

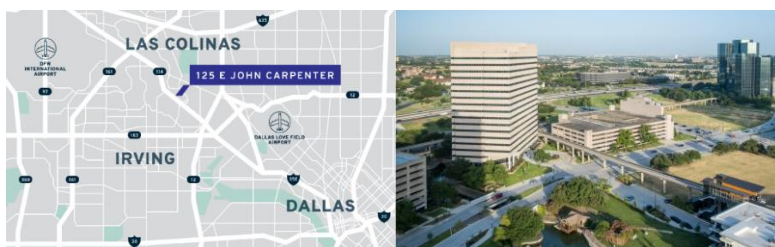
## MEDIA RELEASE

### **Keppel Pacific Oak US REIT expands portfolio with US\$101.5 million Dallas acquisition**

- *Distribution per Unit (DPU) accretive acquisition extends and strengthens Keppel Pacific Oak US REIT's (KORE) portfolio to a total of eight key growth markets*
- *Strong visible organic growth opportunities supported by positive rental reversion opportunities*

**Singapore, 6 September 2019** – Keppel Pacific Oak US REIT Management Pte. Ltd.<sup>1</sup>, as Manager of Keppel Pacific Oak US REIT<sup>1</sup> (KORE), is pleased to announce that a wholly-owned subsidiary of KORE has entered into an agreement with KBS SOR 125 John Carpenter, LLC to acquire One Twenty Five, an office complex in Irving, Dallas, for US\$101.5 million. The strategic acquisition of One Twenty Five extends KORE's presence to a total of eight key growth markets.

The office complex, comprising two class A buildings – 125 East John Carpenter and 5100 North O'Connor – is strategically located in the first choice submarket of Las Colinas, a key economic hub of North Central Texas with one of the highest concentrations of corporate headquarters in the US. Las Colinas has been experiencing strong leasing demand supported by limited supply of quality office spaces, as well as strong employment growth and population expansion. Las Colinas is also home to mixed-use developments, Gables Water Street and the Toyota Music Factory, and new multifamily housing 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 affluent population.



*Location map and aerial view of One Twenty Five*

Dallas-Fort Worth is a key economic hub of North Central Texas. From 2013 to 2017, the region averaged real gross domestic product growth of 4.2%<sup>2</sup> per annum, well above the US national average of 2.2%<sup>2</sup>. At the same time, employment and population growth from 2014 to 2018 averaged 3.0% and 2.0% respectively, also above that of the US national average of 1.8% and 0.7%<sup>3</sup>. A combination of low taxes, reasonable real estate, living and business costs has spurred the proliferation of new businesses and in-migration from corporate relocations and expansions.

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Keppel Pacific Oak 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.

<sup>1</sup> Formerly known as Keppel-KBS US REIT Management Pte. Ltd. and Keppel-KBS US REIT

<sup>2</sup> Source: US Bureau of Economic Analysis

<sup>3</sup> Source: US Bureau of Labour Statistics and US Census Bureau, Population Division

Mr David Snyder, CEO and CIO of the Manager, said, “This acquisition is an extension of our strategy and commitment to growing our portfolio by investing in key growth markets in the United States. We are capitalising on the positive leasing dynamics in a strong submarket in one of the largest and fastest growing office markets in the country. This is a great example of a modern and vibrant live-work-play environment that has been developed in a strong suburban submarket rather than in a more traditional downtown. The DPU accretive addition will also enhance KORE’s income resilience and strengthen and balance our portfolio leasing profile.”

Upon completion of the acquisition, expected in the fourth quarter of 2019, the pro-forma<sup>4</sup> DPU to Unitholders would have grown by 1.0% from 6.22 US cents to 6.28 US cents. At the same time, KORE’s net leasable area will increase by 10.5% to over 4.7 million sf of quality office spaces, with an improved portfolio committed occupancy rate of 94.2%<sup>5</sup>. Assets under management will also expand by 9.3% to approximately US\$1.2 billion. KORE’s tenant base will increase to 486 tenants, with top 10 tenants’ cash rental income contribution reducing to 18.5%<sup>3</sup>, thereby further lowering tenant concentration risks.

The Manager intends to finance the acquisition with the proceeds from a private placement to institutional and other investors, 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.

The acquisition is subject to the approval of Unitholders at an extraordinary general meeting. Please refer to the Manager’s SGX announcements for more details.

### **About One Twenty Five**

One Twenty Five is an office complex comprising two class A office buildings – 125 East John Carpenter and 5100 North O’Connor – offering a total of 445,317 sf of quality spaces. The class A office complex is part of a desirable live-work-play community centrally located in the fast-growing Dallas-Fort Worth region, which is home to a young, well-educated and affluent population.

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 a seven-storey parking garage. It has a healthy committed occupancy of 95.5%<sup>5</sup>, with a weighted average lease expiry of 7.0 years and limited lease expiries until 2023.

It is currently leased to 20 tenants from diverse industries, mainly in the professional services, medical and healthcare, government, as well as financial and insurance sectors. Key tenants include Bio-Medical Application of Texas, a company that provides dialysis services through 3,900 outpatient dialysis centres and United Capital Financial Advisors, a subsidiary of Goldman Sachs that provides investment advisory services.



*(From L to R): Tenant Lounge, Fitness Centre, Building Exterior, Lobby Front Desk*

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<sup>4</sup> Based on the financial statements of Keppel Pacific Oak US REIT for the financial period from Listing Date (9 November 2017) to 31 December 2018

<sup>5</sup> As at 30 June 2019

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**About Keppel Pacific Oak US REIT ([www.koreusreit.com](http://www.koreusreit.com))**

Listed on 9 November 2017 on the mainboard of the Singapore Exchange Securities Trading Limited, Keppel Pacific Oak US REIT (KORE), previously known as Keppel-KBS US REIT, is a distinctive office REIT with properties located in key growth markets of the United States (US). KORE's investment strategy is to principally invest in a diversified portfolio of income-producing commercial and real estate-related assets in key growth markets of the US with favourable economic and office fundamentals that are above the national average, so as to provide sustainable distributions and strong total returns for Unitholders.

Prior to the acquisition of One Twenty Five in Irving, Dallas, KORE's portfolio comprises a balanced mix of 12 quality freehold properties across seven key growth markets across the US. With approximately 4.3 million sf of quality spaces, KORE has a diversified base with low tenant concentration led by tenants in the growth and defensive sectors such as technology, finance and insurance, professional services, as well as medical and healthcare.

KORE is a technology-focused office REIT with about 60% of the portfolio in the technology hubs of Seattle, Austin and Denver. The assets are The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio in Seattle, Washington; Great Hills Plaza and Westech 360 in Austin, Texas; as well as Westmoor Center in Denver, Colorado. The remaining properties in KORE's portfolio are located in key growth markets of the US, namely Iron Point in Sacramento, California; 1800 West Loop South and West Loop I & II in Houston, Texas; Powers Ferry and Northridge Center I & II in Atlanta, Georgia; as well as Maitland Promenade I & II in Orlando, Florida.

With One Twenty Five in its portfolio, KORE will have a total of 13 quality freehold properties across eight key growth markets across the US, offering a total of over 4.7 million sf of quality spaces.

KORE is managed by Keppel Pacific Oak US REIT Management Pte. Ltd., which is jointly owned by two Sponsors, Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.

**IMPORTANT NOTICE**

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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.

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