PROPOSED ACQUISITION OF THE PROPERTY COMPRISING 125 EAST JOHN CARPENTER AND 5100 NORTH O'CONNOR

1. INTRODUCTION

Keppel Pacific Oak US REIT Management Pte. Ltd. (formerly known as Keppel-KBS US REIT Management Pte. Ltd.) (the "**Manager**"), in its capacity as manager of Keppel Pacific Oak US REIT (formerly known as Keppel-KBS US REIT), is pleased to announce that Keppel Pacific Oak US REIT, through its indirect wholly-owned subsidiary, KORE 125 John Carpenter, LLC (the "**KORE Buyer LLC**"), has entered into a purchase and sale agreement (the "**Purchase and Sale Agreement**") with KBS SOR 125 John Carpenter, LLC (the "**Vendor**") to acquire One Twenty Five, an office complex comprising of two buildings in Irving, Texas (the "**Property**") for an estimated aggregate purchase consideration of US$101.5 million.

2. INFORMATION ON THE PROPERTY

The Property, One Twenty Five, is an office complex comprising two Class A office buildings, 125 East John Carpenter and 5100 North O'Connor, and offers a total of 445,317 square feet ("**sq ft**") of quality office space. Strategically located in the first choice submarket of Las Colinas in Irving, it is situated within the Dallas-Fort Worth Arlington, Texas Core Based Statistical Area ("**Dallas CBSA**") key growth market. From 2013 to 2017, the region averaged real GDP growth of 4.2% per annum, and is well above the U.S. national average of 2.2%[1]. A combination of low taxes, reasonable real estate, living and business costs has also spurred the proliferation of new businesses and in-migration from corporate relocations and expansions.

Las Colinas is home to mixed-use developments, Gables Water Street ("**Water Street**"), Toyota Music Factory ("**Music Factory**") and new multifamily projects that have created a desirable urban live-work-play community in this attractive suburban submarket, which continues to attract a young, well-educated and highly affluent population. Water Street which was completed in 2018, boasts about 60,000 sq ft of retail and dining options and over 300 luxury apartments, while the Music Factory which was completed in 2017, has an 8,000 seat concert hall and 24 restaurants and clubs, along with a 100,000 sq ft office component that has been fully leased. The Property also benefits from easy freeway access

1 Source: US Bureau of Economic Analysis

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Keppel Pacific Oak US REIT (formerly known as Keppel-KBS US REIT) (the "**Offering**"). DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. were the joint bookrunners and underwriters for the Offering.

and close proximity to the Dallas-Fort Worth International Airport, which is one of the nation's largest and has been a major focal point for business development for the region since its opening in the mid-1970s.

125 East John Carpenter and 5100 North O'Connor were completed in 1982 and 1983 respectively. The office complex has undergone extensive capital improvements and asset enhancements since 2015, and boasts modern interior finishes and onsite amenities including a fitness centre, conference centre, deli, tenant lounge and seven-storey parking garage. Capital improvement works and asset enhancements include the addition of a tenant lounge, upgrading of its elevator system, replacement of chiller panels, renovation of common areas, reconditioning of cooling towers and the exterior refurbishment of its buildings.

As at 30 June 2019, the Property's committed occupancy was 95.5%. The Property is currently leased to 20 tenants which are mainly from the professional services, government service administration, medical and healthcare, and finance and insurance sectors. Notable tenants of the Property include Bio Medical Applications of Texas, a subsidiary of Fresenius Medical Care which provides dialysis services through 3,900 outpatient dialysis centres, US Homeland Security, a cabinet department of the U.S federal government with responsibilities in public security and United Capital Financial Advisors, a subsidiary of Goldman Sachs, that provides investment advisory services.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Purchase Consideration and Valuation

The purchase consideration payable to the Vendor in connection with the acquisition of the Property (the "**Acquisition**") is US$101.5 million (the "**Purchase Consideration**"). The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and is supported by independent valuations.

The Manager has commissioned an independent property valuer, Cushman & Wakefield of Texas, Inc. ("**Cushman**"), and Perpetual (Asia) Limited, in its capacity as trustee of Keppel Pacific Oak US REIT (the "**Trustee**"), has commissioned another independent property valuer, JLL Valuation & Advisory Services, LLC ("**JLL**", together with Cushman, the "**Independent Valuers**"), to value the Property. Cushman in its report dated 23 August 2019, stated that the open market value of the Property is US$103.5 million (based on a sales comparison approach and income capitalisation approach) and JLL in its report dated 23 August 2019, stated that the open market value of the Property is US$102.0 million (based on a sales comparison approach and income capitalisation approach)

3.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisition is US$105.2 million, comprising:

(i) the Purchase Consideration of US$101.5 million;

(ii) the acquisition fee of US$1.0 million payable in units of Keppel Pacific Oak US REIT ("**Units**") to the Manager (the "**Acquisition Fee Units**"); and

(iii) the estimated professional and other fees and expenses incurred or to be incurred by Keppel Pacific Oak US REIT in connection with the Acquisition (inclusive of debt financing related expenses) of approximately US$2.7 million[2].

3.3 Establishment of Subsidiary

In connection with the Acquisition, Keppel Pacific Oak US REIT has established KORE 125 John Carpenter, LLC.

3.4 Purchase and Sale Agreement

On 6 September 2019, the KORE Buyer LLC entered into the Purchase and Sale Agreement with the Vendor to acquire the Property.

The principal terms of the Purchase and Sale Agreement include, among others, the following:

(i) the Purchase and Sale Agreement is subject to conditions precedent, including but not limited to:

(a) Keppel Pacific Oak US REIT obtaining the unitholders (the "**Unitholders**") approval for the Acquisition;

(b) the proceeds raised from a proposed private placement, together with funds received by the KORE Buyer LLC in connection with any financing in connection with the Acquisition, being sufficient to pay the Purchase Consideration (and other closing costs);

(c) the Vendor's representations and warranties contained in the Purchase and Sale Agreement being true and correct in all material respects as of the date of the Purchase and Sale Agreement and as of the closing date; and

(d) the Vendor having performed its obligations under the Purchase and Sale Agreement;

(ii) First American Title Insurance Company shall at closing have issued and delivered to the KORE Buyer LLC, or shall have committed to issue and deliver to the KORE Buyer LLC, with respect to the Property, a title insurance insuring the KORE Buyer LLC as owner of good, marketable and indefeasible fee simple legal title to the Property;

(iii) the Purchase and Sale Agreement conveys the Property "AS IS, WHERE IS". The KORE Buyer LLC's right to make a claim as a result of a breach of a representation or covenant by the Vendor will be subject to certain limitations, including a maximum aggregate cap on damages of up to US$2,500,000 and any claims shall be actionable and enforceable only if notice of such claim is given within 12 months after closing; and

(iv) the Vendor shall endeavour to secure and deliver to the KORE Buyer LLC by the closing date estoppel certificates[3] for all leases, and the KORE Buyer LLC may

2 Such fees and expenses include debt financing related costs, due diligence costs, Private Placement costs and acquisition costs such as legal expenses, expenses relating to the appointment of the IFA and other professional costs.

3 The tenant estoppel certificates provide the KORE Buyer LLC with certain assurances by having tenants under leases covering at least 70% of the rental floor area of the Property certify that, among others, the relevant tenant is the lessee

terminate the Purchase and Sale Agreement if the Vendor fails to deliver to the KORE Buyer LLC estoppel certificates substantially in the form attached to the Purchase and Sale Agreement executed by tenants under leases covering at least 70% of the leased rental floor area of the Property.

3.5 Property Management Agreement and Leasing Services Agreement

Upon completion of the Acquisition, property management services in respect of the Property will be performed by Transwestern Commercial Services Central Region, LLC, which is a third party property manager.

The property manager is entitled to be paid the following fees in relation to the Property:

- a property management fee per month equal to the greater of (i) 2.0% of the gross revenue income of the Property or (ii) US$7,500; and
- a construction supervision fees in connection with providing construction management services for certain construction projects with respect to the Property as follows:

Cost of Improvements	Fee
Up to US$10,000	0% of total construction cost
US$10,001 to US$50,000	5% of total construction cost
US$50,001 to US$150,000	4% of total construction cost
US$150,001 to US$500,000	3% of total construction cost
Over US$500,001	2% of total construction cost

Upon completion of the Acquisition, leasing services in respect of the Property will be performed by TCS Central Region, GP, LLC, which is a third-party leasing agent.

The leasing agent is entitled to a leasing service commission for procuring leases with new tenants, which ranges from 2.25% to 4.50% of the base rental for the initial lease term.

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

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

4.1 Strengthen portfolio with the addition of a quality asset in Dallas CBSA, the economic hub of North Central Texas

4.1.1 Expand foothold into the growth market of Dallas CBSA

The acquisition of the Property, which is situated in the Las Colinas submarket in the Dallas CBSA, will further strengthen Keppel Pacific Oak US REIT's foothold in Texas, where it currently has four assets. The Acquisition also extends Keppel Pacific Oak US REIT's presence to eight key growth markets in the U.S..

under the relevant lease, such lease is in full force and effect, there is no default of the lease by the landlord and the tenant has no claim or demand against the landlord.

The Dallas CBSA is a key economic hub of North Central Texas, with one of the highest concentrations of corporate headquarters in the U.S.. It is home to a young, affluent, well-educated population and has a deep pool of well-trained labour, with the one of the highest proportions of the population with college experience and bachelor's degrees among the largest southern metros.

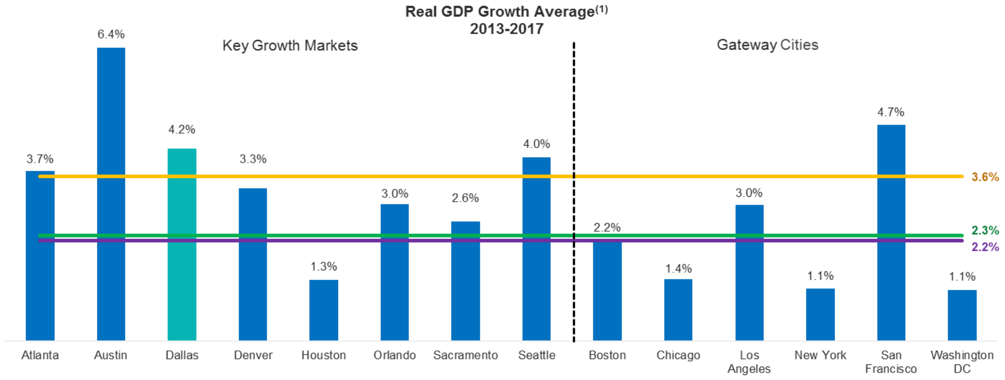
The Dallas CBSA is home to approximately 7.5 million residents and has consistently outpaced the United States in population growth over the past 30 years. According to Cushman & Wakefield Western, Inc (the "**IMR Consultant**"), its rapidly expanding business and live-work-play environments continue to encourage in-migration, with its population expected to grow 19.7% through 2025, providing support for the region's business growth, housing demand and gross domestic product ("**GDP**") increases in the near term.

The region's potential for growth and attractiveness as a market is evident in its historical GDP, employment and population growth. From 2013 to 2017, the region averaged real GDP growth of 4.2% per annum, and is well above the U.S. national average of 2.2%[4]. Employment and population growth from 2014 to 2018 averaged 3.0% and 2.0% respectively and above that of the U.S. national average of 1.8% and 0.7%[5]. As of April 2019, the Bureau of Labor Statistics reported the unemployment rate for Dallas CBSA at 2.8%, down 50 basis points from a year ago and 80 basis point below the rate of the United States. A combination of low taxes, reasonable real estate, living and business costs has also spurred the proliferation of new businesses and in-migration from corporate relocations and expansions. According to the IMR Consultant, Dallas CBSA's role as a key hub of economic, financial and trade activity in the centre of the country is expected to expand in the coming years, with the influx of companies and robust population growth contributing to above-average performance in the long run.

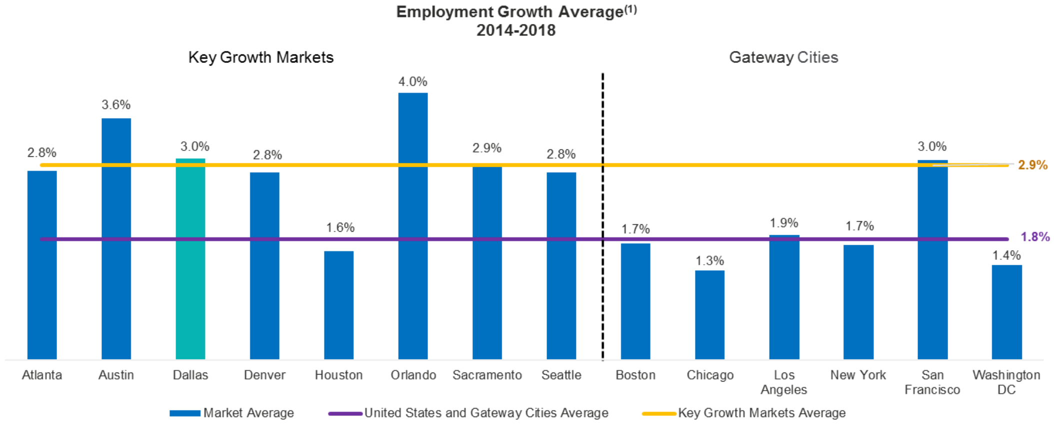
More than 2,000 companies, including over 20 on the Fortune 500, have a presence in Las Colinas. Six Fortune 500 companies maintain mission-critical global headquarter facilities within the community: ExxonMobil, Fluor, Kimberly-Clark, Commercial Metals, Celanese Corporation, and Flowserve. Other notable residents include AAA-Texas, Abbot Laboratories, Allstate Insurance, AT&T, Capital One Financial, Citi, CVS/Caremark, FedEX, Frito Lay, GE Commercial Finance, general Motors, Lennar Homes, Medco Health Solutions, Michael's Stores, Microsoft, Omni Hotels, Pioneer Natural Resources, Research in Motion, Sprint, Time Warner, Verizon, Vought Aircraft, Wells Fargo, Xerox, and Zale Corporation.

4 Source: US Bureau of Economic Analysis

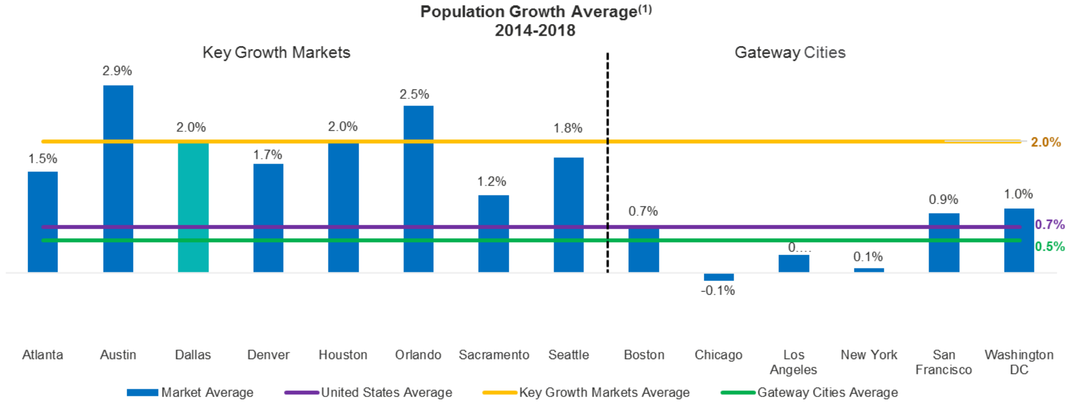
5 Source: US Bureau of Labour Statistics and US Census Bureau, Population Division



Note: Gateway cities average is based on Boston, Chicago, Los Angeles, New York, San Francisco and Washington DC.
(1) US Bureau of Economic Analysis.



Note: Gateway cities average is based on Boston, Chicago, Los Angeles, New York, San Francisco and Washington DC.
(1) US Bureau of Labor Statistics



Note: Gateway cities average is based on Boston, Chicago, Los Angeles, New York, San Francisco and Washington DC.
(1) US Census Bureau, Population Division

4.1.2 High quality Class A office buildings

The Property is a 445,317 sq ft Class A office complex located in Irving, Texas, that comprises of two office buildings, 125 East John Carpenter and 5100 North O'Connor, which were completed in 1982 and 1983 respectively. The office complex has undergone extensive capital improvements and asset enhancements since

2015, and boasts modern interior finishes and onsite amenities including a fitness centre, conference centre, deli, tenant lounge and seven-storey parking garage.

Tenant Lounge

Fitness Centre

Building Exterior

Lobby Front Desk

Capital improvement works and asset enhancements include the addition of a tenant lounge, upgrading of its elevator system, replacement of chiller panels, renovation of common areas, reconditioning of cooling towers and the exterior refurbishment of its buildings.

Following the Vendor's acquisition of the Property in September 2017, occupancy increased from 84.4% to 95.5%[6], driven by strong leasing traction from tenants in the professional services, government service administration, medical and healthcare, and finance and insurance sector.

The acquisition of the Property is in line with the Manager's strategy to acquire distinctive assets which cater to a diverse tenant profile and add resilience to the portfolio.

6 Committed occupancy as at 30 June 2019.

4.1.3 Strategic location in a desirable live-work-play community with excellent accessibility

The Property is located in the Las Colinas submarket in Irving, within the Dallas CBSA key growth market. The Las Colinas submarket is home to mixed-use developments, Water Street and Music Factory, and new multifamily projects, which have created a desirable urban live-work-play community in this attractive suburban submarket and continues to attract a young, well-educated and highly affluent population.

Source: Google Maps

Water Street which was completed in 2018 boasts about 60,000 sq ft of retail and restaurant space and over 300 luxury apartments, while the Music Factory which was completed in 2017 has an 8,000 seat concert hall and 24 restaurants and clubs, providing a multitude of retail and entertainment amenities in proximity to the

Property, positioning it well to capture office demand.

The Property also benefits from being located near major thoroughfares such as Highway 114, and public transportation that grants it good accessibility to surrounding markets and the Dallas-Fort Worth International Airport, which is one of the largest international airports in the U.S..

4.2 Strong office fundamentals for continued rental growth

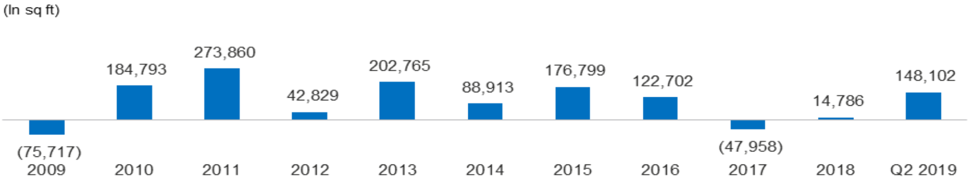
4.2.1 Benefit from strong office fundamentals in the vibrant Las Colinas submarket

Las Colinas is a vibrant submarket which has benefitted from strong leasing demand in recent years supported by robust population and job growth, limited new high-quality office inventory, an excellent retail and amenity base, as well as good connectivity to the Dallas-Fort Worth International Airport and Downtown Dallas. The abundance of new multi-family housing and mixed-use developments in recent years, in conjunction with the improvement in the mass transit system has enhanced its appeal as a "live-work-play" destination, attracting corporate relocations and expansions. The mass transit system also provides the submarket with a significant advantage when competing against other popular, highly amenitised office markets.

Overall fundamentals in the Las Colinas submarket, where the property is located, have improved greatly in recent years, supported by robust economic conditions, strong employment, limited speculative construction and the submarket's transformation into a true "live-work-play" destination. Overall vacancy rate has decreased significantly from 25.5% in 2009 to 13.0% in 2Q 2019, well below the average vacancy rate of 19.3% reported for the broader Dallas CBSA market.

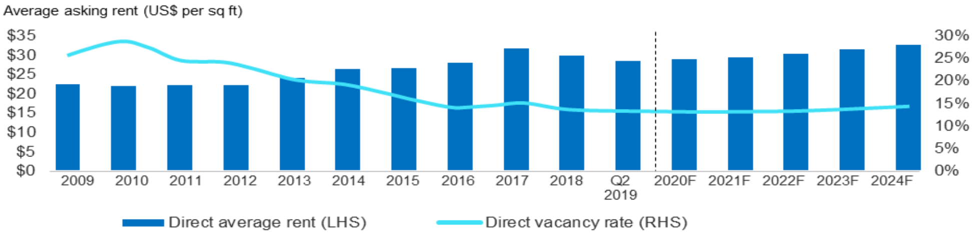
Average asking rents in the Las Colinas submarket increased from US$22.10 per sq ft in 2009 to US$29.74 per sq ft in 2018 demonstrating a compounded annual growth rate ("**CAGR**") of 3.4%, which outpaced the broader Dallas CBSA's market CAGR of 2.9% in the same period. According to the IMR Consultant, average asking rents are projected to increase to US$32.57 per sq ft in 2024 due to strong demand in the submarket, presenting significant upside through renewing below-market rents to market.

Overall Absorption



Source: Cushman

Overall Vacancy Rate and Overall Asking Rent by Year



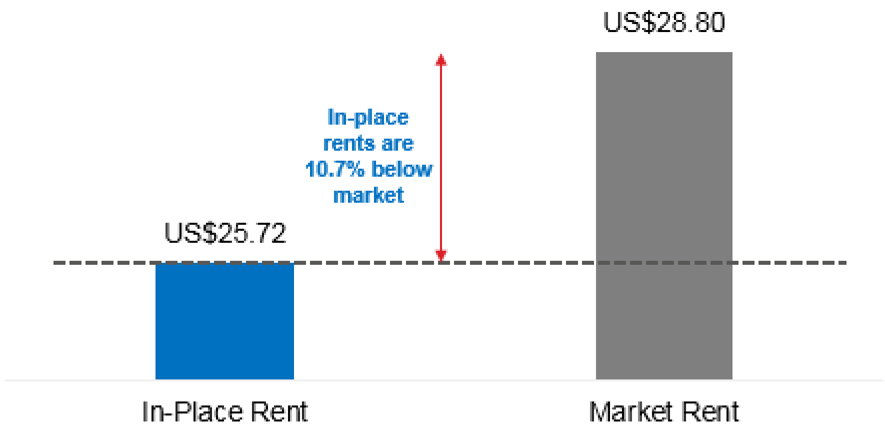
Source: Cushman

The Las Colinas submarket currently has an office inventory space of approximately 6.6 million sq ft between 33 buildings. No office space had been delivered until the Music Factory opened in 2018, with its 100,000 sq ft office component being fully pre-leased to a single tenant. Presently, a 1.2 million sq ft, Class A, build-to-suit office campus is being constructed at Hidden Ridge. It will be leased to Pioneer Natural Resources and is expected to be completed in the fall of 2019. The supply of new office space has been limited thus far and will continue to keep the market relatively tight over the long term.

These favourable market conditions bode well for the Property and is expected to provide resilient growth that positively benefits the portfolio.

4.2.2 Potential for rental reversions

The Property's in-place rents are 10.7% below market based on data from Cushman[7], presenting an opportunity for further organic growth as leases are marked to market.



4.3 Enhance portfolio diversification and income resilience

4.3.1 Diversification of Portfolio Tenant Base with Increased Exposure to Professional Services and Defensive Sectors

Upon completion of the Acquisition, Keppel Pacific Oak US REIT's aggregate book value as at 30 June 2019 will increase by 9.3% from US$1,085.8 million to US$1,187.3 million and NLA will increase by 10.5% from 4,258,367 sq ft to 4,703,684 sq ft. The Acquisition will allow Keppel Pacific Oak US REIT to achieve diversification in its portfolio as it reduces the portfolio's largest asset exposure (based on book value), The Plaza Buildings, from 23.8% to 21.8%.

The Property is leased to a diversified tenant base comprising 20 tenants,

7 Valuation report dated 23 August 2019.

concentrated mainly in the professional services, government service administration, medical and healthcare, and finance and insurance sector.

The top five tenants in the Property include several large companies with stable credit profiles that are either listed on the stock exchange, or are a subsidiary of such a firm, and a government agency. The largest tenant, Bio Medical Applications of Texas, occupies approximately 11.1% of the Property's total NLA, and is a subsidiary of Fresenius Medical Care, a medical and healthcare company that provides kidney dialysis services through a network of 3,900 outpatient dialysis centres. The Acquisition will increase the portfolio's overall exposure to high growth medical and healthcare sector from 7.5% to 8.2%.

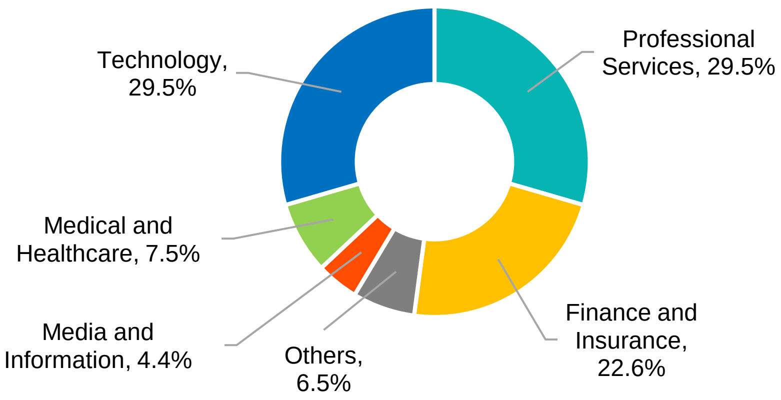
The inclusion of the Property in the portfolio not only increases exposure to the stable professional services sector, but also to the defensive government service administration and medical and healthcare sector, which offers income stability and resilience. Concomitantly, the number of tenants in the portfolio will increase from 466 to 486 and the top 10 tenants' cash rental income ("**CRI**") contribution will be reduced from 20.4% to 18.5%.

Top Five Tenants (by CRI and NLA) of the Property as at 30 June 2019

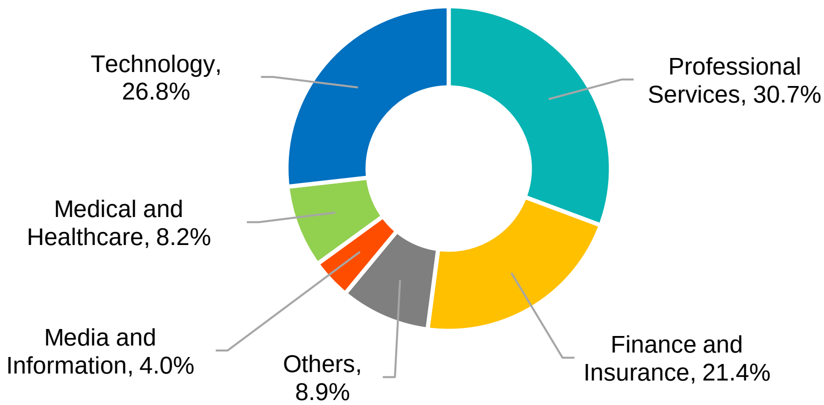
Tenant	Sector	Lease Term Remaining	% of CRI	% of NLA
Bio Medical Applications of Texas	Medical and Healthcare	9.9 years	14.0	11.1
US Homeland Security	Government Service Administration[8]	9.9 years	12.9	14.2
United Capital Financial Advisors	Finance and Insurance	9.2 years	11.2	8.7
Smurfit Kappa North America	Professional Services	7.8 years	9.2	6.9
Paycom Payroll	Professional Services	2.2 years	7.7	6.0
Total		**TOP 5 WALE:** 8.2 years (by CRI) 8.5 years (by NLA)	**55.0**	**46.9**

8 Government Service Administration tenants fall under the trade sector labelled as "Others".

Existing Trade Sector as at 30 June 2019

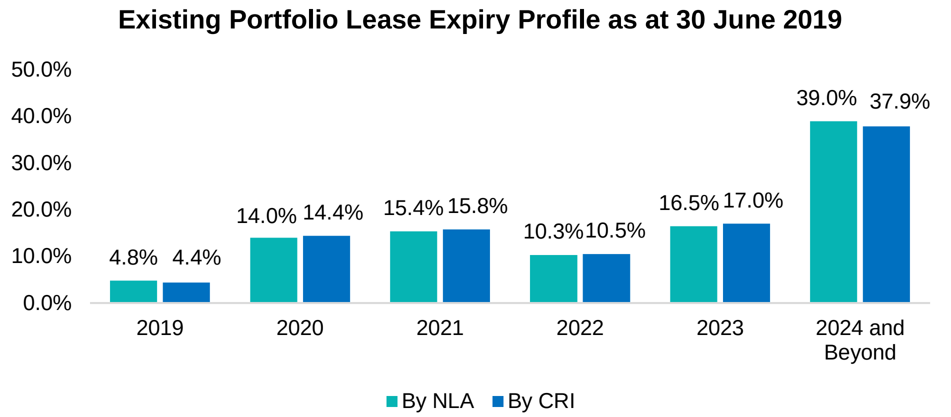


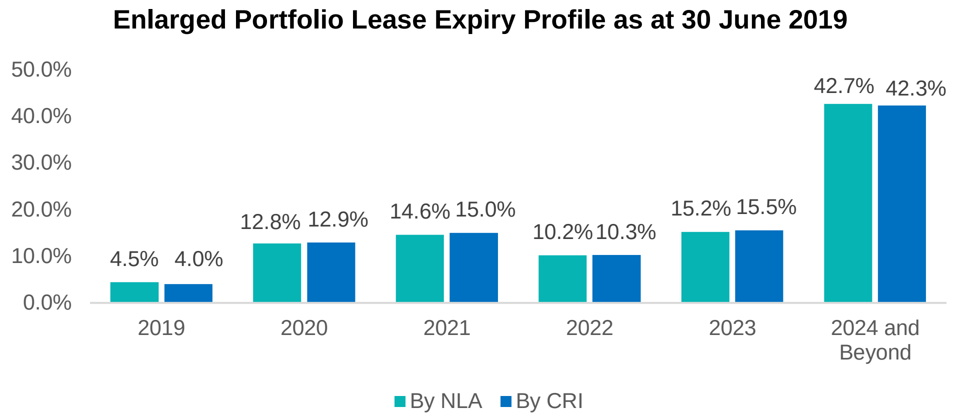
Enlarged Trade Sector as at 30 June 2019



4.3.2 Improved Portfolio Lease Profile

The Acquisition will improve the portfolio's lease expiry profile, with no more than 15.2% of leases by NLA expiring in any single year up to 2023.





4.4 Value accretive transaction

4.4.1 Purchase price represents a discount from appraised values

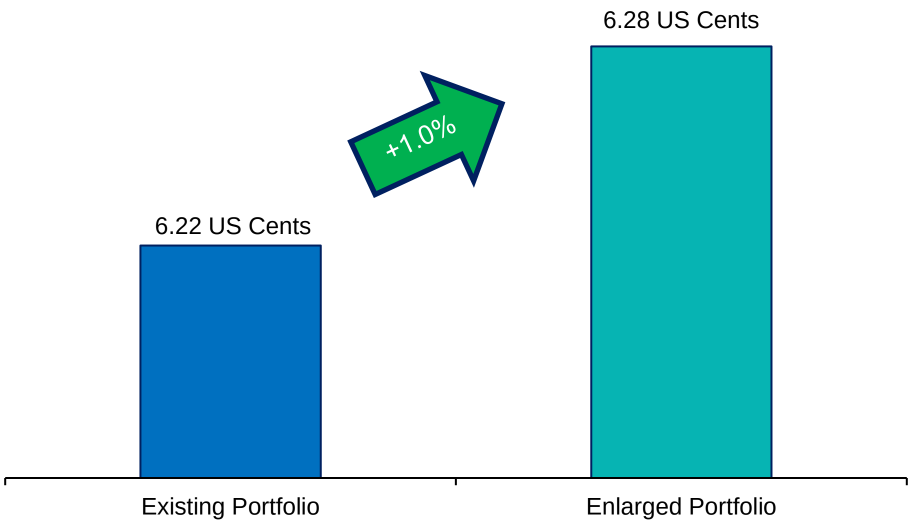
The agreed-upon purchase price of the Property of US$101.5 million represents a discount of approximately 1.9% to Cushman's aggregate valuation of US$103.5 million and a discount of approximately 0.5% to JLL's aggregate valuation of US$102.0 million. The acquisition of the Property at a discount from the independent appraised values represents good value for Unitholders.

4.4.2 Accretive acquisition creating value for Unitholders

The Acquisition is expected to be distribution per unit ("**DPU**") accretive to Unitholders. The pro-forma DPU, based on financials for the financial period from 9 November 2017, being the date of listing of Keppel Pacific Oak US REIT (the "**Listing Date**"), to 31 December 2018, is expected to increase by 1.0% from 6.22 US cents to 6.28 US cents after the acquisition of the Property[9]. The chart below illustrates the pro forma impact on Keppel Pacific Oak US REIT's DPU for the period from the Listing Date to 31 December 2018 in relation to the existing portfolio and the enlarged portfolio respectively.

9 Please refer to paragraph 6.1 titled "Pro forma DPU" for further explanation.

DPU Accretive Acquisition



5. METHOD OF FINANCING

The Manager intends to finance the Acquisition with proceeds from a private placement to institutional and other investors (the "**Private Placement**"), debt financing and internal cash resources. The Manager will determine the proportion of the debt and equity to be employed to fund the acquisition at the appropriate time, taking into account the then prevailing market conditions to provide overall DPU accretion to Unitholders while maintaining an optimum level of aggregate leverage.

6. FINANCIAL INFORMATION OF THE ACQUISITION

6.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSE ONLY:

The pro forma financial effects of the Acquisition on Keppel Pacific Oak US REIT's DPU for the financial period from the Listing Date to 31 December 2018, as if Keppel Pacific Oak US REIT had purchased the Property on the Listing Date (being the date of listing of Keppel Pacific Oak US REIT), and held and operated the Property through to 31 December 2018 are as follows:

	Before the Acquisition	After the Acquisition(1),(2)
Distributable Income (US$'000)	43,796	50,481 (3)
Issued Units (million)	821.7(4)	920.7(5)
DPU (US cents)	6.22(6)	6.28(7)
DPU Accretion (%)	N.A.	1.0

Notes:

(1) The figures set out are purely for illustrative purposes only and depending on the market conditions, the proportion of debt and equity funding may differ which may in turn affect the financial effects of the Acquisition.

(2) Assuming that the new units issued (the "**New Units**") have been issued at an illustrative issue price of US$0.71 pursuant to the Private Placement to raise gross proceeds of approximately US$68.7 million.

(3) Assuming the Property has a portfolio occupancy of 95.5% for the period between the Listing Date and 31 December 2018, and all leases, whether existing or committed as at the Announcement Date (as defined below), were in place since the Listing Date.

(4) Number of Units issued as at 31 December 2018.

(5) The total number of Units at the end of the period comprises of 821.7 million Units in issue as at 31 December 2018 as well as (a) approximately 97.0 million New Units issued under the Private Placement, (b) approximately US$1.0 million acquisition fee paid in Acquisition Fee Units at the illustrative issue price of US$0.75 per unit and (c) approximately 0.6 million new Units issued as payment to the Manager for the base management fee for the Property.

(6) Actual DPU for the period from the Listing Date to 31 December 2018 of 6.22 US cents comprises of 3.82 US cents paid for the period from the Listing Date to 30 June 2018, calculated based on 630.2 million units and 2.40 US cents for the period from 1 July 2018 to 31 December 2018 calculated based on 821.7 million units.

(7) After acquisition DPU for the period from the Listing Date to 31 December 2018 of 6.28 US cents comprises of 3.82 US cents for the period from the Listing Date to 30 June 2018, calculated based on 728.8 million units and 2.46 US cents for the period from 1 July 2018 to 31 December 2018 calculated based on 920.7 million units.

6.2 Pro Forma Net Asset Value ("NAV")

FOR ILLUSTRATIVE PURPOSE ONLY:

The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2018 as if the Acquisition was completed on 31 December 2018, are as follows:

	Before the Acquisition	After the Acquisition
NAV represented by Unitholders' funds (US$'000)	657,976	725,584
Issued and Issuable Units (million)	823.5[(1)]	921.8[(2)]
NAV represented by Unitholders' funds per Unit (US$)	0.80	0.79

Notes:

(1) Number of Units issued and issuable as at 31 December 2018. Issuable units refer to management fee units that are issuable but have not been issued.

(2) The total number of Units at the end of the period used in computing the NAV per Unit comprises 823.5 million Units in issue and issuable as at 31 December 2018 as well as (a) approximately 97.0 million New Units issued under the Private Placement and (b) approximately US$1.0 million acquisition fee paid in Acquisition Fee Units at the illustrative issue price of US$0.75 per Unit.

6.3 Aggregate Leverage

FOR ILLUSTRATIVE PURPOSE ONLY:

The pro forma financial aggregate leverage of Keppel Pacific Oak US REIT for the financial period from the Listing Date (being the date of listing of Keppel Pacific Oak US REIT) to 31 December 2018, assuming that the Acquisition, issuance of New Units under the Private Placement, issuance of Acquisition Fee Units and drawdown of loan facilities were completed on 31 December 2018, are as follows:

	Before the Acquisition	After the Acquisition
Aggregate Leverage (pro forma as at 31 December 2018)	35.1%	35.0%

7. OPINION OF THE INDEPENDENT FINANCIAL ADVISER AND THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Manager will obtain an opinion from the independent financial adviser, on the Acquisition before forming its view, which will be disclosed in the circular to be issued to Unitholders ("**Circular**") in due course, as to whether the Acquisition is on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and its minority Unitholders.

8. OTHER INFORMATION

8.1 Relative Figures under Chapter 10 of the Listing Manual

The relative figures computed on the following bases set out in Rules 1006(b) and 1006(c) of the Listing Manual are as follows:

(i) the net profits attributable to the assets acquired, compared with Keppel Pacific Oak US REIT's net profits; and

(ii) the aggregate value of the consideration given, compared with Keppel Pacific Oak US REIT's market capitalisation.

The relative figure of the number of Units issued by Keppel Pacific Oak US REIT as consideration for an acquisition compared with the number of Units previously in issue does not apply in relation to the Acquisition as no Units will be issued as consideration for the Acquisition.

Comparison of:	The Acquisition (US$'000)	Keppel Pacific Oak US REIT (US$'000)	Relative figure (%)
Net profits before tax	2,563[(1)]	15,155[(2)]	16.9
Consideration against market capitalisation	101,500	616,530[(3)]	16.5

Notes:

(1) Relates to an estimated net profit before tax of the Property for the period from 1 January 2019 to 30 June 2019 assuming the Property has a portfolio occupancy of 95.5% for the period between 1 January 2019 to 30 June 2019 and all leases, whether existing or committed as at the Announcement Date, were in place since 1 January 2019.

(2) Relates to Keppel Pacific Oak US REIT's actual net profit before tax for the period from 1 January 2019 to 30 June 2019.

(3) Based on the volume weighted average price of US$0.7456 per Unit on SGX-ST on 5 September 2019, the

market day prior to the date of the Purchase and Sale Agreement.

The Manager is of the view that the Acquisition is in the ordinary course of Keppel Pacific Oak US REIT's business as it is within the investment policy of Keppel Pacific Oak US REIT and does not change the risk profile of Keppel Pacific Oak US REIT. As such, the Acquisition should therefore not be subject to Chapter 10 of the Listing Manual. However, as the Acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under Appendix 6 of the Code of Collective Investment Schemes (the "**Property Funds Appendix**"), the Acquisition will still be subject to the specific approval of Unitholders.

8.2 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where Keppel Pacific Oak US REIT proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Keppel Pacific Oak US REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on Keppel Pacific Oak US REIT's latest audited financial statements for the financial period from 22 September 2017 (being the date of constitution of Keppel Pacific Oak US REIT) to 31 December 2018 (the "**FY17/18 Audited Financial Statements**"), the NTA of Keppel Pacific Oak US REIT was US$658.0 million as at 31 December 2018. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Keppel Pacific Oak US REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of US$32.9 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Keppel Pacific Oak US REIT whose value exceeds 5.0% of Keppel Pacific Oak US REIT's latest audited NAV. Based on Keppel Pacific Oak US REIT's FY17/18 Audited Financial Statements, the audited NAV of Keppel Pacific Oak US REIT was US$658.0 million as at 31 December 2018. Accordingly, if the value of a transaction which is proposed to be entered into by Keppel Pacific Oak US REIT with an interested party (as defined in the Property Funds Appendix) is equal to or greater than US$32.9 million, such a transaction would be subject to Unitholders' approval.

The Manager is a joint venture held between the sponsors, being KC and KBS Pacific Advisors Pte. Ltd. ("**KPA**"), in equal share. The partners of KPA include Peter McMillan III and Keith D. Hall who, together, indirectly hold a one-third stake of KBS Capital Advisors LLC ("**KBSCA**"). As stated in the Keppel Pacific Oak US REIT prospectus dated 2 November 2017, transactions between Keppel Pacific Oak US REIT and any funds managed by KBSCA will constitute interested person transactions under Chapter 9 of the Listing Manual. Therefore, as the Vendor is a fund managed by KBSCA, the Acquisition will constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual as well as an "Interested Party Transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

The Purchase Consideration of US$101.5 million is 15.4% of the audited NTA and audited NAV respectively of Keppel Pacific Oak US REIT as at 31 December 2018. As the value of the Acquisition will exceed (i) 5.0% of Keppel Pacific Oak US REIT's latest audited NTA and (ii) 5.0% of Keppel Pacific Oak US REIT's latest audited NAV, the Manager will be seeking the approval of Unitholders for the Acquisition, pursuant to Chapter 9 of the Listing Manual.

As at the date of this announcement ("**Announcement Date**"), other than the Acquisition, Keppel Pacific Oak US REIT has not entered into any interested person transactions during the course of the current financial year.

8.3 Interests of Directors and Substantial Unitholders

As at the Announcement Date, Mr Peter McMillan III is the non-executive Chairman of the Manager and also a co-founder of the KBSCA group. Further details of the interests in Units of the Directors and Substantial Unitholders[10] are set out below.

Based on the Register of Directors' Unitholdings maintained by the Manager, the Directors and their interests in the Units as at the Announcement Date are as follows:

Name of Director	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
Peter McMillan III(1)	-	-	4,676,906	0.57	4,676,902	0.57
Soong Hee Sang	-	-	-	-	-	-
John J. Ahn	-	-	-	-	-	-
Kenneth Tan Jhu Hwa	-	-	-	-	-	-
Paul Tham	-	-	-	-	-	-

Notes:

(1) Peter McMillan III's deemed interest arises from his shareholdings in KBS Pacific Advisors Pte. Ltd., which in turn is deemed to have an 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..

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at the Announcement Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
Temasek Holdings (Private) Limited(1)	-	-	91,332,263	11.05	91,332,263	11.05
Keppel Capital Investment Holdings Pte. Ltd.	56,979,352	6.89	-	-	56,979,352	6.89
Keppel Capital Holdings Pte. Ltd.(2)	-	-	61,656,254	7.46	61,656,254	7.46
Keppel Corporation Limited(3)	-	-	61,656,254	7.46	61,656,254	7.46
KBS SOR Properties LLC	56,979,352	6.89	-	-	56,979,352	6.89

10 "**Substantial Unitholders**" refer to persons with an interest in Units constituting not less than 5.0% of all Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
KBS SOR (BVI) Holdings Ltd[(4)]	-	-	56,979,352	6.89	56,979,352	6.89
KBS Strategic Opportunity Limited Partnership[(5)]	-	-	56,979,352	6.89	56,979,352	6.89
KBS Strategic Opportunity REIT, Inc.[(6)]	-	-	56,979,352	6.89	56,979,352	6.89
Hillsboro Capital, Ltd	73,579,569	8.90	-	-	73,579,569	8.90

Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and DBS Group Holdings Ltd.

(2) 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..

(3) 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..

(4) KBS SOR (BVI) Holdings Ltd's deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd..

(5) KBS Strategic Opportunity Limited Partnership's deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of KBS Strategic Opportunity Limited Partnership.

(6) KBS Strategic Opportunity REIT, Inc.'s deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of KBS Strategic Opportunity Limited Partnership. KBS Strategic Opportunity Limited Partnership is a wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc..

Save as disclosed above and based on information available to the Manager as at the Announcement Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Acquisition.

8.4 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[11] located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 for a period of three months commencing from the Announcement Date:

(i) the Purchase and Sale Agreement;

11 Prior appointment would be appreciated.

(ii) the market valuation report on the Property issued by Cushman; and

(iii) the market valuation report on the Property issued by JLL.

10. FURTHER DETAILS

The Circular, together with a notice of the Extraordinary General Meeting to be convened, will be dispatched to Unitholders in due course.

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

Kelvin Chua
Company Secretary
6 September 2019

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.

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 KBS 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.