

Keppel Pacific Oak US REIT

Virtual Lunch with Investment Writers

3 December 2020

Important Notice

The past performance of Keppel Pacific Oak US REIT is not necessarily indicative of its future performance. Certain statements made in this release may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

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

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

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Overview

Tenant lounge
The Westpark Portfolio
Seattle, Washington





Tenant lounge, Bellevue Technology Center, Seattle, Washington

About Keppel Pacific Oak US REIT (KORE)

Distinctive US office REIT focused on key growth markets with positive economic and office fundamentals that generally outpace that of the US national average, as well as the average of the gateway cities

Focus on key growth markets in the US

Resilient and highly diversified portfolio

Tax advantaged structure

Sponsors

- Keppel Capital and KPA

US Asset Manager

- Pacific Oak Capital Advisors LLC, also advisor for Pacific Oak Strategic Opportunity REIT

Manager

- Keppel Pacific Oak US REIT Management Pte. Ltd.

Investment Mandate

- To invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in **key growth markets of the US with favourable economic and office fundamentals**

Distribution Policy & Distribution

- Semi-annual distributions
- Distributions declared in US dollars

Currency

KORE Strengths

Presence in first choice submarkets in key growth markets

Exposure to **growth and defensive sectors** of **technology and healthcare**, which comprise **37.2%** of portfolio NLA.

Highly diversified portfolio with low tenant concentration risk

Top 10 tenants contribute **only 19.7%** of portfolio cash rental income.

100% unsecured debt

Weighted average term to maturity of **3.1 years** with **no long-term refinancing requirements** until November 2022.

Strong rental reversion of 14.1%

Strong average rental reversion across the portfolio for 9M 2020, supported by **continued leasing demand** and **rent growth** across the key growth markets.

Stable portfolio committed occupancy

Healthy committed occupancy of 92.8% and **WALE of 4.0 years** by CRI.

Trading liquidity with index inclusion

Constituents to the **FTSE All World Small Cap** and the **MSCI Singapore Small Cap Indices**.

Delivered Growth Since IPO



Listed on SGX
 Portfolio value: US\$0.83b
 IPO with 11 office buildings
 & business campuses
 across 7 key growth markets



Strengthened foothold
 in the strong Maitland
 submarket
 Maitland Promenade 1
 Orlando, Florida

Jan 2019

9 Nov 2017

Maiden acquisition
 The Westpark Portfolio
 Seattle, Washington



Nov 2018

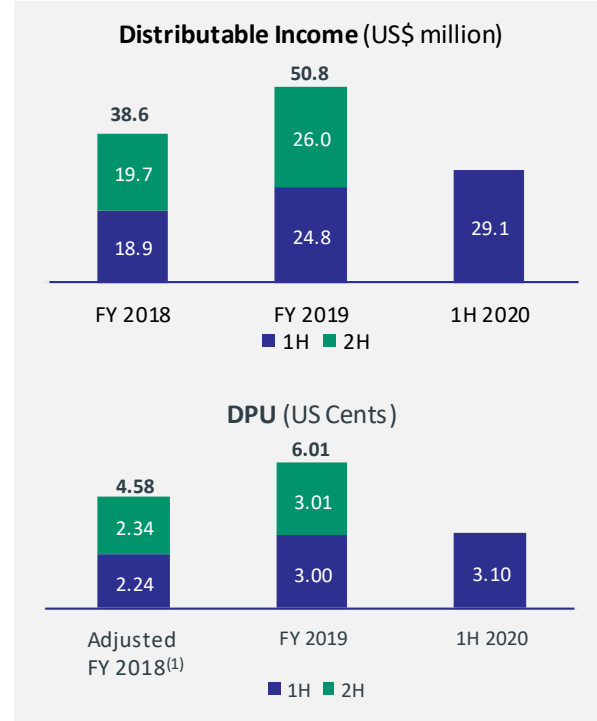
Extended footprint
 into new key growth
 market
 One Twenty Five
 Dallas, Texas



Nov 2019

30 Sep 2020

Portfolio value: US\$1.28b
 13 office buildings &
 business campuses across 8
 key growth markets



First Choice Submarkets in Key Growth Markets

SEATTLE – BELLEVUE/REDMOND, Washington



The Plaza Buildings
Occupancy: 94.1%



Bellevue Technology Center
Occupancy: 100.0%



The Westpark Portfolio
Occupancy: 97.0%

ATLANTA, Georgia



Powers Ferry
Occupancy: 91.5%



Northridge Center I & II
Occupancy: 78.6%

DENVER, Colorado



Westmoor Center
Occupancy: 96.8%

SACRAMENTO, California



Iron Point
Occupancy: 97.3%

AUSTIN, Texas



Great Hills Plaza
Occupancy: 100.0%



Westech 360
Occupancy: 78.7%

HOUSTON, Texas



1800 West Loop South
Occupancy: 75.5%



Bellaire Park
Occupancy: 91.3%

ORLANDO, Florida

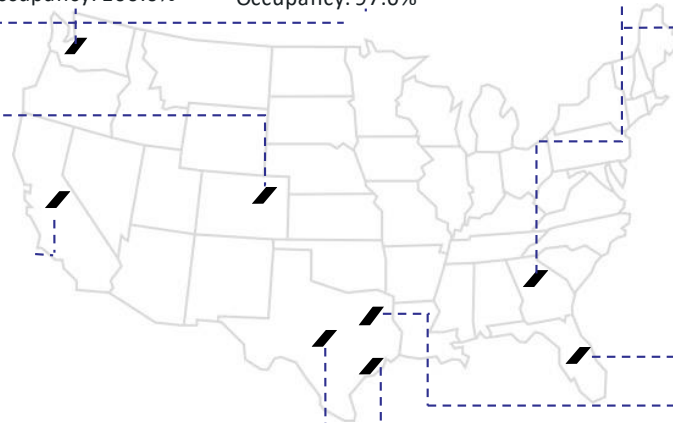


Maitland Promenade I & II
Occupancy: 94.5%

DALLAS, Texas



One Twenty Five
Occupancy: 95.8%



Overview

13 freehold office buildings
and **business campuses**
across **8 key growth markets**

Portfolio NLA
Over 4.7 million sf

Portfolio Value
US\$1.28 billion

Portfolio Committed
Occupancy (by NLA)
92.8%

All information as at 30 September 2020.

Resilient and Highly Diversified Portfolio

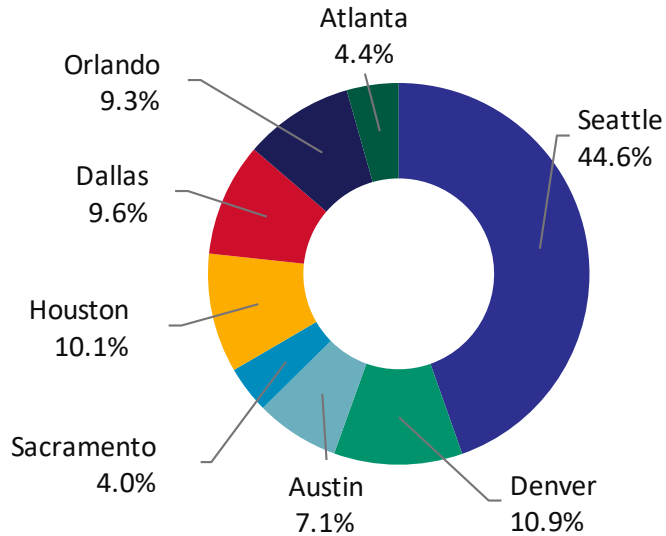


KORE's buildings and business campuses in the tech hubs of Seattle, Austin and Denver contribute ~63% of NPI

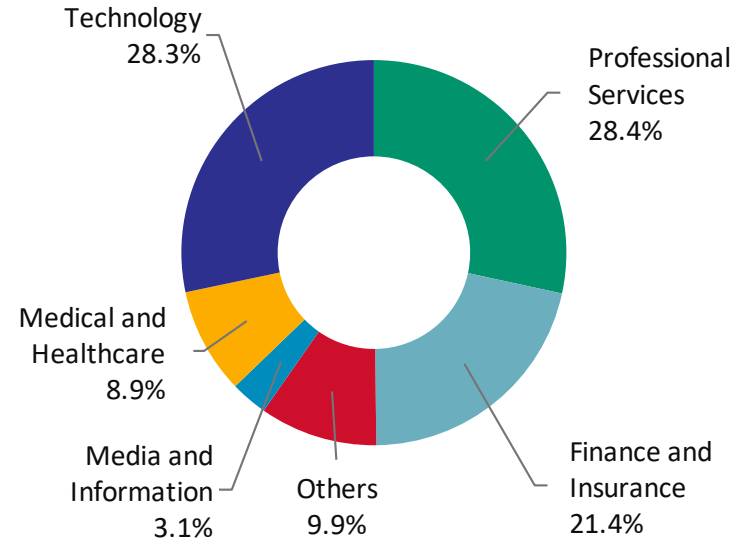


High quality and diverse tenants from the growing and defensive sectors of technology, as well as medical and healthcare

Geographic Diversification by NPI⁽¹⁾ contribution as at 30 September 2020



Industry Diversification by NLA as at 30 September 2020



Low Tenant Concentration Risk

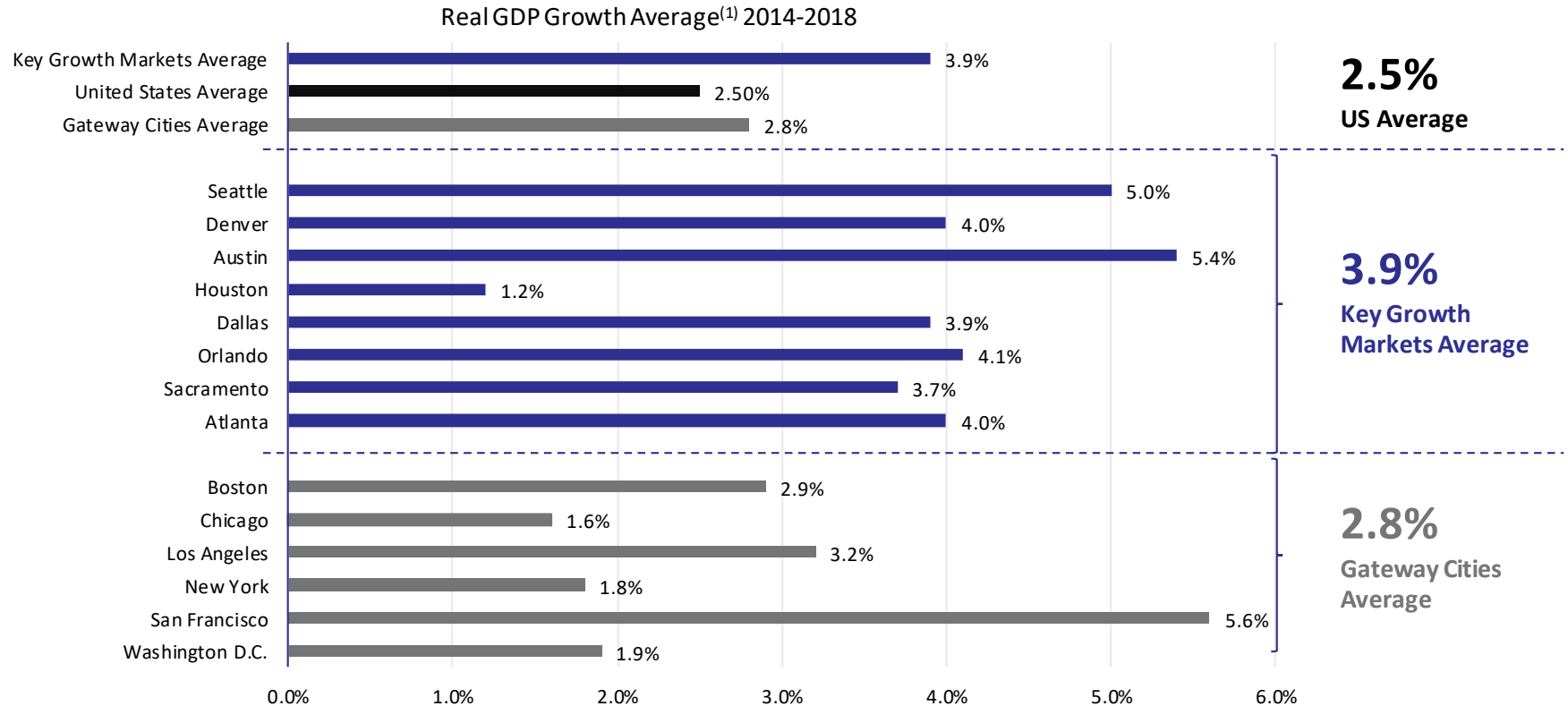
Top 10 tenants contribute only 19.7% of CRI, with the largest tenant contributing only 3.4% of CRI

As at 30 September 2020

Top 10 Tenants	Sector	Asset	% CRI
Ball Aerospace	Technology	Westmoor Center	3.4
Oculus VR	Technology	The Westpark Portfolio	2.5
Lear	Technology	The Plaza Buildings	2.2
Zimmer Biomet Spine	Technology	Westmoor Center	2.0
Spectrum	Media & Information	Maitland Promenade I	1.8
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Center	1.7
Bio-Medical Applications	Medical & Healthcare	One Twenty Five	1.7
US Bank	Finance & Insurance	The Plaza Buildings	1.6
Auth0	Technology	The Plaza Buildings	1.5
Reed Group	Technology	Westmoor Center	1.3
Total			19.7
WALE (by NLA)			4.8 years
WALE (by CRI)			4.9 years

Positive Economics in KORE's Key Growth Markets

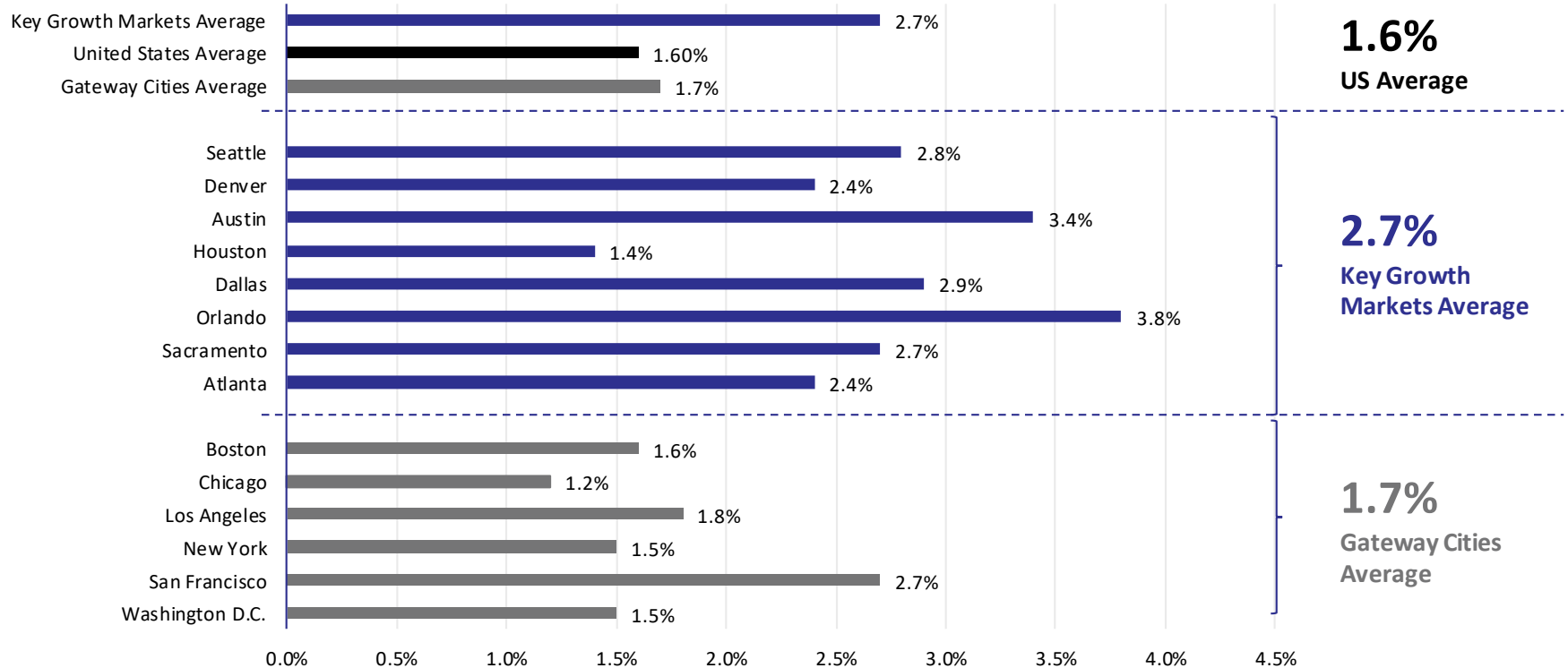
KORE's key growth markets continue to outperform national average



Rising Employment in KORE's Key Growth Markets

KORE's key growth markets continue to outperform national average

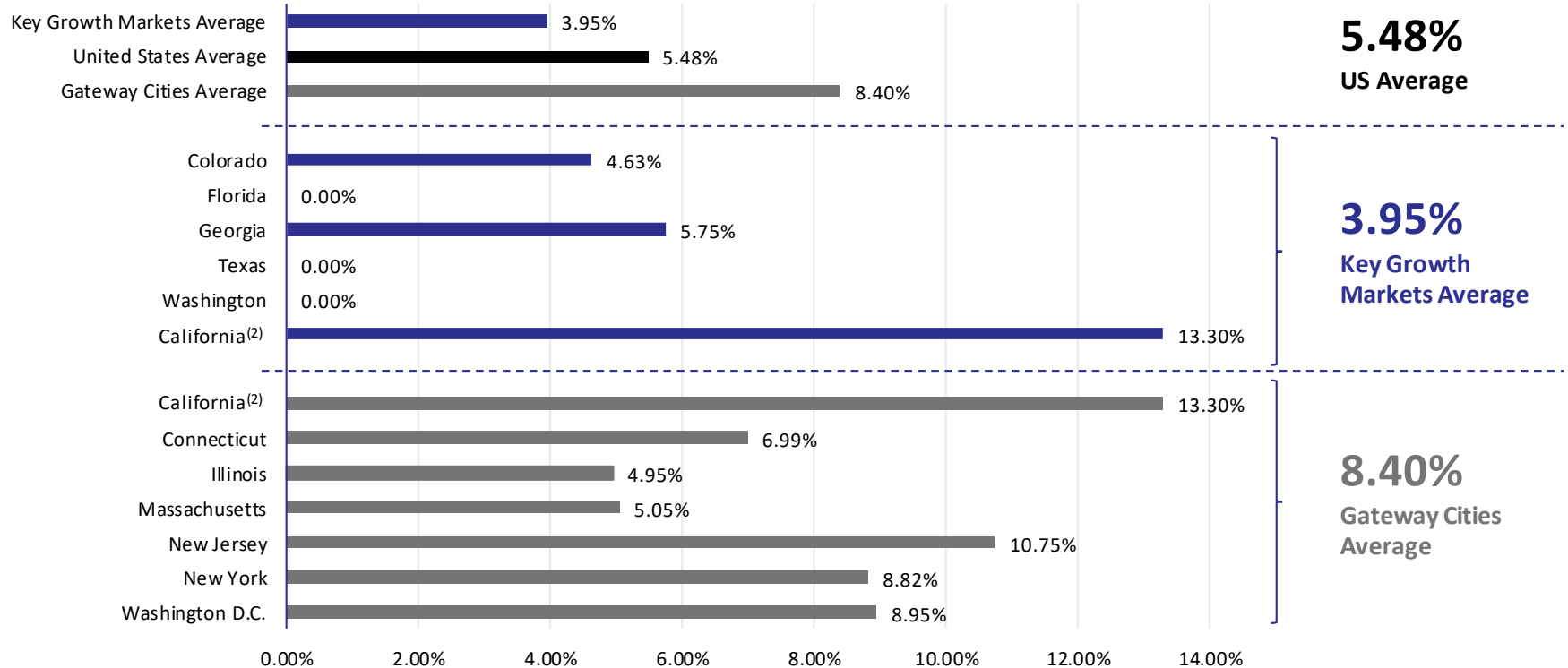
Employment Growth Average⁽¹⁾ 2015-2019



Low State Personal Income Taxes

Individuals are moving to states with zero or low personal income taxes, accelerating population growth

State Individual Tax Rates (as at July 1, 2019)⁽¹⁾



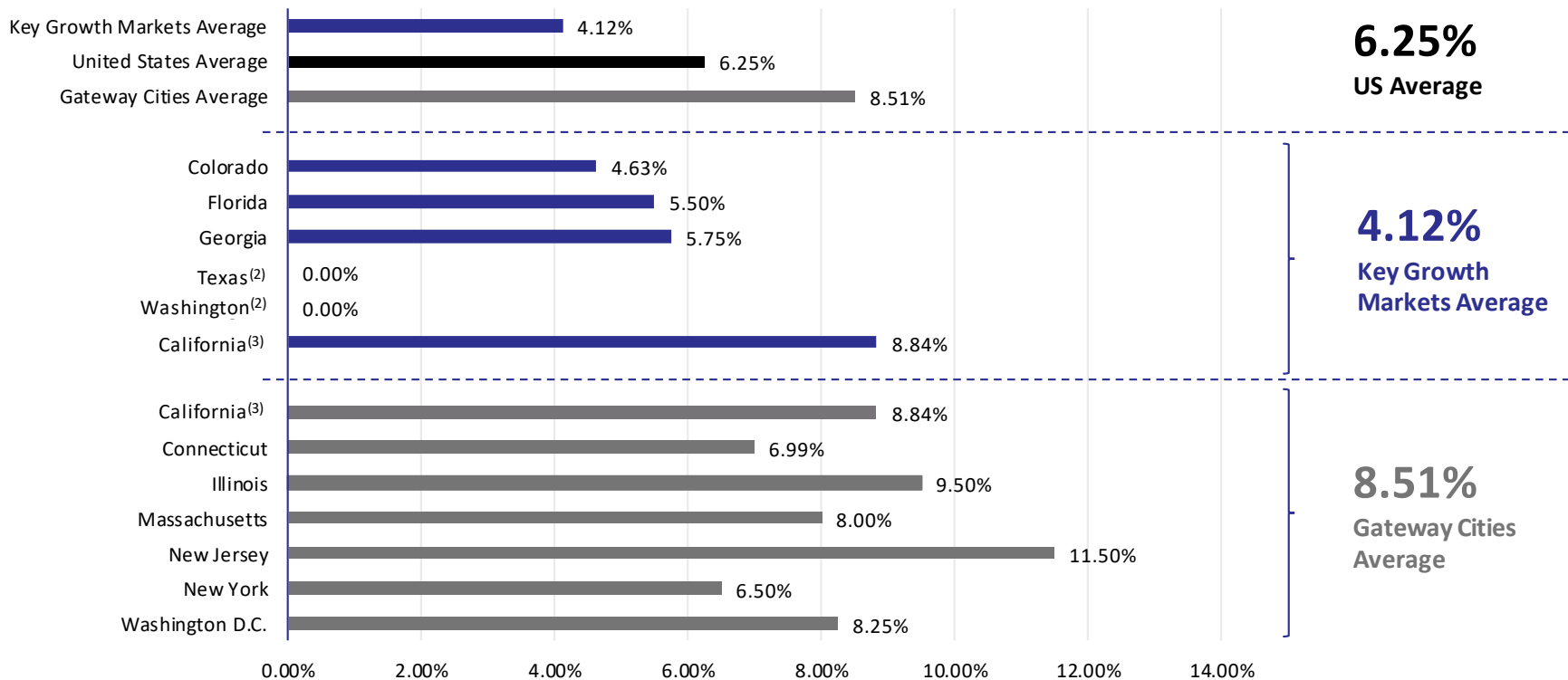
(1) Tax Foundation's 2020 State Business Tax Climate Index, based on top marginal individual income tax rates.

(2) The state of California encompasses the key growth city of Sacramento and the gateway cities of Los Angeles and San Francisco.

Low State Corporate Income Taxes

Companies are moving to states with zero or low corporate taxes, accelerating population growth

State Corporate Income Tax Rates (as at July 1, 2019)⁽¹⁾



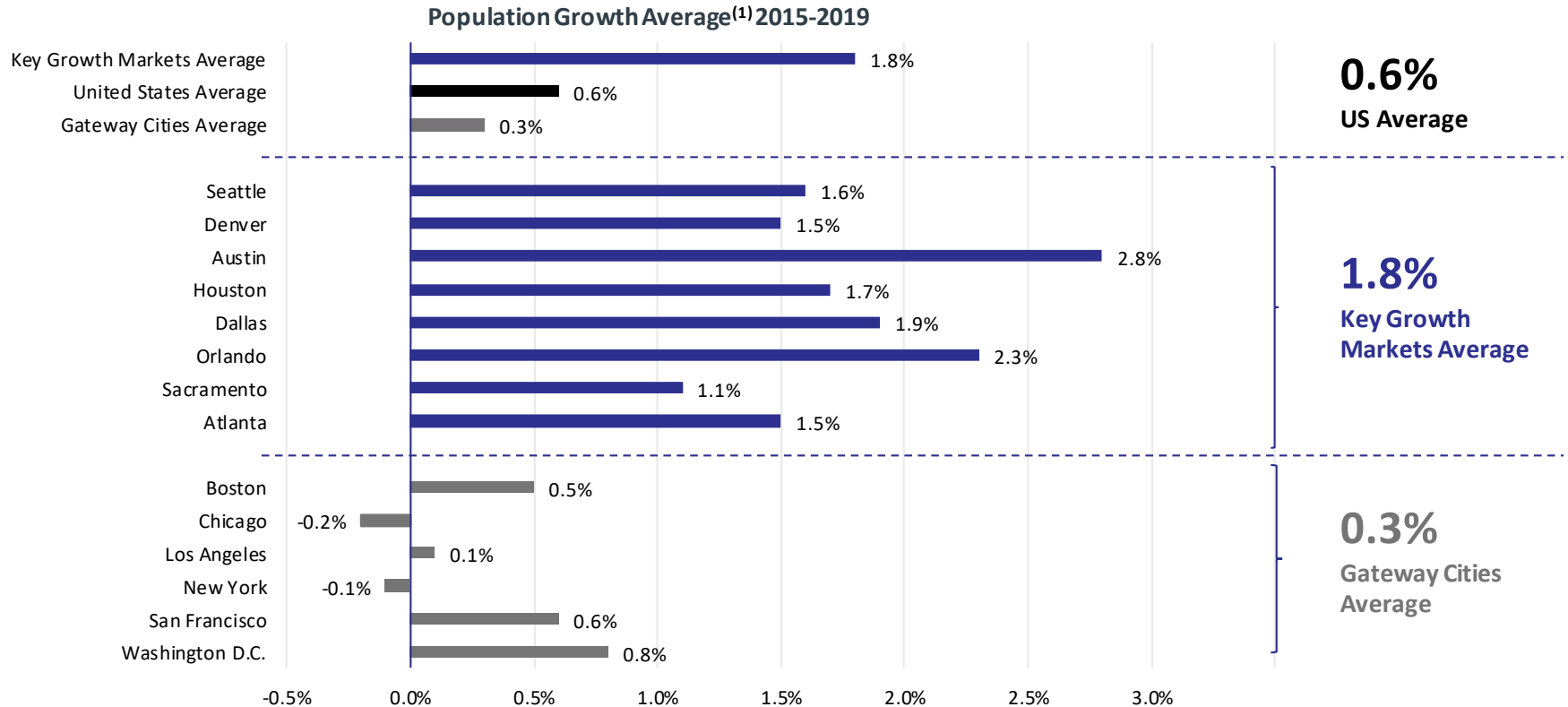
(1) Tax Foundation's 2020 State Business Tax Climate Index, based on top marginal individual income tax rates.

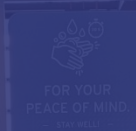
(2) Texas and Washington do not have a corporate income tax but do have a gross receipts tax.

(3) The state of California encompasses the key growth city of Sacramento and the gateway cities of Los Angeles and San Francisco.

Expanding Population in KORE's Key Growth Markets

KORE's key growth markets continue to outperform national average





3Q 2020 Operational Updates

Enhanced health and safety
protocols across KORE's
properties





Tenant space, Westmoor Center, Denver, Colorado

9M 2020 Financial Highlights

17.7%
YoY increase in
distributable income

37.7%
Low
gearing ratio

Financial Performance

- **Continued efforts to drive growth and focus on operational excellence have led to year-on-year improvements** largely due to:
 - Contribution from One Twenty Five, which was acquired in November 2019
 - New and expansion leases from the tech hubs of Seattle and Denver
- **Strong balance sheet with significant liquidity**
 - Low gearing of 37.7% with no long-term refinancing requirements until November 2022
 - Cash and undrawn facilities of US\$109 million as at 30 September 2020

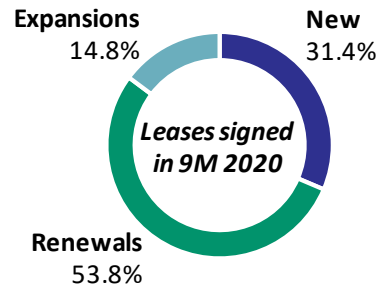
	3Q 2020 (US\$'m)	3Q 2019 (US\$'m)	% Chg	9M 2020 (US\$'m)	9M 2019 (US\$'m)	% Chg
Gross Revenue	34.5	30.4	13.5	105.0	89.1	17.8
Net Property Income	20.5	18.5	10.8	62.4	54.7	14.1
Income Available for Distribution⁽¹⁾	14.7	12.4	18.5	43.8	37.2	17.7

1) Income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

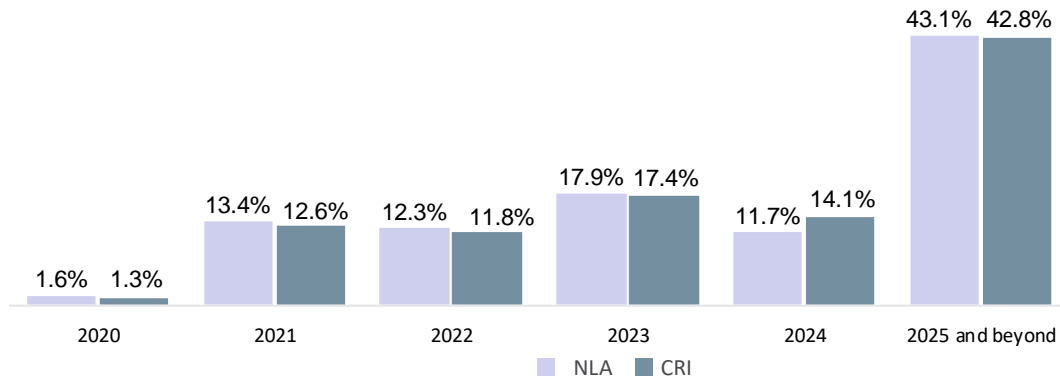


Income Resilience and Healthy Occupancy

- Leased ~49,600 sf of space in 3Q 2020, mainly in Seattle, Houston and Atlanta
- Total space leased in 9M 2020 was ~245,400 sf
- Driven mainly by demand from the tech and professional services sector
- Portfolio WALE of 4.0 years by CRI^(1,3)



Lease Expiry Profile



9M 2020 Portfolio Highlights

5.2% ⁽¹⁾ Total portfolio leased	14.1% ⁽¹⁾ Positive rental reversion
2.7% Built-in average annual rental escalations	92.8% ⁽²⁾ Portfolio committed occupancy

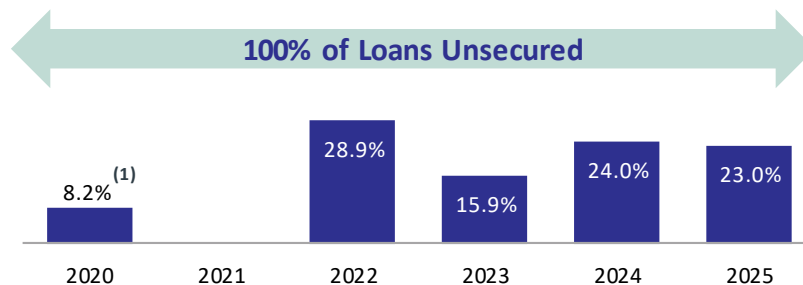
Prudent Capital Management

Low aggregate leverage and 100% unsecured loans provide greater financial flexibility

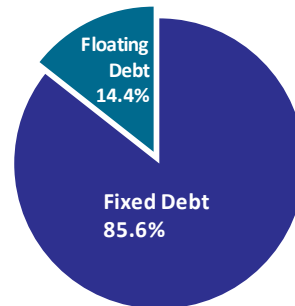
As at 30 September 2020

Total Debt	<ul style="list-style-type: none"> US\$500.7 million of external loans 100% unsecured
Available Facilities	<ul style="list-style-type: none"> US\$55.0 million of revolving credit facility US\$9.0 million of uncommitted revolving credit facility
Aggregate Leverage⁽²⁾	37.7%
All-in Average Cost of Debt⁽³⁾	3.35 % p.a.
Interest Coverage⁽⁴⁾	4.5 times
Average Term to Maturity	3.1 years

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁽⁵⁾

Every + 50bps in LIBOR translates to - 0.057 US cents in DPU p.a.

1) Refers to the US\$41 million uncommitted revolving credit facility drawn.

2) Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.

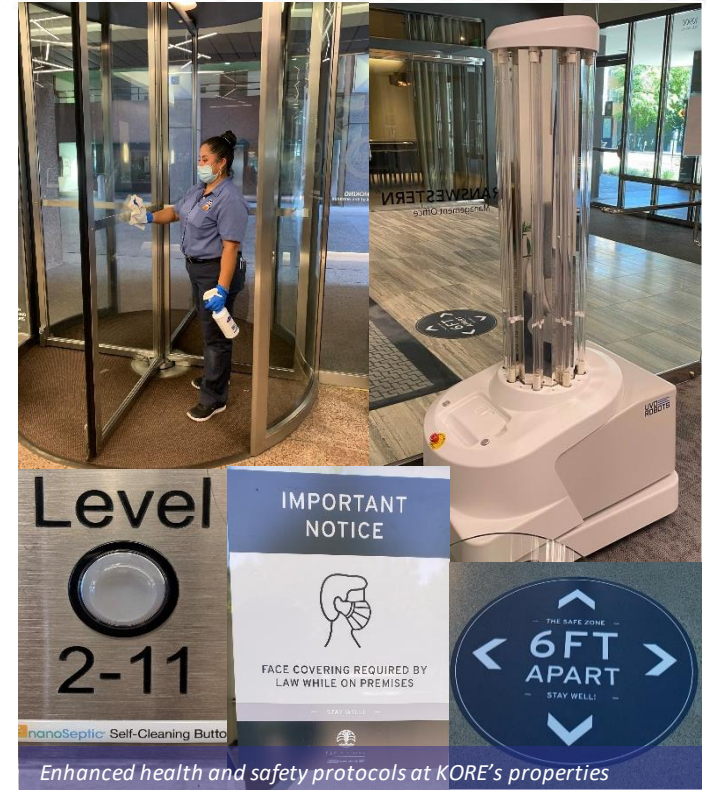
3) Includes amortisation of upfront debt financing costs.

4) Interest Coverage Ratio (ICR) disclosed above is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020. After adjusting for management fees taken in Units, the ICR would be 4.9 times.

5) Based on the 14.4% floating debt, US\$41 million revolving credit facility drawn which are unhedged and the total number of Units in issue as at 30 September 2020.

Business Continuity and Strengths Through the Pandemic

- ✓ **Strong rent collection is testament of KORE's portfolio and tenant quality**
 - Collected 98.6% of rents in 3Q 2020, and 98.9% for 9M 2020⁽¹⁾
 - 100% of rent collected from top 10 tenants
 - ~1.1% impact on 9M 2020 NPI as a result of rent relief requests granted
 - Limited rent deferment requests received in 3Q 2020, <0.5% of NLA
 - Scheduled repayment of deferred rent has started for some tenants
- ✓ **Income resilience** continues to be supported by
 - **Highly diversified tenant base with low tenant concentration risk**
 - Limited retail exposure of <2% of CRI
 - Minimal Co-Working Tenants ~2% of CRI
 - Low exposure of <1% of CRI to oil & gas tenants
 - **In-place rents are ~10% discount to asking rents**
 - Continued healthy leasing activities driven by demand from tech and professional services
 - Re-occupancy occurring across KORE's markets



Enhanced health and safety protocols at KORE's properties

Market Outlook

*Tenant lounge,
1800 West Loop South
Houston, Texas*





Great Hills Plaza, Austin, Texas

33.1%

Real GDP growth in 3Q 2020⁽¹⁾

+4.5%

Average hourly earnings y-o-y⁽²⁾

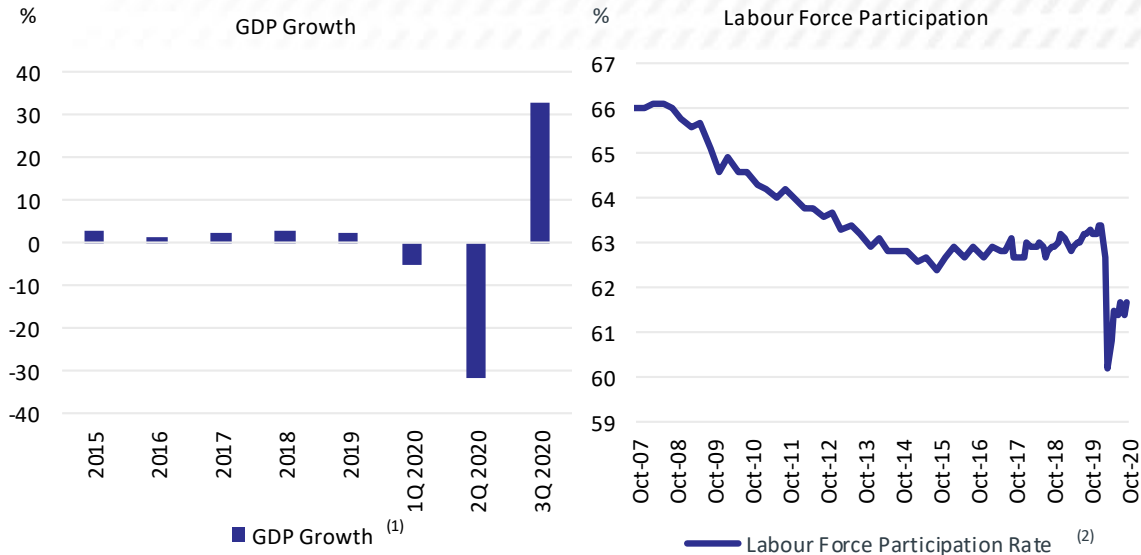
6.9%

Unemployment rate in October 2020⁽²⁾

+638k

Jobs added in October 2020⁽²⁾

US Economy at a Glance

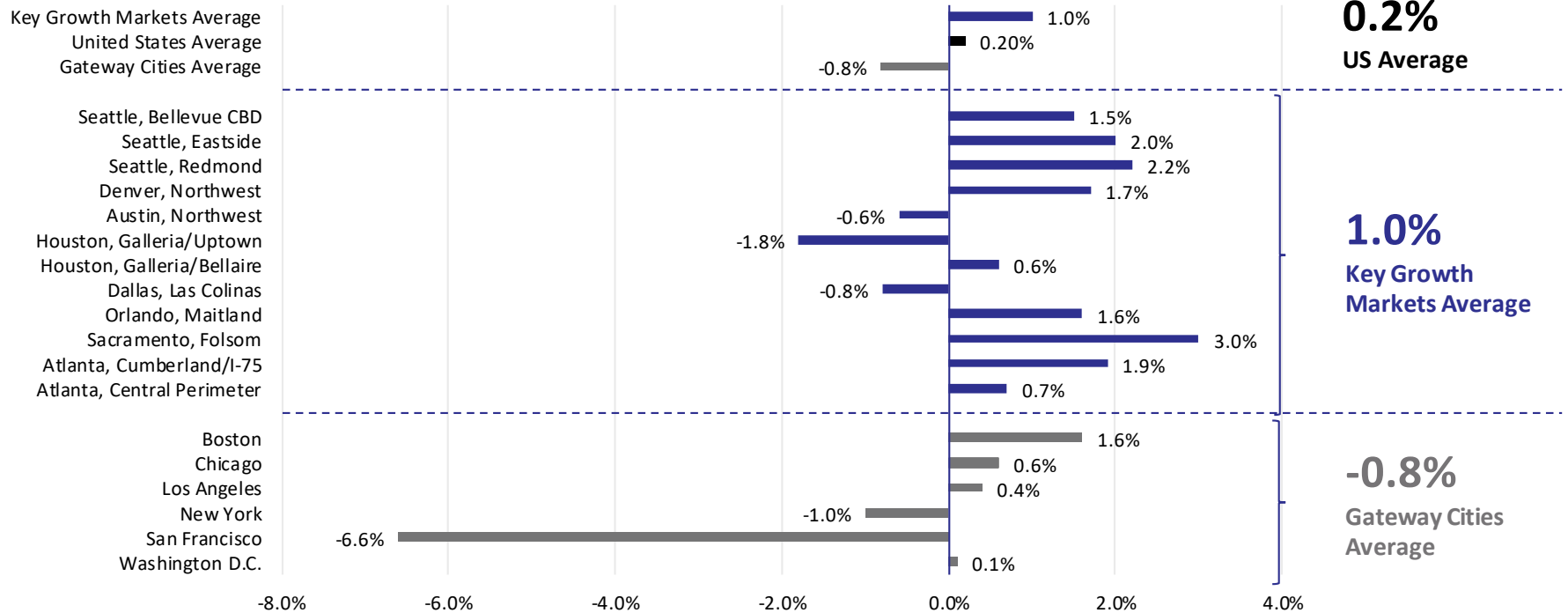


- US unemployment rate improved for the fifth straight month from 14.7% in April 2020 to 6.9% in October 2020
- Continued economic support from the US government:
 - Ratification of Coronavirus Aid, Relief and Economic Security Act
 - US\$2 trillion stimulus package to US businesses, families and local governments
 - Business and employment support through the Paycheck Protection Program
- Labour force participation rate in the US stands at 61.7% in October 2020⁽²⁾, with 6.7 million persons seeking jobs

(1) Source: U.S. Bureau of Economic Analysis, November 2020.

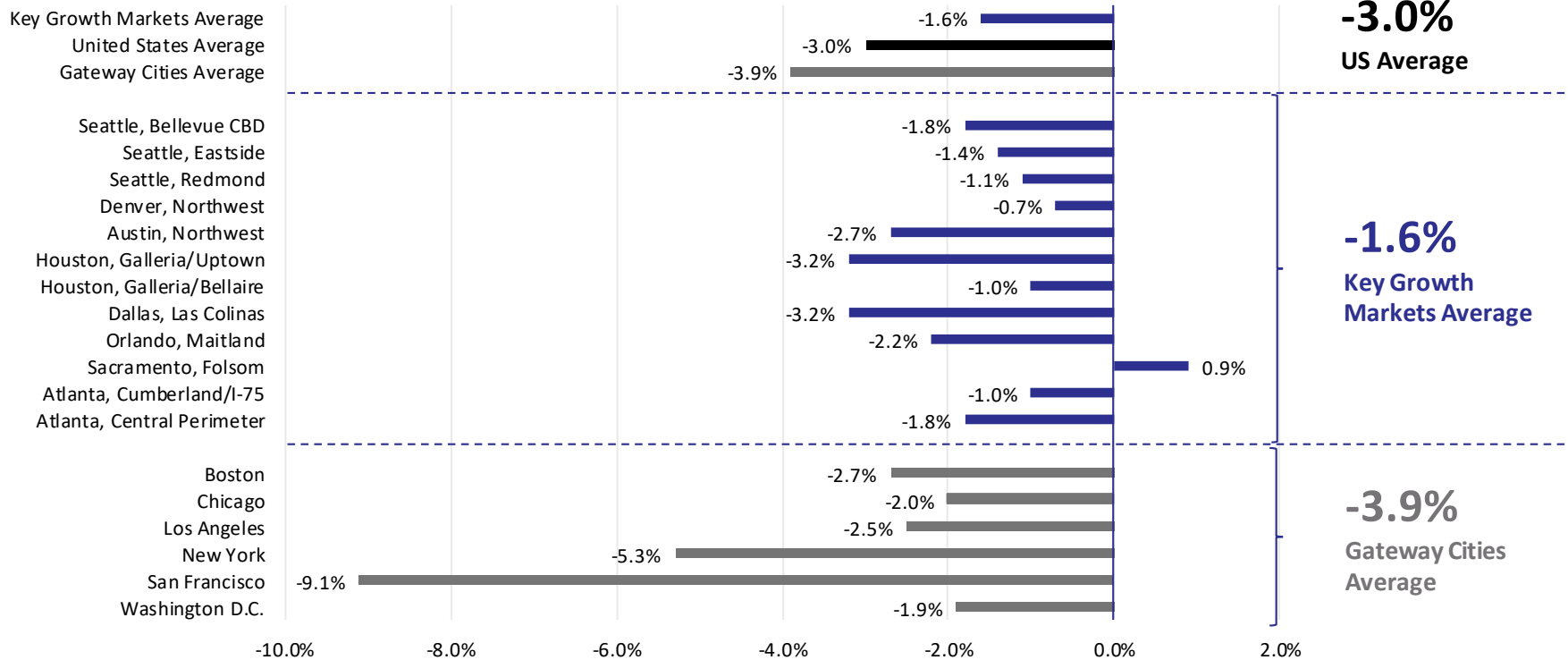
(2) Source: U.S. Bureau of Labor Statistics, October 2020.

Last 12 Months Rent Growth



Projected 12-Month Rent Outlook

KORE's average in-place rents ~10% below asking rents which will continue to drive growth



First Choice Submarkets Outlook

Submarket <i>Property</i>	Property Vacancy Rate (%)	Submarket Vacancy Rate (%)	Last 12M Deliveries (sf'000)	Last 12M Absorption (sf'000)	Average Submarket Rent (US\$ p.a.)	Last 12M Rental Growth (%)	Projected Rental Growth (%)
Seattle, Bellevue CBD <i>The Plaza Buildings</i>	5.9	5.2	-	(114.0)	54.2	1.5	(1.8)
Seattle, Eastside <i>Bellevue Technology Center</i>	0.0	4.0	-	(90.8)	40.8	2.0	(1.4)
Seattle, Redmond <i>The Westpark Portfolio</i>	3.0	4.0	-	(1.2)	36.1 ⁽¹⁾	2.2	(1.1)
Denver, Northwest <i>Westmoor Center</i>	3.2	9.1	4.7	135.0	23.3	1.7	(0.7)
Austin, Northwest <i>Great Hills Plaza & Westech 360</i>	0.0 ⁽²⁾ / 21.3 ⁽³⁾	18.5	50.0	(500.0)	39.1	(0.6)	(2.7)
Houston, Galleria/Uptown <i>1800 West Loop South</i>	24.5	19.2	-	(301.0)	31.2	(1.8)	(3.2)
Houston, Galleria/Bellaire <i>Bellaire Park</i>	8.7	14.5	-	13.5	25.5	0.6	(1.0)
Dallas, Las Colinas <i>One Twenty Five</i>	4.2	20.6	-	(522.0)	28.8	(0.8)	(3.2)
Orlando, Maitland <i>Maitland Promenade I & II</i>	5.5	9.6	-	(10.2)	23.5	1.6	(2.2)
Sacramento, Folsom <i>Iron Point</i>	2.7	5.2	-	(22.7)	27.5	3.0	0.9
Atlanta, Cumberland/I-75 <i>Powers Ferry</i>	8.5	13.6	38.8	249.0	26.0	1.9	(1.0)
Atlanta, Central Perimeter <i>Northridge Center I & II</i>	21.4	17.0	1,000.0	474.0	29.3	0.7	(1.8)



Lobby, The Plaza Buildings, Seattle, Washington

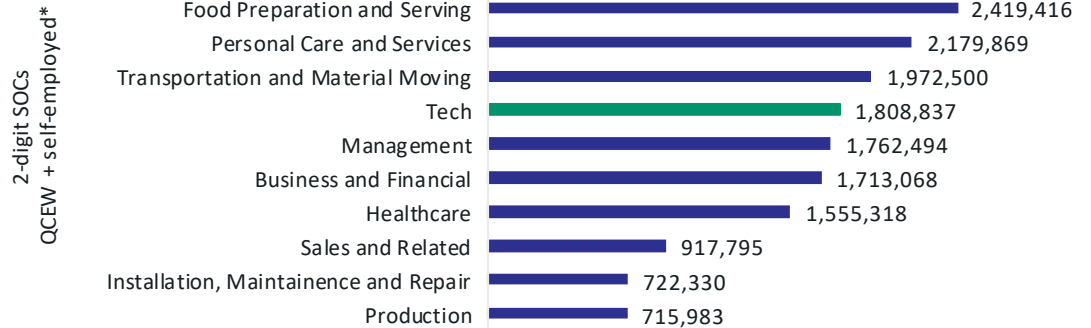
Over 28% of KORE's tenants are from the historically fast growing tech sector

10%

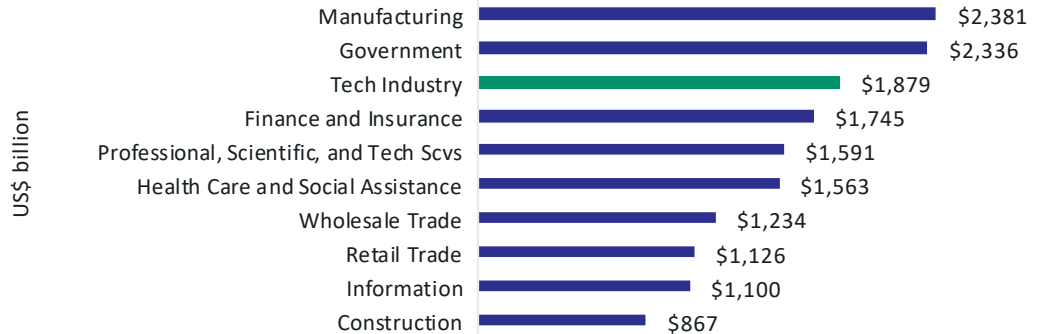
Estimated direct contribution of the tech sector to the US economy

Technology – A Key Driver of US Growth and Employment

Ranking of Top 10 US Occupation Jobs Added During Decade, 2010-2019



Ranking of Top 10 US Industry Sectors Gross Product (Economic Impact), 2019 est.



Source: CompTIA's Cyberstates 2020 report.

*Refers to the 2 digit Standard Occupational Classification (SOC) system in the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW).

Committed to Deliver Long-Term Value



Constituents of:

- FTSE All World Small Cap Index

**FTSE
Russell**

- MSCI Singapore Small Cap Index

MSCI 

Thank You

For more information, please visit

www.koreusreit.com

Connect with us on:



Westech 360

Austin, Texas

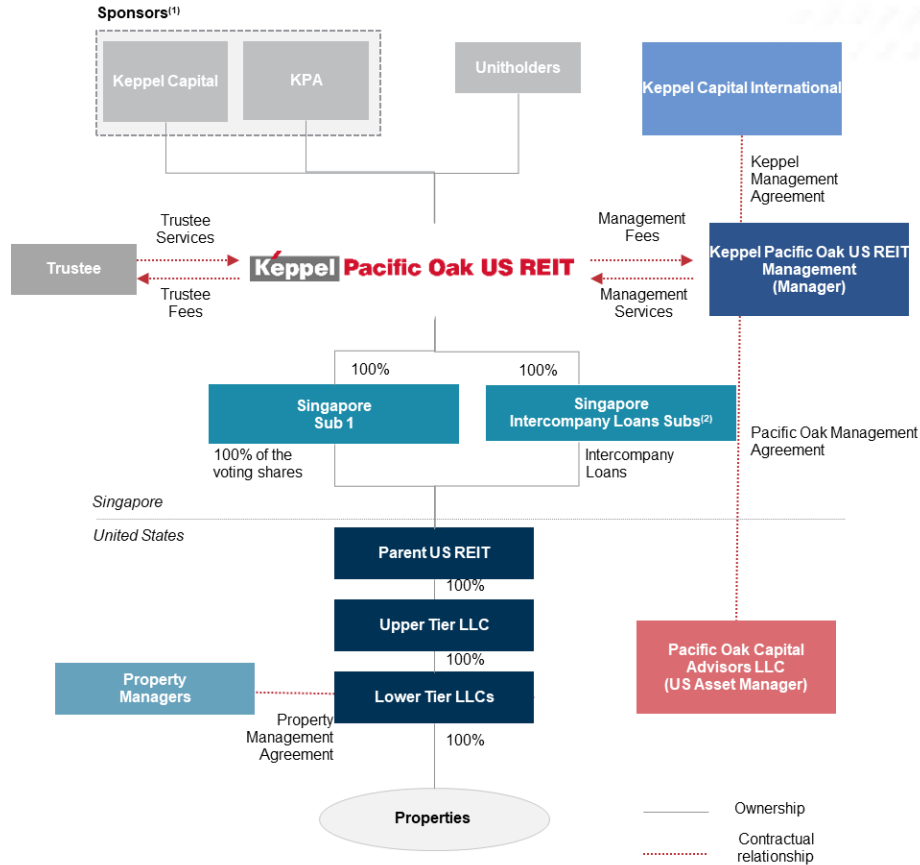


Additional Information

Tenant Lounge,
Westmoor Center
Denver, Colorado



Trust Structure



Tax-efficient structure for holding US properties

- No US corporate tax (21%) and US withholding tax (30%)
- No Singapore corporate tax (17%) and Singapore withholding tax (10%)
- Subject to limited tax⁽²⁾

Leverage Sponsors' expertise and resources to optimise returns for Unitholders

Alignment of interests among Sponsors, Manager and Unitholders

- (1) Keppel Capital holds a deemed 7.6% stake in Keppel Pacific Oak US REIT (KORE). Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a 6.8% stake in KORE. KPA holds a deemed interest of 0.8% in KORE, for a total of 7.6%.
- (2) There are three wholly-owned Singapore Intercompany Loan Subsidiaries extending intercompany loans to the Parent US REIT.

Information as at 24 September 2020. Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.