

MEDIA RELEASE

Unaudited Results of Keppel Pacific Oak US REIT for Full Year ended 31 December 2024

4 February 2025

The Directors of Keppel Pacific Oak US REIT Management Pte. Ltd., as Manager of Keppel Pacific Oak US REIT, are pleased to announce the unaudited results of Keppel Pacific Oak US REIT for the full year ended 31 December 2024.

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The materials are also available at www.koreusreit.com and www.keppel.com.

Keppel Pacific Oak US REIT (KORE) portfolio value remained stable and leased 938,655 sf of office space for FY 2024

Highlights

- Portfolio value remained stable year-on-year (y-o-y) at US\$1.33 billion as at 31 December 2024. Taking into consideration capital expenditures and tenant improvements for 2024, there was a fair value loss of US\$46.7 million.
- Leased 938,655 sf or 19.6% of portfolio net lettable area (NLA) of office space in FY 2024.
- Portfolio committed occupancy increased to 90.0% as at 31 December 2024 against 88.7% as at 30 September 2024.
- In 4Q 2024, KORE successfully refinanced a loan facility of US\$20.0 million and early refinanced a loan facility of US\$40.0 million that were due in 1Q 2025.
- Aggregate leverage of 43.7% as at 31 December 2024 is within regulatory limits.

Summary of Results

(US\$,000)	2H 2024	2H 2023	% Change	FY 2024	FY 2023	% Change
Gross Revenue	72,065	74,846	(3.7)	146,437	150,757	(2.9)
Net Property Income (NPI)	36,275	42,230	(14.1)	78,290	86,100	(9.1)
Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions)	40,016	43,440	(7.9)	83,442	87,591	(4.7)
Income Available for Distribution	23,813	26,111	(8.8)	47,627	52,223	(8.8)
Other information: Finance and other trust expenses	(15,563)	(14,193)	9.7	(31,131)	(27,969)	11.3
Amount distributed to Unitholders⁽¹⁾	-	-	-	-	26,112	(100.0)
DPU (US cents) for the period^{(1) (2)}	-	-	-	-	2.50	(100.0)

(1) Distributions have been suspended for the period starting 2H 2023.

(2) DPU for 1H 2023 was calculated based on 1,044,450,254 issued Units as at 30 June 2023.

Financial Performance

Net property income of US\$78.3 million for FY 2024 was lower than FY 2023 by 9.1%. Excluding the non-cash adjustments such as amortisation of straight-line rent, lease incentives and amortisation of leasing commissions which have no impact on the income available for distribution, adjusted net property income was 4.7% lower year-on-year. This decline was mainly due to lower cash rental income stemming from higher vacancies from The Plaza Buildings and Iron Point, as well as increased repair and maintenance expenses.

Income available for distribution was US\$47.6 million for FY 2024, 8.8% lower than FY 2023. This was mainly due to higher financing costs and lower cash NPI. No distribution declared for 2H 2024 and FY 2024 arising from the Recapitalisation Plan.

Pursuant to the Recapitalisation Plan announced on 15 February 2024, KORE has temporarily suspended distributions for the period starting from 2H 2023 through to the 2H 2025 distribution that would otherwise be paid in 1H 2026. This allows KORE to address its capital needs and leverage concerns over the two- year period. If market conditions allow, distributions may re-commence at an earlier date than planned.

Capital Management

As at 31 December 2024, KORE's aggregate leverage and interest coverage ratio was 43.7% and 2.6 times, respectively. All-in average cost of debt was 4.45%. The weighted average term to maturity of KORE's debt was 2.4 years.

All of KORE's borrowings are US dollar-denominated and 100% unsecured. The Manager has implemented proactive measures to alleviate the effects of the prevailing inflationary environment. 66.6%¹ of KORE's loans has been hedged with floating-to-fixed interest rate swaps, reducing near-term exposure to rising interest rates.

In 4Q 2024, KORE successfully refinanced loan facilities of US\$20.0 million and early refinanced loan facilities of US\$40.0 million that were due in 1Q2025.

Portfolio Review

In 4Q 2024, 217,263 sf of office space, equivalent to 4.5% of portfolio NLA, was leased. This translated into 938,655 sf of space leased in FY 2024, equivalent to 19.6% of portfolio NLA. KORE's portfolio committed occupancy improved to 90.0% as at 31 December 2024 from 88.7% as at 30 September 2024. Expansions and renewals comprised 9.5% and 52.2% respectively of all leases signed for FY 2024. Rental reversion for FY 2024 was negative 0.5%, mainly affected by renewals at The Plaza Buildings and Westmoor Center. Rental reversion for 4Q 2024 was positive 1.7%.

The weighted average lease expiry by CRI for KORE's portfolio and its top 10 tenants was 3.8 years and 4.0 years, respectively. KORE's top 10 tenants account for only 29.2% of CRI, reflecting low tenant concentration risk which is a key unique value proposition of KORE.

In its December 2024 Office National Report, CoStar reported an average office rental growth of 1.0% for the last 12 months. For KORE, the average office rental growth for its key growth markets was 1.2%, whilst the gateway cities recorded a 0.2% increase on average.

KORE conducted an independent valuation of its portfolio as at 31 December 2024. Portfolio value remained stable year-on-year (y-o-y) at US\$1.33 billion as at 31 December 2024. Taking into consideration capital expenditures and tenant improvements for 2024, there was a fair value loss of US\$46.7 million.

Market Outlook

US job openings rose to a six-month high in November at 8.1 million. The advance was mainly due to openings at professional and business services – which stand at an almost two-year high – as well as finance and insurance².

The annual inflation rate in the US rose for a 3rd consecutive month to 2.9% in December 2024 from 2.7% in November, in line with expectations. The rise is partly influenced by low base effects from last year³. In January, the Fed held rates steady at 4.25%-4.5%, adopting a "wait and see" stance on Trump's economic policies. This pause follows three consecutive cuts, which lowered the key lending rate by a full percentage point. The Fed expressed that "labour market conditions remain solid" but noted "inflation remains somewhat elevated", removing its earlier reference to progress toward the 2% target⁴.

In relation to the office leasing market, the variance in leasing momentum among different geographic regions is beginning to narrow as the recovery spreads more broadly—while Sun Belt markets still lead with

¹ Excludes uncommitted revolving credit facilities.

² Business Times, US job openings rise to six-month high on business services, 8 January 2025

³ Trading Economics, January 2025

⁴ Business Times, US Federal Reserve pauses rate cuts, will 'wait and see' on Trump policies, 30 January 2025

over 95% of pre-pandemic activity over the last six months, gateway markets have recovered to a significant degree as well, reaching 76% of pre-pandemic activity in the second half of the year. With many companies establishing regular office attendance requirements in recent years, downsizing rates have fallen significantly, allowing emerging organic demand growth to drive gains for the overall market⁵.

The Trump administration has on 20 January 2025 issued a memorandum to the heads of federal departments and agencies, to as soon as practicable get their employees back to their respective duty stations full-time⁶.

In terms of interstate migration, Sun Belt states —including Texas, North Carolina, South Carolina, Florida and Tennessee continue to be the most popular destinations⁷.

Looking Ahead

As KORE continues to execute the Recapitalisation Plan, the Manager remains focused on improving leasing and capital management to maintain healthy occupancy levels and refinance loans prior to their maturity.

While distributions to Unitholders are slated to be suspended up till 31 December 2025, KORE would have to bear the withholding tax based on the proportion of non-compliant Unitholders who fail to submit their U.S. withholding forms and certificates. This would reduce the income retained and negatively impact KORE and its Unitholders. Therefore, the Manager would like to urge all Unitholders to continue to submit the relevant tax forms to reduce KORE's withholding tax burden.

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About Keppel Pacific Oak US REIT (www.koreusreit.com)

Keppel Pacific Oak US REIT (KORE) is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017. KORE leverages its focus on the fast-growing technology, advertising, media and information (TAMI), as well as medical and healthcare sectors across key growth markets in the United States (US), and aims to be the first choice US office S-REIT providing sustainable distributions and strong total returns for Unitholders.

KORE invests in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets characterised by positive economic and office fundamentals that generally outpace the US national average, and the average of the gateway cities. These markets include the Super Sun Belt and 18-Hour Cities, which have and continue to see an accelerated influx of talent as part of The Great American Move.

As at 31 December 2024, KORE's portfolio comprised a balanced mix of 13 freehold office buildings and business campuses across eight key growth markets driven by technology and innovation in the US. With a portfolio value of US\$1.33 billion and an aggregate net lettable area of approximately 4.8 million sf, these properties encompass a diversified high-quality tenant base in the growing and defensive sectors of TAMI, as well as medical and healthcare, which make up approximately 51% of KORE's portfolio by cash rental income.

KORE is managed by Keppel Pacific Oak US REIT Management Pte. Ltd., which is jointly owned by two Sponsors, Keppel, a global asset manager and operator with strong expertise in sustainability-related

⁵ JLL Research, U.S. Office Market Dynamics, Q4 2024

⁶ <https://www.whitehouse.gov/presidential-actions/2025/01/return-to-in-person-work/>. Accessed on 24 January 2025

⁷ Wall Street Journal. The Sanctuary State Migrant Boom, December 2024

solutions spanning the areas of infrastructure, real estate and connectivity, and KORE Pacific Advisors, an established commercial real estate investment manager in the US.

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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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