the Manager be authorised to fix their remuneration.
- 6.3 Chairman casted his votes in accordance with voting instructions received. Based on the scrutineers’ report, the voting results were as follows.

Votes FOR the resolution: 241,412,322 votes or 99.99 per cent.
--

Votes AGAINST the resolution: 30,000 votes or 0.01 per cent.
--

6.4 Chairman declared the resolution carried.

**It was resolved as an Ordinary Resolution that** E&Y be re-appointed as the auditor of Keppel Pacific Oak US REIT to hold office until the conclusion of the next AGM of Keppel Pacific Oak US REIT, and the Manager was authorised to fix their remuneration.

## **AS SPECIAL BUSINESS**

### **7. RESOLUTION 3: GENERAL MANDATE TO AUTHORISE THE MANAGER TO ISSUE UNITS AND TO MAKE OR GRANT CONVERTIBLE INSTRUMENTS**

7.1 The first item under “special business”, Ordinary Resolution 3, dealt with the mandate to be given to the Manager to issue new Units in Keppel Pacific Oak US REIT and/or make or grant instruments (such as warrants or debentures) convertible into Units, and to issue Units in pursuance of such instruments. The mandate was subject to a maximum issue of up to 50% of the total number of issued Units in Keppel Pacific Oak US REIT as at the date of the passing of the resolution of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders would not exceed 20%. In exercising the authority granted under this resolution, the Manager was to comply with the provisions of the Listing Manual of the SGX-ST and the Trust Deed. The authority conferred was to continue in force until the conclusion of the next AGM of Keppel Pacific Oak US REIT or the date by which the next AGM was required by applicable regulations to be held, whichever was the earlier.

7.2 Chairman proposed that Resolution 3 as set out in the Notice of AGM dated 12 May 2020, be put to the vote.

7.3 Chairman cast his votes in accordance with voting instructions received. Based on the scrutineers’ report, the voting results were as follows.

Votes FOR the resolution: 158,429,953 votes or 65.62 per cent.
--

Votes AGAINST the resolution: 83,012,369 votes or 34.38 per cent.
---

7.4 Chairman declared the resolution carried.

**It was resolved as an Ordinary Resolution that** the Manager was authorised and empowered to:

- (a) (i) issue Units in Keppel Pacific Oak US REIT (“Units”) whether by way of rights, bonus or otherwise and including any capitalization of any sum for the time being standing to the credit of any of Keppel Pacific Oak US REIT’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or
- (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments

to) securities, warrants, debentures or other instruments convertible into Units (collectively, "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be calculated based on the total number of issued Units at the time this Resolution is passed, after adjusting for:
  - (a) any new Units arising from the conversion or exercise of any convertible securities or options which were issued and are outstanding or subsisting at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by the Resolution, the Manager would comply with the provisions of the Listing Manual of the SGX-ST (the "Listing Manual") for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel Pacific Oak US REIT or (ii) the date by which the next AGM of Keppel Pacific Oak US REIT is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the

authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units were issued; and

- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Keppel Pacific Oak US REIT to give effect to the authority conferred by this Resolution.

**8. RESOLUTION 4: RENEWAL OF THE GENERAL MANDATE FOR UNIT BUY-BACK (THE "UNIT BUY-BACK MANDATE")**

- 8.1 The next item under "special business" related to the mandate to be given to the Manager to repurchase issued Units for and on behalf of Keppel Pacific Oak US REIT up to the maximum limit of 10% of the total number of issued Units as at the date of passing of this resolution. Unless revoked or varied by the Unitholders in a general meeting, the authority conferred would continue in force until the earlier of: (1) the date on which the next AGM of Keppel Pacific Oak US REIT is held or required by applicable laws and regulations or the Trust Deed to be held or (2) the date on which repurchases of units pursuant to the mandate were carried out to the full extent mandated. The rationale, duration and limits of the authority were set out in the Appendix that was circulated to Unitholders prior to the meeting.

- 8.2 Chairman proposed that Resolution 4 as set out in the Notice of AGM dated 12 May 2020, be put to the vote.

- 8.3 Chairman cast his votes in accordance with voting instructions received. Based on the scrutineers' report, the voting results were as follows.

Votes FOR the resolution: 241,412,322 votes or 99.99 per cent.
--

Votes AGAINST the resolution: 30,000 votes or 0.01 per cent.
--

- 8.4 Chairman declared the resolution carried.

**It was resolved as an Ordinary Resolution that** the Manager was authorised and empowered to:

- (a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel Pacific Oak US REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

- (ii) off-market repurchases(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the “Unit Buy-Back Mandate”);

- (b) (unless revoked and varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting of Keppel Pacific Oak US REIT is held;
- (ii) the date by which the next annual general meeting of Keppel Pacific Oak US REIT is required by applicable laws and regulations or the Trust Deed to be held; or
- (iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the market purchase or, as the case may be, the date on which the offer pursuant to the off-market purchase, is made;

“date of the making of the offer” means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

“Market Day” means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

“Maximum Limit” means that number of Units representing 10% of the total number of issued Units as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market repurchase of a Unit, 105% of the Average Closing Price of the Units; and
  - (ii) in the case of an off-market repurchase of a Unit, 110% of the Average Closing Price of the Units; and
- (d) the Manager and the Trustee and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Keppel Pacific Oak US REIT to give effect to the transactions contemplated and/or authorised by this Resolution.

## **9. CLOSURE**

- 9.1 There being no other business, the AGM ended at 9.50 a.m. with a vote of thanks to Chairman.

Confirmed by:  
**Mr Soong Hee Sang**  
**Chairman of the Meeting**