

Acquisition of
One Twenty Five
Class A Office Complex
in Irving, Dallas, Texas

6 September 2019

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One Twenty Five Transaction Overview

One Twenty Five
Irving, Dallas, Texas



Strengthening Portfolio with Acquisition of *One Twenty Five*

Overview of *One Twenty Five* in Irving, Dallas, Texas

- ✓
Key Growth Market: Latest acquisition extends KORE's presence to 8 key growth markets
- ✓
Highly Accessible: Near major thoroughfares, easy freeway access and proximity to airport
- ✓
Coveted Live-Work-Play Destination: Las Colinas is an attractive submarket that continues to attract a young, well-educated and highly affluent population
- ✓
Strong Leasing Demand: Supported by limited supply of quality office spaces, as well as strong employment growth and population expansion



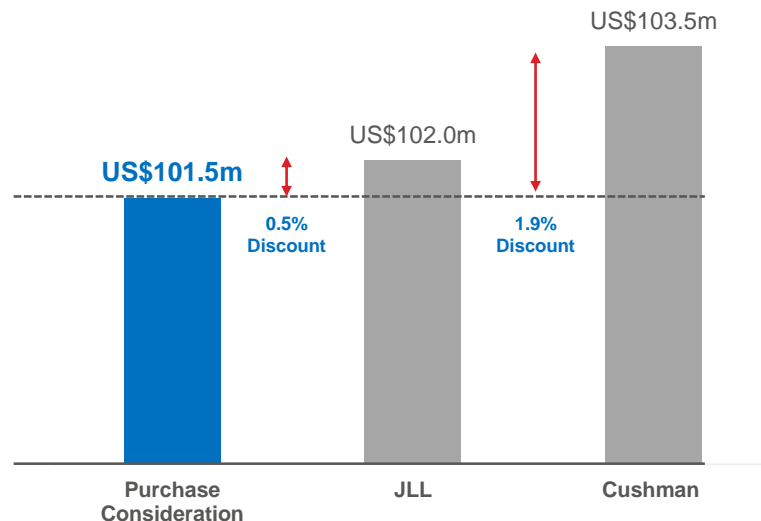
Property Description <i>One Twenty Five</i>	<ul style="list-style-type: none"> Office complex comprising two Class A office buildings <ul style="list-style-type: none"> 125 East John Carpenter 5100 North O'Connor Located in the first choice submarket of Las Colinas in Irving, Dallas, Texas Modern interior finishes that appeal to office users Onsite amenities include fitness centre, conference centre, deli, tenant lounge and 7-storey parking garage
Land Tenure	<ul style="list-style-type: none"> Freehold
Net Lettable Area	<ul style="list-style-type: none"> 445,317 sq ft
Committed Occupancy	<ul style="list-style-type: none"> 95.5%⁽¹⁾
WALE	<ul style="list-style-type: none"> 7.1 years⁽²⁾
Refurbishment Period	<ul style="list-style-type: none"> 2015-2019
Number of Tenants	<ul style="list-style-type: none"> 20⁽¹⁾
Key Tenants	<ul style="list-style-type: none"> Bio Medical Applications of Texas, US Homeland Security, United Capital Financial Advisors

Transaction Overview

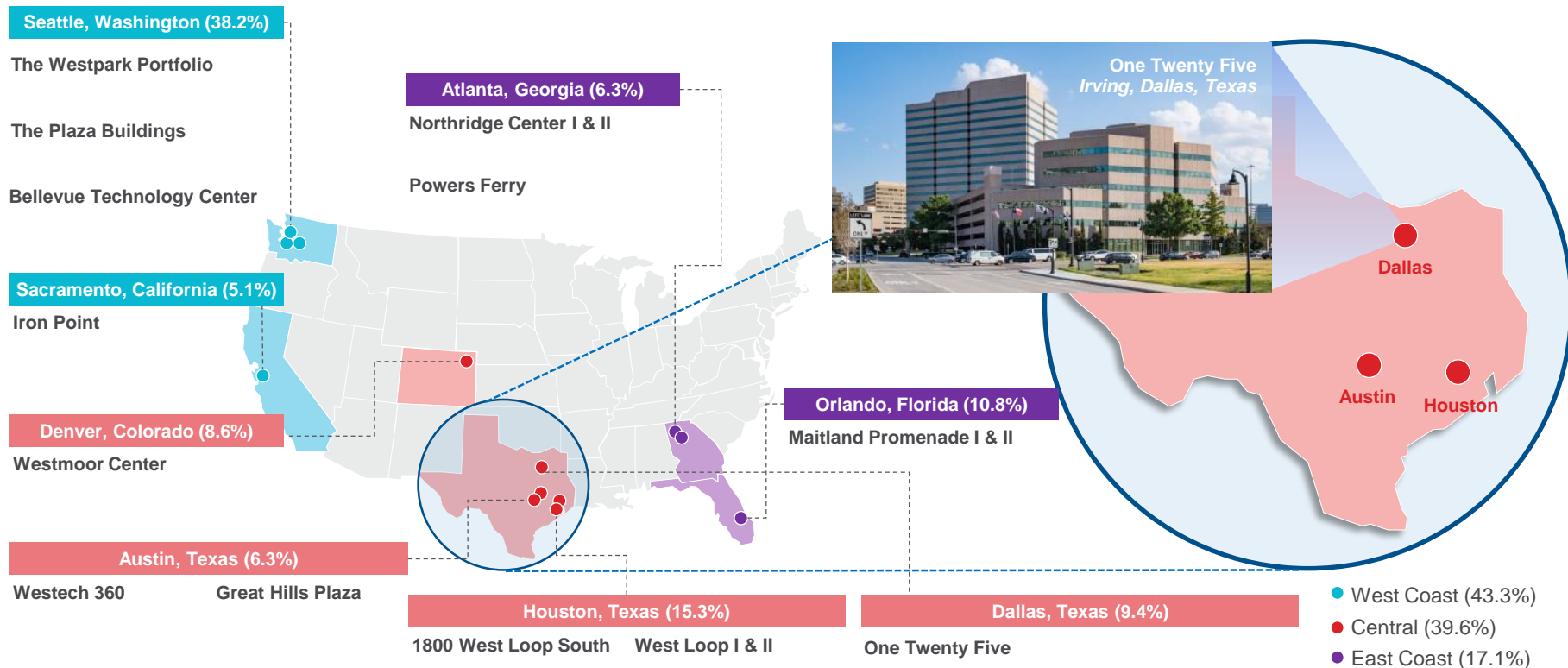
Transaction Summary

Acquisition Cost	<ul style="list-style-type: none"> Estimated total acquisition cost of US\$105.2m, comprising: <ul style="list-style-type: none"> Purchase Consideration US\$101.5m Acquisition Fee US\$1.0m <i>(payable in Units to the Manager)</i> Estimated professional & other fees and expenses incurred or to be incurred⁽¹⁾ US\$2.7m
Independent Market Valuations	<ul style="list-style-type: none"> JLL (commissioned by Trustee): US\$102.0m Cushman (commissioned by Manager): US\$103.5m
Proposed Method of Financing	<ul style="list-style-type: none"> Proceeds from a private placement to institutional and other investors; debt financing; and internal cash resources Proportion of the debt and equity will be determined at the appropriate time, taking into account the then prevailing market conditions

Purchase Consideration at Discount to Valuations



Extending Footprint Into a New Key Growth Market: Dallas



Market Overview

*Neighbouring Park
Irving, Dallas, Texas*



Dallas: Economic Hub of North Central Texas

Attractive Dynamics Driving Strong Office Fundamentals



Strong Economic Fundamentals

- ✓ From 2013-2017, average GDP growth of 4.2%, above the US national average of 2.2%
- ✓ GDP expected to continue growing at 3.1% through 2022



Growing Population

- ✓ Consistently outpaced the US in population growth over the past 30 years
- ✓ From 2014-2018, average population growth of 2.0%, above the US national average of 0.7%
- ✓ Population expected to grow 19.7% through 2025



Key Corporate Hub

- ✓ One of the highest concentrations of corporate headquarters in the US
- ✓ Desirable live-work-play community and continued in-migration will drive business growth



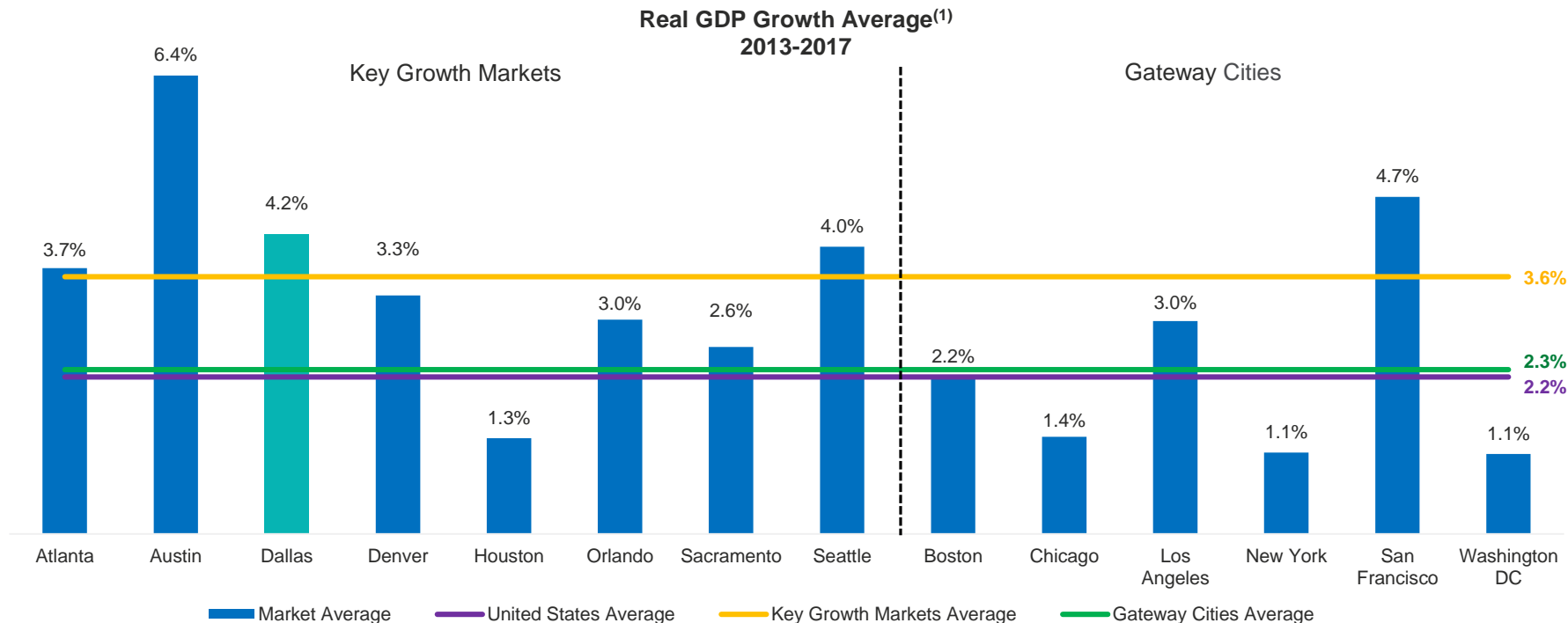
Educated Workforce

- ✓ Young, affluent, well-educated population
- ✓ From 2014-2018, average employment growth of 3.0%, above the US national average of 1.8%



Extending Presence in Key Growth Markets

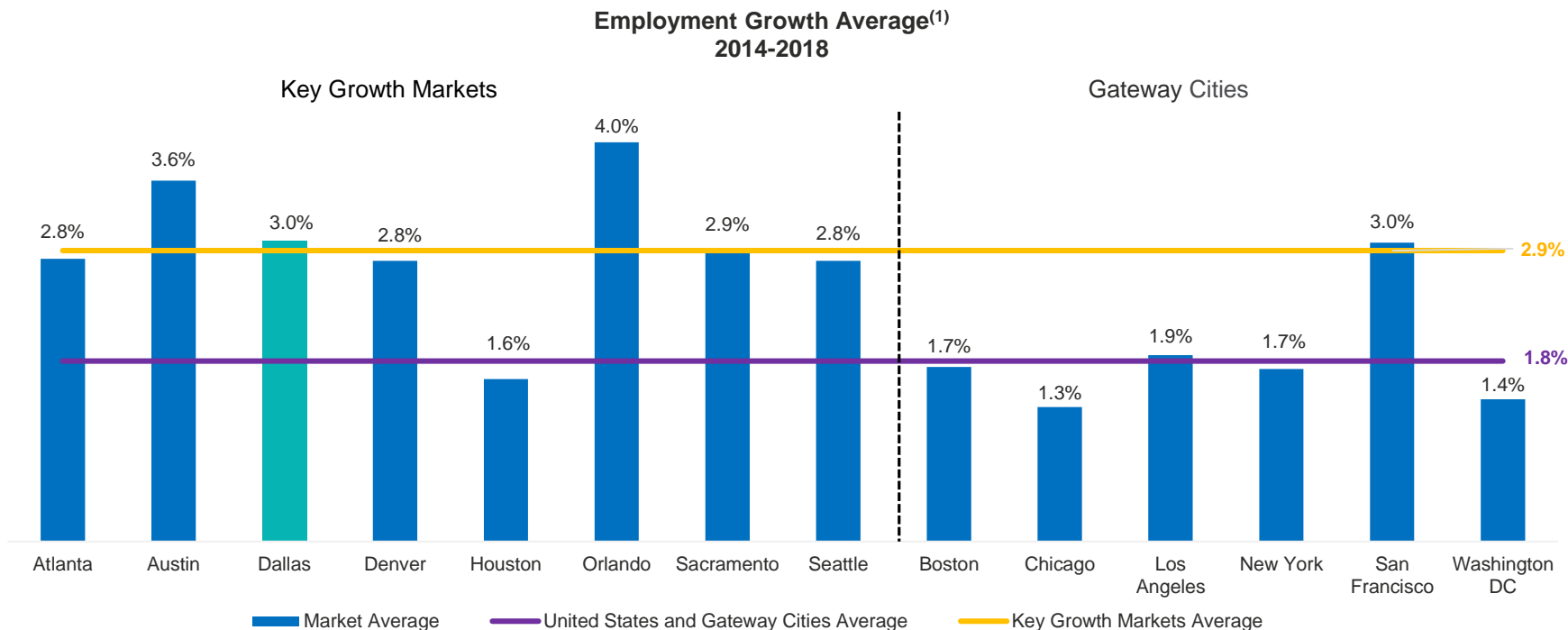
Positive Economics: KORE's Key Growth Markets Outperformed National Average over the last 5 years



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

Extending Presence in Key Growth Markets

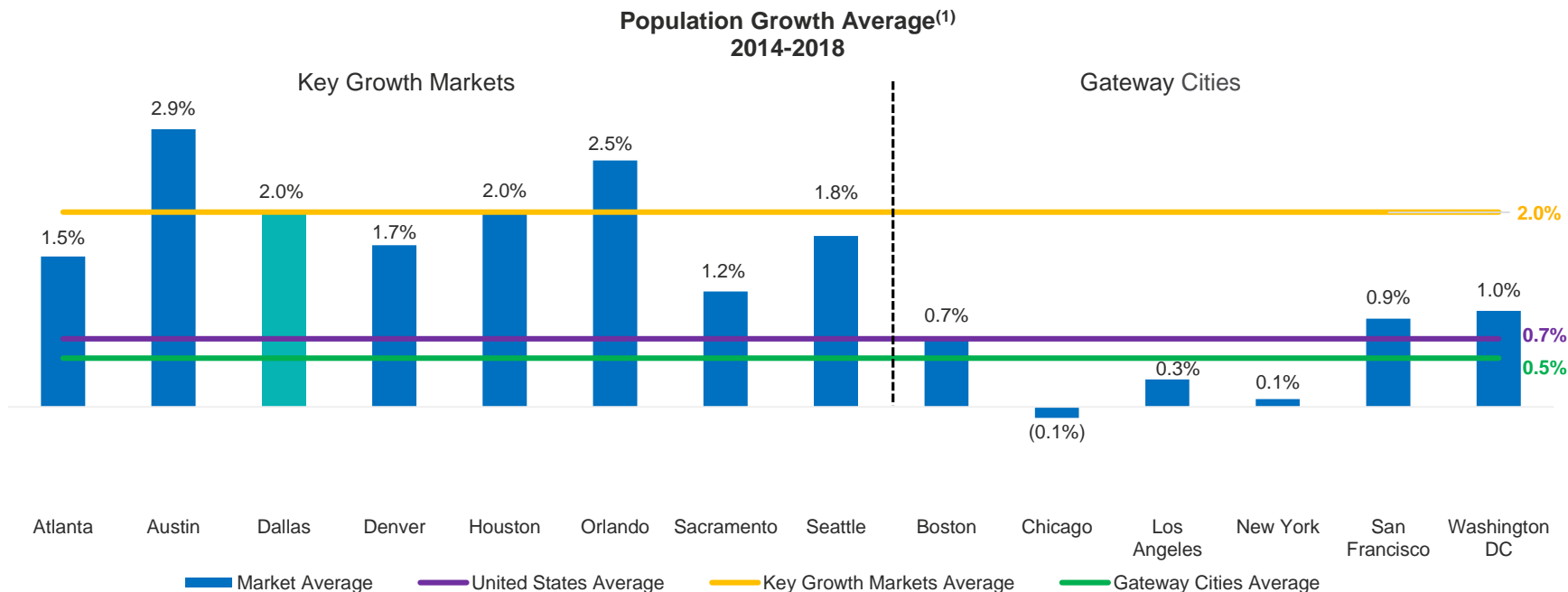
Rising Employment: KORE's Key Growth Markets Outperformed National Average over the last 5 years



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

Extending Presence in Key Growth Markets

Expanding Population: KORE's Key Growth Markets Outperformed National Average over the last 5 years



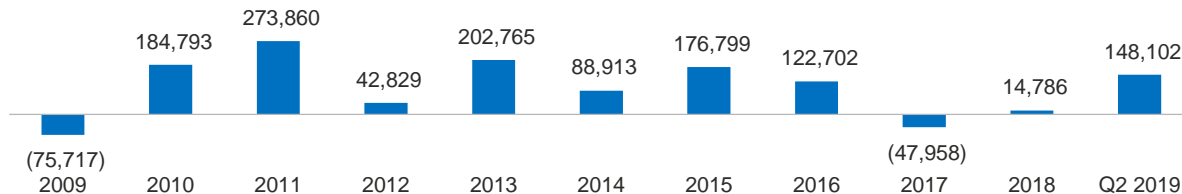
Note: Gateway cities average is based on Boston, Chicago, Los Angeles, New York, San Francisco and Washington DC.
(1) US Census Bureau, Population Division

Attractive Office Fundamentals in Las Colinas

Positive Overall Net Absorption, Rent Growth and Lower Vacancy

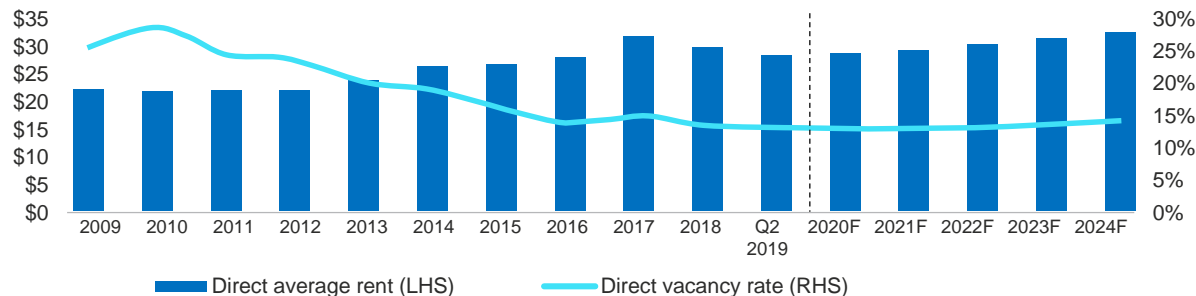
Overall Absorption

(In sq ft)



Overall Vacancy Rate and Overall Asking Rent by Year

Average asking rent (US\$ per sq ft)



Limited Supply in Las Colinas

- Office inventory space of approximately 6.6m sq ft between 33 buildings
- No new deliveries until the Music Factory opened in 2018, with supply of new office space restrained since

Positive Rent Growth and Low Vacancy

- 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% for Dallas
- Average asking rents in Las Colinas increased from US\$22.10 psf in 2009 to US\$29.74 psf in 2018, with a CAGR of 3.4%, outpacing the Dallas' CAGR of 2.9% over the same period
- Average asking rents are projected to increase to US\$32.57 psf in 2024 driven by strong leasing demand

Rationale for the Acquisition

*Main Lobby
One Twenty Five
Irving, Dallas, Texas*



Benefits to Unitholders

1

Strengthen portfolio with addition of a quality asset in the economic hub of North Central Texas

- ✓ Strong economic, population and employment growth that outpaces the US national average
- ✓ High quality office Class A complex that is strategically located in a desirable live-work-play community with excellent accessibility

2

Strong office fundamentals for continued rental growth

- ✓ Robust office fundamentals in the vibrant Las Colinas submarket will continue to drive rental growth
- ✓ Opportunity for positive rental reversion as in-place rents are 10.7%⁽¹⁾ below market asking rents

3

Enhance portfolio diversification and income resilience

- ✓ Increases exposure to high quality tenants including those with stable credit profiles across professional services, government agency, medical and healthcare, and finance and insurance sectors
- ✓ Improve portfolio lease expiry profile, with no more than 15.2% of leases (by NLA) expiring in any single year up to 2023
- ✓ Reduces top 10 tenants' contribution (by CRI) from 20.4% to 18.5%

4

Create value for unitholders through an accretive acquisition

- ✓ Acquisition is 1.0% DPU accretive on a pro-forma basis
- ✓ Purchase price represents a discount of 0.5% and 1.9% to JLL and Cushman appraised values⁽²⁾ respectively



1

Expanding Foothold in the Dallas Key Growth Market

Strategic Location with Excellent Accessibility



Desirable Live-work-play Community

- First choice submarket of **Las Colinas** in Irving, Dallas, Texas
- Desirable **urban live-work-play community** that is also home to
 - Gables Water Street: 60,000 sq ft of retail and restaurant space
 - Toyota Music Factory: 8,000-seat concert hall, restaurants and clubs, as well as a fully-leased 100,000 sq ft office component
- Choice business address US corporate headquarters

Well-located Quality Asset

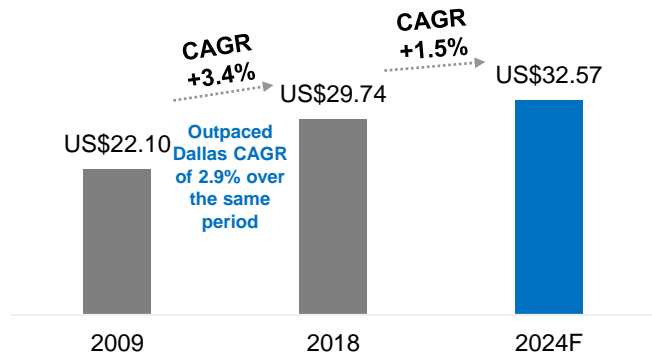
- Well-connected by major thoroughfares
- Property underwent extensive capital improvement works since 2015

Strong Organic Growth With Potential Rental Upside

Strong Office Fundamentals Expected to Drive Positive Rental Reversion

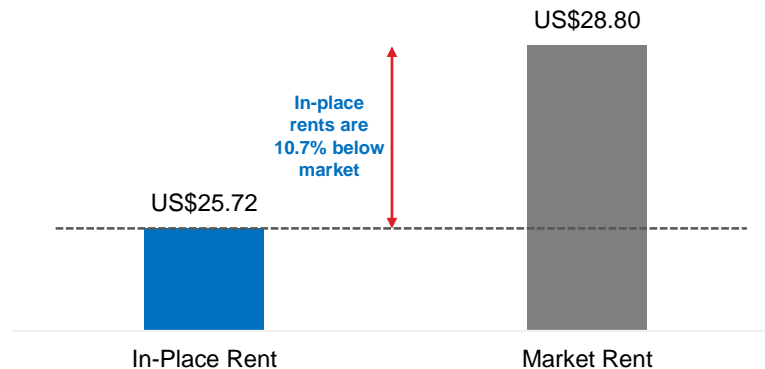
Strong Office Fundamentals in Las Colinas

- Average asking rents in Las Colinas increased from US\$22.10 psf in 2009 to US\$29.74 psf in 2018
- Average asking rents projected to increase to US\$32.57 psf in 2024 supported by strong leasing demand



Positive Rental Reversion

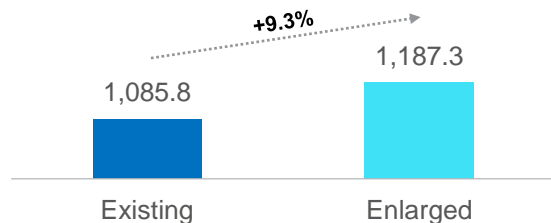
- Property in-place rent is 10.7% below market rent
- Strong organic growth opportunity as leases are marked to market



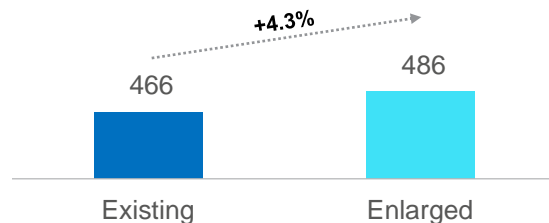
Enhanced Portfolio Scale and Diversification

Strengthens Income Resilience of Portfolio

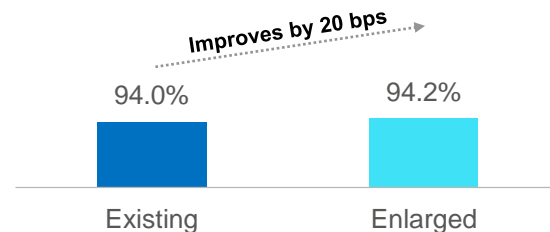
Enlarges AUM (US\$m)



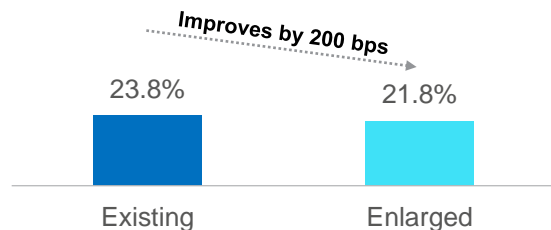
Expands Tenant Base



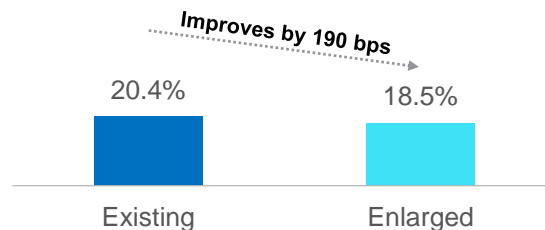
Increases Occupancy⁽¹⁾



Greater Portfolio Diversification Reducing Largest Asset Exposure⁽²⁾



Reduces Top 10 Tenant Exposure⁽³⁾

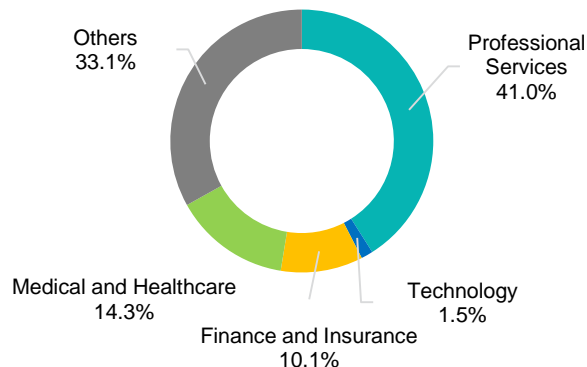


Exposure to High Quality Trade Sectors and Tenants

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

- **One Twenty Five** is leased to 20 tenants mainly in the professional services, government service administration, medical and healthcare, and finance and insurance sectors
- Average WALE of 7.1 years⁽¹⁾
- Top 5 tenants comprise large companies with stable credit profiles, with an average WALE of 8.2 years⁽²⁾

One Twenty Five: Trade Sector Breakdown (by NLA)



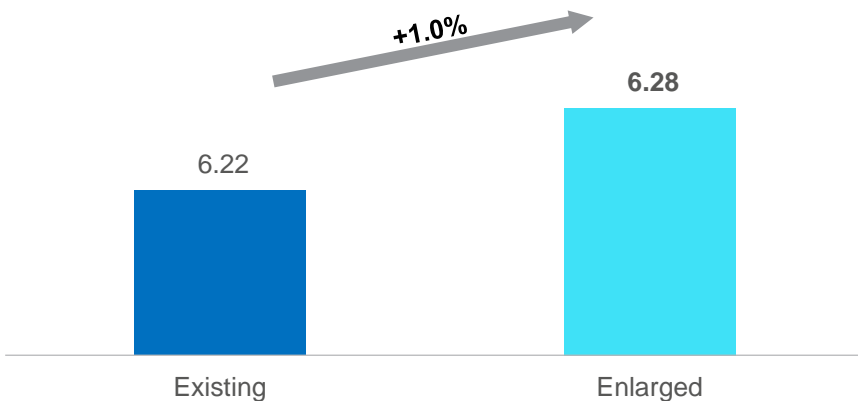
One Twenty Five: Top 5 Tenants

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 ⁽³⁾	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		WALE: 8.2 years (by CRI) 8.5 years (by NLA)	55.0	46.9

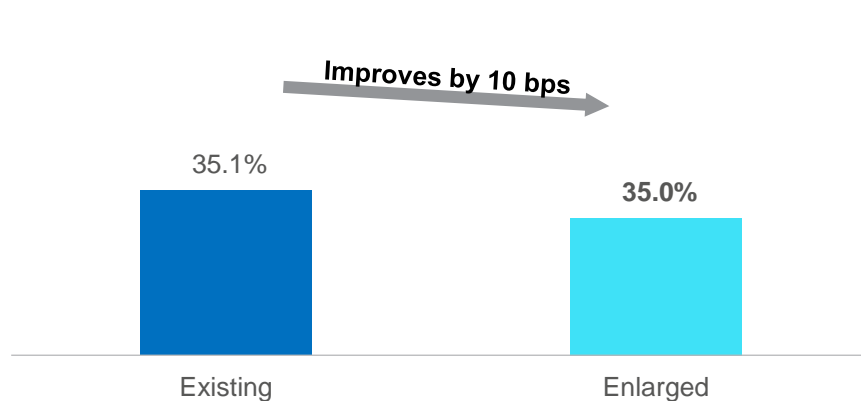
Accretive Acquisition Creating Value for Unitholders

Delivering DPU Accretive Acquisitions for Unitholders while Maintaining Financial Flexibility

Distribution per Unit (US cents)⁽¹⁾



Aggregate Leverage⁽²⁾



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(1) Actual (and after acquisition) DPU for the period from 9 November 2017 to 31 December 2018 of 6.22 (and 6.28) US cents comprises of 3.82 US cents paid for the period from 9 November 2017 to 30 June 2018, calculated based on 630.2 (and 728.8) million units and 2.40 (and 2.46) US cents for the period from 1 July 2018 to 31 December 2018 calculated based on 821.7 (and 920.7) million units

(2) For the financial period from 9 November 2017 (Date of listing) and 31 December 2018, assuming that the acquisition, issuance of new units under a private placement, issuance of acquisition fee units and drawdown of loan facilities were completed on 31 December 2018



Conclusion

*Tenant Space
One Twenty Five
Irving, Dallas, Texas*





One Twenty Five
Irving, Dallas, Texas

Extending Footprint in Key Growth Market of Dallas

- ✓ Strong economic and office fundamentals
- ✓ A key corporate hub in the US
- ✓ Young, affluent and well-educated workforce
- ✓ Growing population

Strategic Addition for Long Term Growth

- 1 Addition of high-growth Dallas market extends KORE's footprint to eight key growth markets
- 2 Strategically located Class A office complex with high quality tenants in a strong office market
- 3 Opportunity for rental uplift supported by lower than market in-place rent and positive market outlook
- 4 Enhances income resilience through diversification
- 5 DPU accretive acquisition that will drive long term value for Unitholders

Thank You

For more information, please visit

www.kepkbsusreit.com

Las Colinas

Irving, Dallas, Texas



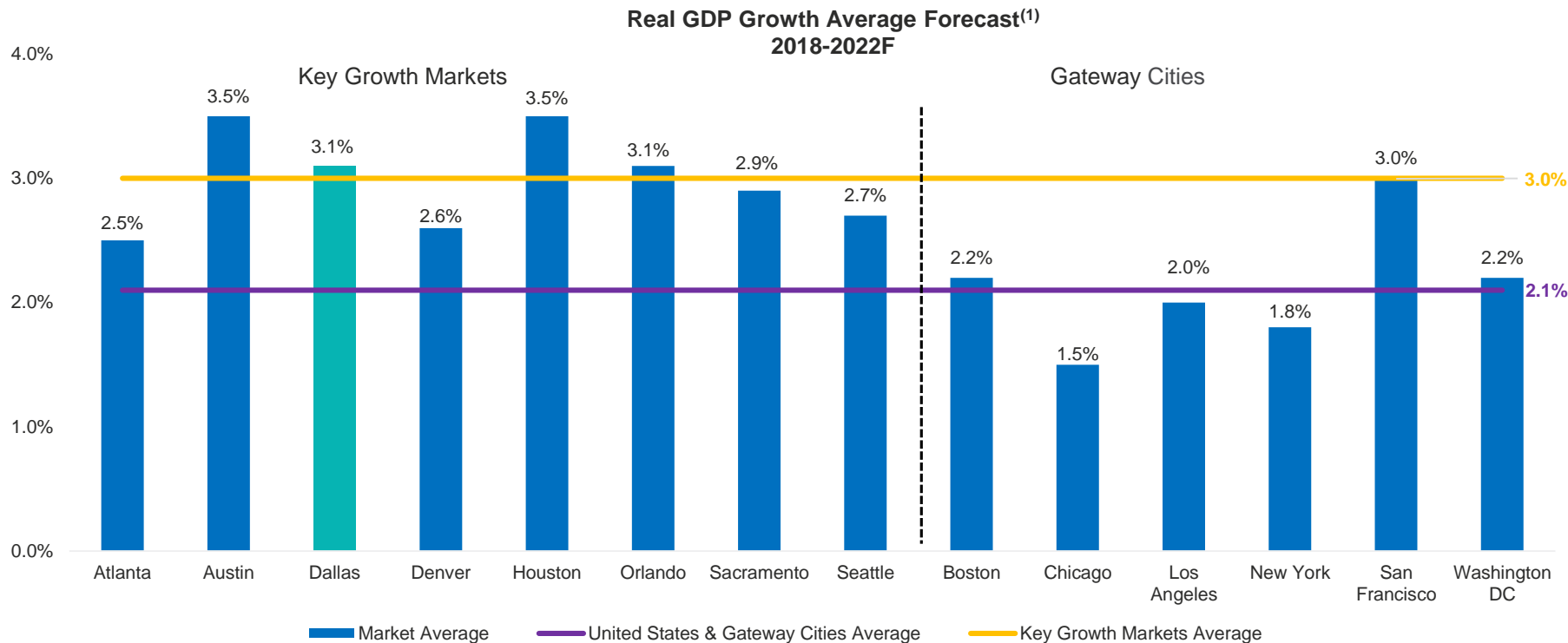
Additional Information

Tenant Café
One Twenty Five
Irving, Dallas, Texas



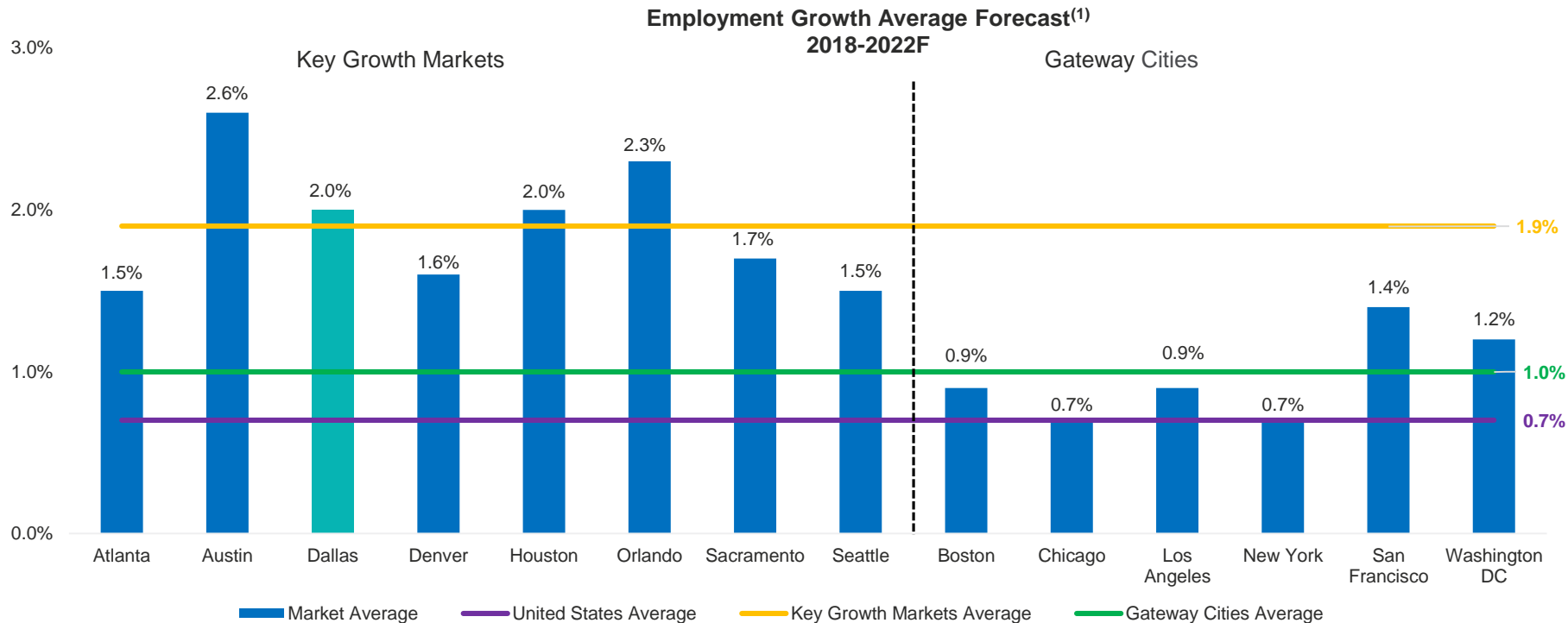
Positive Outlook in KORE's Key Growth Markets

KORE's Key Growth Markets are Forecasted to Outperform National Average



Positive Outlook in KORE's Key Growth Markets

KORE's Key Growth Markets are Forecasted to Outperform National Average



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

Keppel Pacific Oak US REIT: Enlarged Portfolio

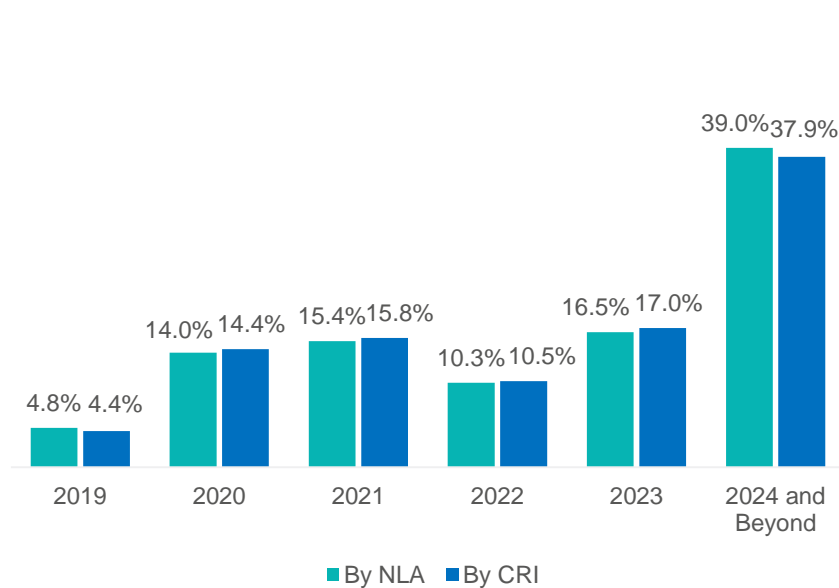
Enlarged Portfolio Valuation of US\$1,187.3 million from US\$1,085.8 million

	Existing Portfolio	One Twenty Five	Enlarged Portfolio	% Change
NLA (sq ft)	4,258,367	445,317	4,703,684	▲ 10.5%
Number of Tenants	466	20	486	▲ 4.3%
Committed Occupancy (%)	94.0	95.5	94.2	▲ 20bps
WALE by NLA	3.9	7.0	4.2	▲ 0.3 years
Valuation (US\$ million)	1,085.8	101.5 ⁽¹⁾	1,187.3	▲ 9.3%

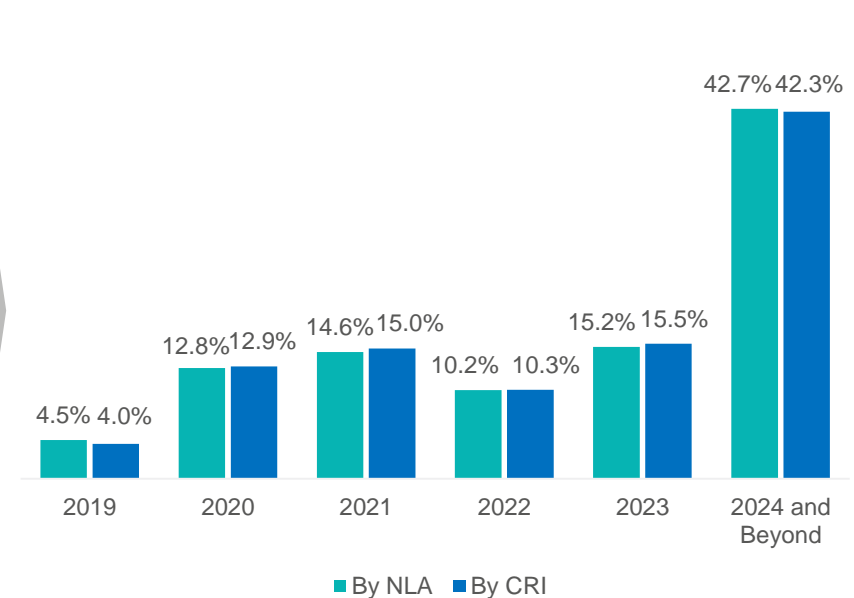
Lease Expiry Profile

Well-developed Lease Expiry Profile with over 40% of Leases Expiring in 2024 and beyond

Lease Expiry Profile for the Existing Portfolio



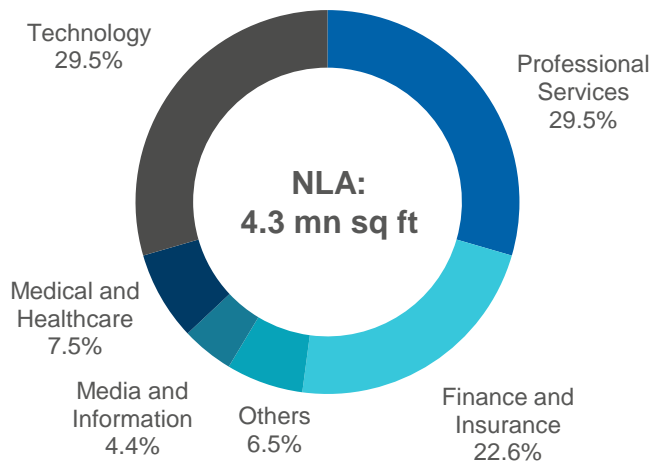
Lease Expiry Profile for the Enlarged Portfolio



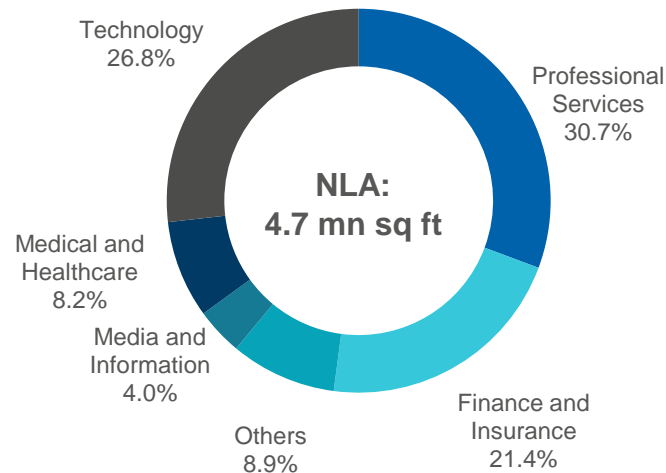
Portfolio Sector Breakdown

Highly Diversified Tenant Base with Increased Exposure to Professional Services and Medical & Healthcare sectors

Existing Portfolio by NLA



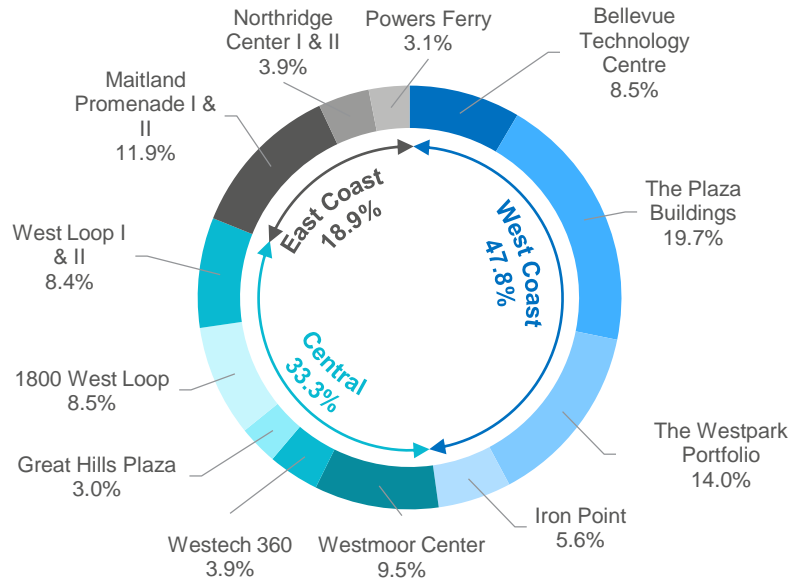
Enlarged Portfolio by NLA



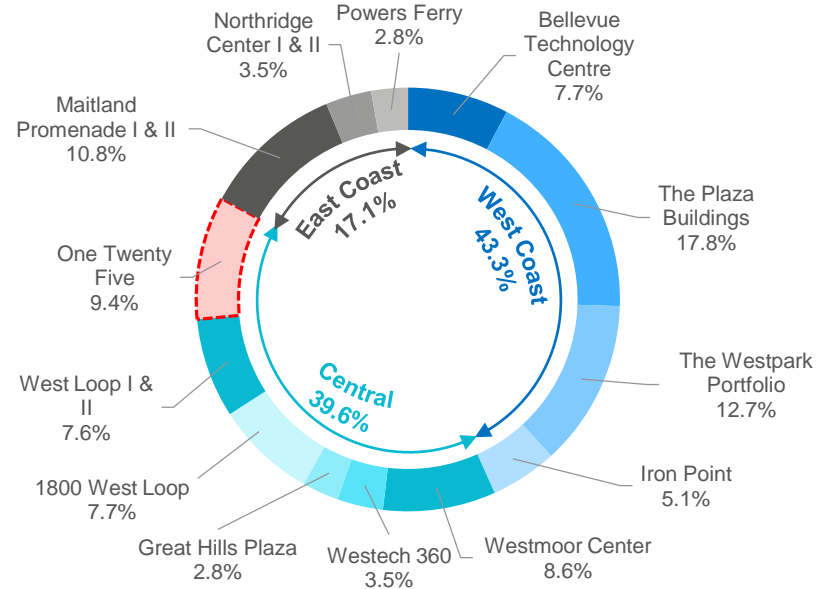
Portfolio CRI Contribution

Enlarged AUM with greater asset diversification

Existing Portfolio by CRI



Enlarged Portfolio by CRI



Top 10 Tenants

Top 10 Tenants now Account for less than 19% of the overall CRI

Top 10 Tenants for the Existing Portfolio

Tenant	Asset	% of CRI
Ball Aerospace & Tech Corp	Westmoor Center	3.5
Oculus VR, LLC	Westpark Portfolio	2.5
Zimmer Biomet Spine, Inc	Westmoor Center	2.3
Spectrum	Maitland Promenade I	2.1
Unigard Insurance Company ⁽¹⁾	Bellevue Technology Center	1.9
US Bank National Association	The Plaza Buildings	1.9
Blucora, Inc	The Plaza Buildings	1.8
Futurewei Technologies, Inc	The Plaza Buildings	1.6
Reed Group, Ltd	Westmoor Center	1.5
Regus PLC	Bellevue Technology Center	1.3
Top 10 Tenants		20.4%

Top 10 Tenants for the Enlarged Portfolio

Tenant	Asset	% of CRI
Ball Aerospace & Tech Corp	Westmoor Center	3.1
Oculus VR, LLC	Westpark Portfolio	2.3
Zimmer Biomet Spine, Inc	Westmoor Center	2.0
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Unigard Insurance Company ⁽¹⁾	Bellevue Technology Center	1.7
US Bank National Association	The Plaza Buildings	1.7
Blucora, Inc	The Plaza Buildings	1.6
Bio Medical Applications of Texas, Inc	One Twenty Five	1.5
Futurewei Technologies, Inc	The Plaza Buildings	1.4
US Homeland Security	One Twenty Five	1.4
Total:		18.5%