Keppel Pacific Oak US REIT

(a real estate investment trust constituted 22 September 2017
under the laws of the Republic of Singapore)

Managed by Keppel Pacific Oak US REIT Management Pte. Ltd.

CIRCULAR DATED 30 SEPTEMBER 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Circular to Unitholders in relation to:

(1) the Proposed Acquisition of *One Twenty Five*, a Class A Office Complex in Dallas, Texas,
(2) the Proposed Issue and Placement of New Units to Keppel Capital Investment Holdings Pte. Ltd. under the Private Placement, and
(3) the Proposed Issue and Placement of New Units to KBS SOR Properties LLC under the Private Placement

IMPORTANT DATES AND TIMES FOR UNITHOLDERS	
Last date and time for lodgement of Proxy Forms	Saturday, 12 October 2019 at 2.30 pm
Date and time of Extraordinary General Meeting	Tuesday, 15 October 2019 at 2.30 pm
Place of Extraordinary General Meeting	Level 3, Rooms 324 – 326, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Singapore 039593

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred your units in Keppel Pacific Oak US REIT (the "**Units**"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

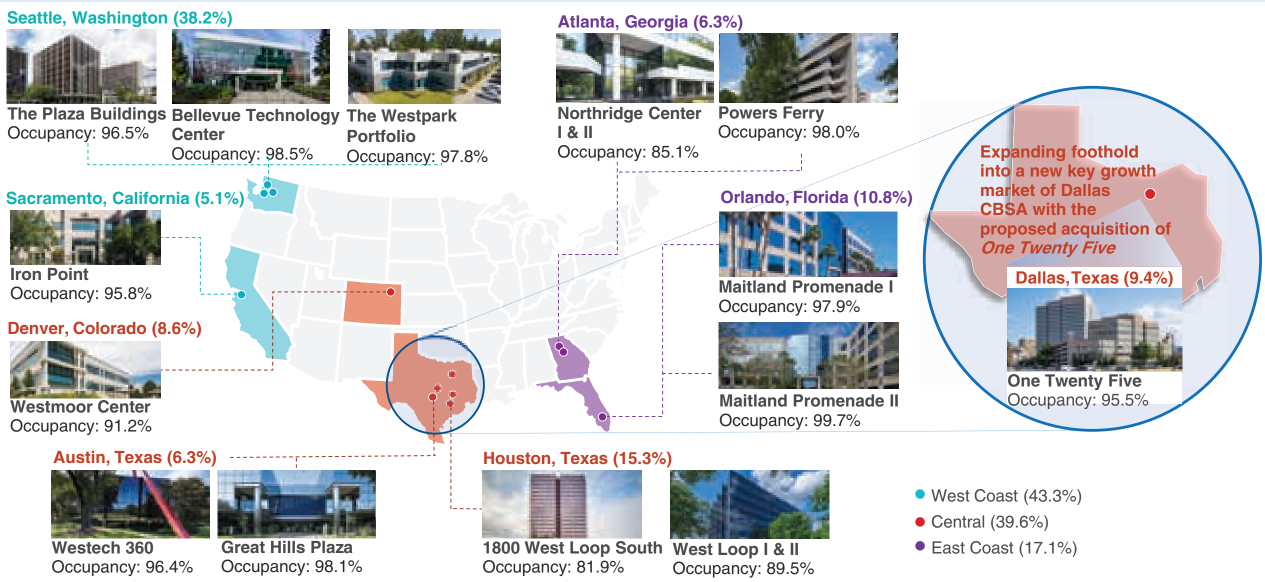
This Circular does not constitute an offer of securities in the United States or any other jurisdiction. Any proposed issue of new Units described in this Circular will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the Units States, and any such new Units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Manager does not intend to conduct a public offering of any securities of Keppel Pacific Oak US REIT in the United States.

Independent Financial Adviser to the Independent Directors and the Audit and Risk Committee of
Keppel Pacific Oak US REIT Management Pte. Ltd. and to Perpetual (Asia) Limited (as trustee of Keppel Pacific Oak US REIT)

Deloitte.

STRENGTHENING PORTFOLIO WITH DPU ACCRETIVE[(1)] ACQUISITION

Expanding Foothold into the Key Growth Market of Dallas CBSA[(2)]



Dallas CBSA: Economic Hub of North Central Texas[(3)]

Strong Economic Fundamentals

✓ From 2013-2017, average GDP growth of 4.2% per annum, above the US national average of 2.2%

✓ From 2018-2022, GDP expected to grow at an average of 3.1% per annum

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

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

Educated Workforce

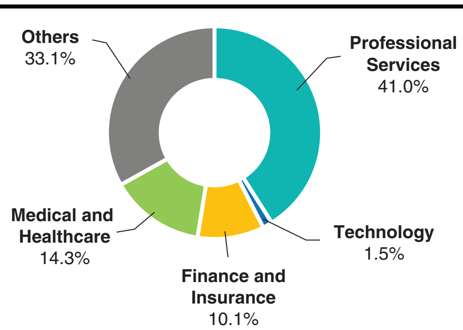
✓ Young, affluent, well-educated population

✓ From 2014-2018, average employment growth of 3.0%, above the US national average of 1.8%

One Twenty Five: Quality Addition to the Portfolio

Property Description	• Office complex comprising two Class A office buildings - 125 East John Carpenter - 5100 North O'Connor • Located in the first choice submarket of Las Colinas in Irving, Dallas CBSA
Land Tenure	Freehold
Purchase Consideration	US$101.5m
Valuations[(4)]	JLL: US$102.0m Cushman: US$103.5m
Net Lettable Area	445,317 sq ft
Committed Occupancy	95.5%[(5)]
WALE	7.1 years[(6)]

Trade Sectors Breakdown[(7)]



(1) Based on 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 Listing Date, and held and operated the Property through to 31 December 2018.

(2) Percentage breakdown adjusted to include the proposed acquisition of One Twenty Five, based on cash rental income, and on an enlarged portfolio as at 30 June 2019. Occupancy figures are based on committed occupancy as at 30 June 2019.

(3) Information under this section has been sourced from the U.S. Metro Economics: Economic Growth and Full Employment, June 2018, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau, Population Division and the Independent Market Research Report (see Appendix D of this Circular "Independent Market Research Report" for further details).

(4) The Manager has commissioned an independent property valuer, Cushman & Wakefield of Texas, Inc. ("**Cushman**"), and the Trustee has commissioned an 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 4 September 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).

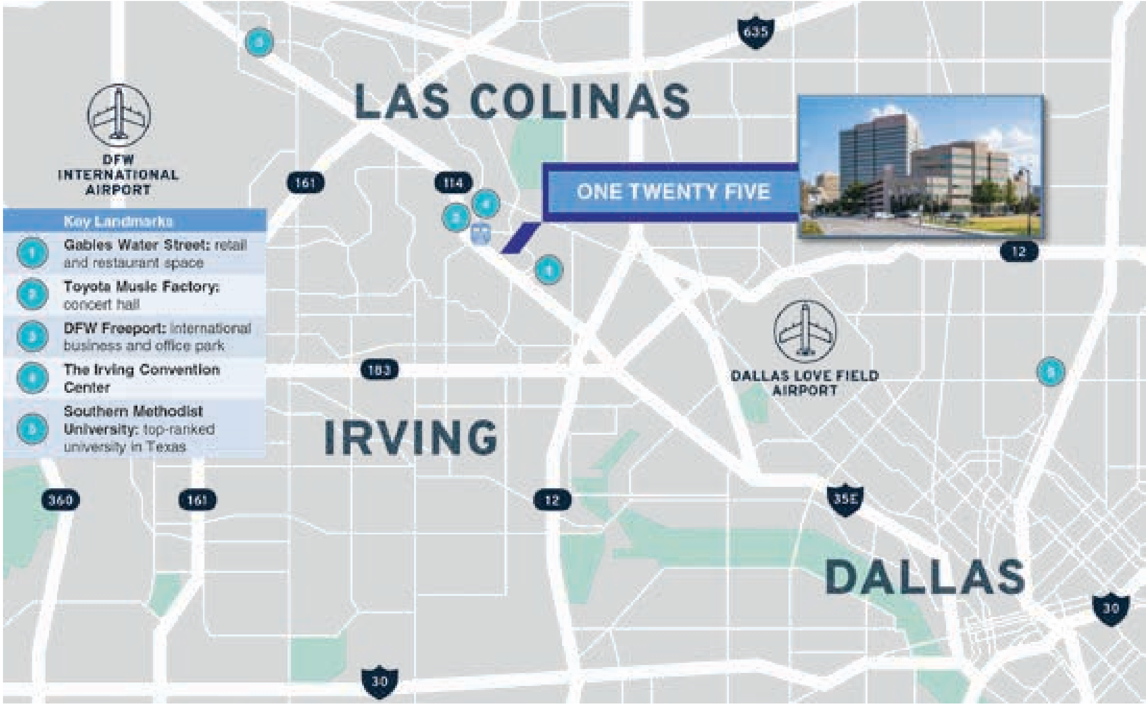
(5) As at 30 June 2019.

(6) Based on Cash Rental Income as at 30 June 2019. WALE is 7.0 years based on NLA.

(7) By NLA as at 30 June 2019. Government Service Administration tenants fall under the trade sector labelled as "Others".

STRATEGIC ADDITION FOR LONG TERM GROWTH

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



Desirable Live-work-play Community

- ✓ **First choice submarket of Las Colinas in 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
- ✓ More than 2,000 companies, including over 20 on the Fortune 500, have a presence in Las Colinas

Gables Water Street

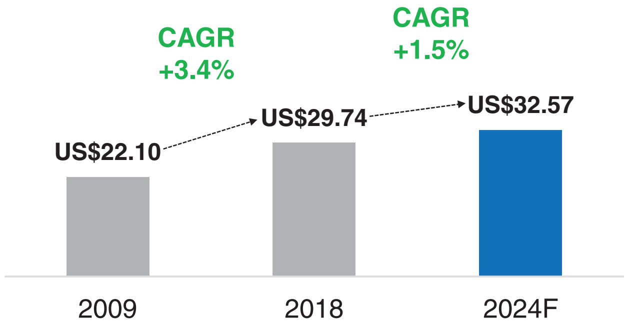
Well-located Quality Asset

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

Toyota Music Factory

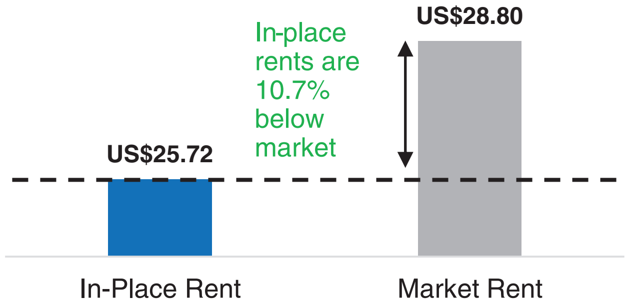
2 Strong office fundamentals for continued rental growth

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 driven by strong leasing demand

Positive Rental Reversion



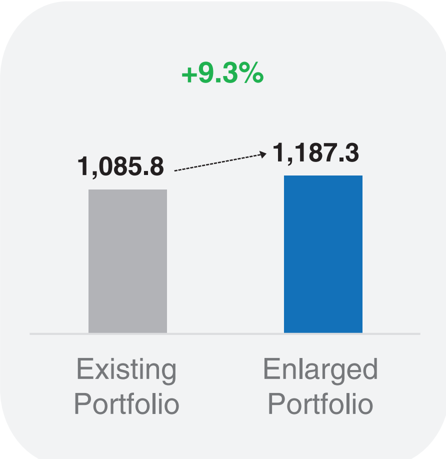
- ■ Property in-place rent (on a US$ per sq ft basis) is 10.7% below market rent(1)
- ■ Further organic growth opportunity as leases are marked to market

(1) According to Cushman's valuation report dated 23 August 2019.

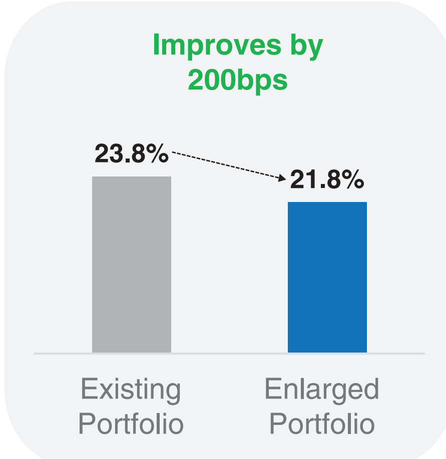
DELIVERING VALUE THROUGH ACCRETIVE ACQUISITION

3 Enhance portfolio diversification and income resilience

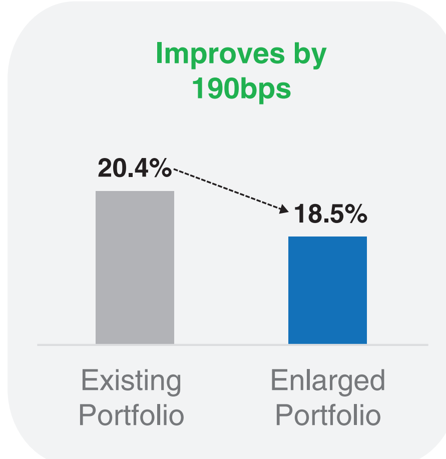
Enlarges AUM (US$m)[1]



Reduces Largest Asset Exposure[1]

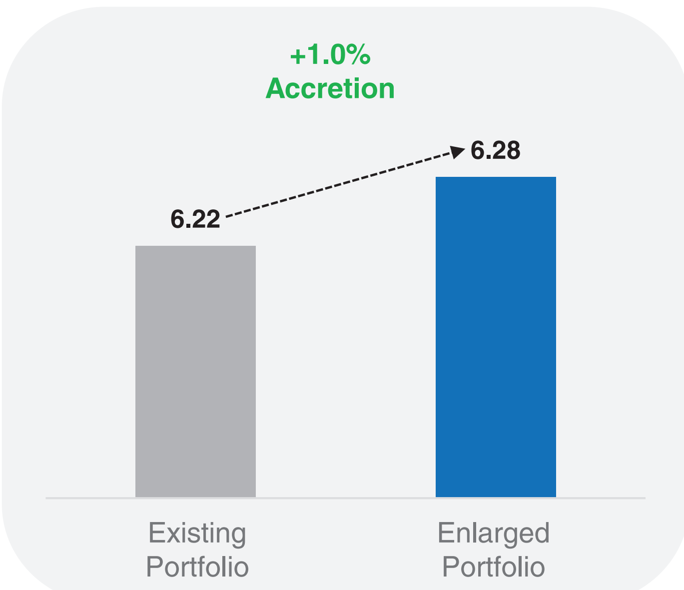


Reduces Top 10 Tenant Exposure[2]

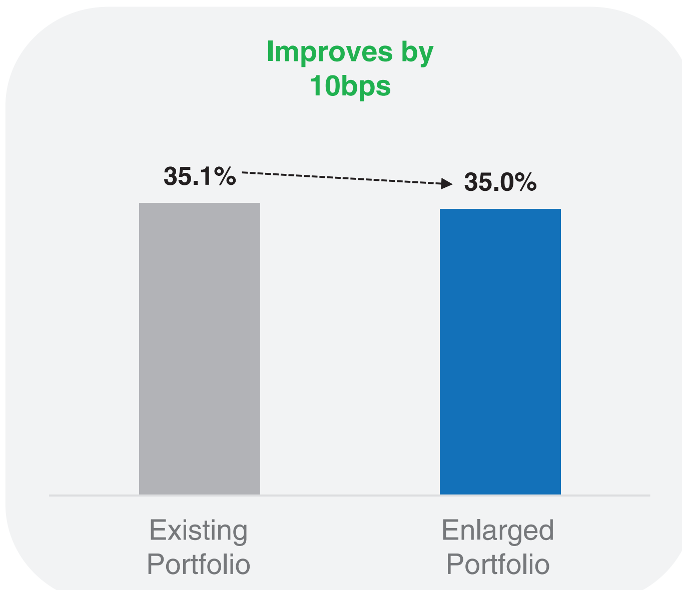


4 Create value for Unitholders through accretive acquisition

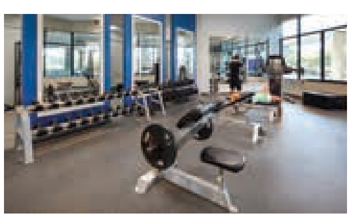
Distribution per Unit (US cents) Accretive[3]



Reduces Aggregate Leverage[4]

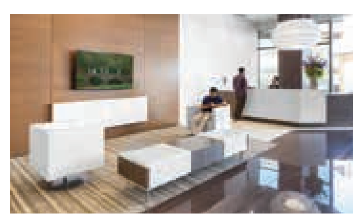


Tenant Lounge



Fitness Centre

Building Exterior



Lobby Front Desk

(1) Based on book value as at 30 June 2019.

(2) Based on cash rental income as at 30 June 2019.

(3) FOR ILLUSTRATIVE PURPOSES ONLY – NOT A FORWARD LOOKING PROJECTION: After acquisition, DPU for the period from the Listing Date to 31 December 2018 of 6.28 US cents comprises 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.

(4) Pro forma financial aggregate leverage of Keppel Pacific Oak US REIT as at 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.

TABLE OF CONTENTS

CORPORATE INFORMATION

Directors of Keppel Pacific Oak US REIT Management Pte. Ltd. (the manager of Keppel Pacific Oak US REIT) (the "Manager")	:	Peter McMillan III (Non-Independent Non-Executive Chairman) Soong Hee Sang (Independent Non-Executive Director and Chairman of the Audit and Risk Committee) John J. Ahn (Independent Non-Executive Director) Kenneth Tan Jhu Hwa (Independent Non-Executive Director and Chairman of the Nominating and Remuneration Committee) Paul Tham (Non-Independent Non-Executive Director)
Registered Office of the Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Trustee of Keppel Pacific Oak US REIT (the "Trustee")	:	**Perpetual (Asia) Limited** 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Legal Adviser to the Manager for the Acquisition (as defined herein), the Private Placement (as defined herein) and as to Singapore Law	:	**Allen & Gledhill LLP** One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee	:	**Dentons Rodyk & Davidson LLP** 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Unit Registrar	:	**Boardroom Corporate & Advisory Services Pte. Ltd.** 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Acquisition Independent Directors, the Audit and Risk Committee of the Manager and the Trustee (the "IFA")	:	**Deloitte & Touche Corporate Finance Pte. Ltd.** 6 Shenton Way #33-00 Singapore 068809
Independent Valuers	:	**Cushman & Wakefield of Texas, Inc.** (appointed by the Manager) 2021 McKinney Avenue, Suite 900 Dallas, TX 75201 United States **JLL Valuation & Advisory Services, LLC** (appointed by the Trustee) 700 E. Campbell Road, Suite 265 Richardson, TX 75081 United States
Independent Market Research Consultant ("IMR Consultant")	:	**Cushman & Wakefield Western, Inc.** 400 Capitol Mall, Suite 1800 Sacramento, CA 95814 United States

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 35 to 38 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW OF KEPPEL PACIFIC OAK US REIT

Keppel Pacific Oak US REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing commercial assets and real estate-related assets in the key growth markets of the United States ("**U.S.**").

Keppel Pacific Oak US REIT was formerly known as Keppel-KBS US REIT and the Manager, Keppel Pacific Oak US REIT Management Pte. Ltd. was formerly known as Keppel-KBS US REIT Management Pte. Ltd.. Please refer to the announcement titled "Change of Name to Keppel Pacific Oak US REIT and Update by the Manager", which was released by the Manager on 5 September 2019 for further details.

As at 20 September 2019, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), Keppel Pacific Oak US REIT has a market capitalisation of approximately US$624.3 million, with assets under management of US$1,085.8 million. Keppel Pacific Oak US REIT's existing portfolio (the "**Existing Portfolio**") comprises 12 freehold office buildings and business campuses across 7 key growth markets located in the United States with an aggregate net lettable area ("**NLA**") of over 4.2 million square feet ("**sq ft**").

SUMMARY OF APPROVALS SOUGHT

Keppel Pacific Oak US REIT has through its wholly-owned indirect subsidiary, KORE 125 John Carpenter, LLC (the "**Purchaser**"), entered into a purchase and sale agreement (the "**Purchase and Sale Agreement**") with KBS SOR 125 John Carpenter, LLC, (the "**Vendor**") on 6 September 2019 to acquire (the "**Acquisition**") an office complex known as "One Twenty Five" which comprises two buildings, in Irving, Texas (the "**Property**") for an estimated aggregate purchase consideration of US$101.5 million (the "**Purchase Consideration**").

The Purchase Consideration is intended to be partially funded by way of a private placement to institutional and other investors (the "**Private Placement**") and will, subject to Unitholders' approval, include a proposed issue and placement of New Units (as defined herein) to Keppel Capital Investment Holdings Pte. Ltd. (the "**Keppel Placement**") and KBS SOR Properties LLC (the "**KBS SOR Placement**"), which each owns an aggregate interest of approximately 6.89% of the total number of Units in issue as at the Latest Practicable Date and are considered to be Substantial Unitholders[1] of Keppel Pacific Oak US REIT.

In connection with the foregoing, the Manager is convening an extraordinary general meeting of Keppel Pacific Oak US REIT to seek approval from Unitholders for:

(i) **Resolution 1**: The proposed Acquisition;

(ii) **Resolution 2**: The Keppel Placement; and

(iii) **Resolution 3**: The KBS SOR Placement.

1 "**Substantial Unitholder**" refers to a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.

Unitholders should note that Resolution 2 (the Keppel Placement) and Resolution 3 (the KBS SOR Placement) are each conditional upon Resolution 1 being passed. As the proceeds of the Private Placement are intended to be utilised for the Acquisition, in the event that Resolution 1 is not passed, the Manager will not proceed with the Private Placement (including the Keppel Placement and the KBS SOR Placement).

For the avoidance of doubt, the Manager may still proceed with the Private Placement in the event that Resolution 2 and/or Resolution 3 are not passed. The Private Placement will be undertaken through an issuance of New Units relying on the general mandate obtained at the annual general meeting of Keppel Pacific Oak US REIT held on 17 April 2019. Accordingly, the Manager does not intend to seek the specific approval of Unitholders for the Private Placement.

DESCRIPTION OF THE PROPERTY

The Property, One Twenty Five, is an office complex located at 125 East John Carpenter Freeway Irving, Texas comprising two Class A office buildings, 125 East John Carpenter and 5100 North O'Connor, and offers a total of 445,317 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 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 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; U.S. 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.

(See **Appendix A** of this Circular for further details about the Property.)

1 Source: U.S. Bureau of Economic Analysis.

ESTIMATED TOTAL ACQUISITION COST

The estimated total cost of the Acquisition (the "**Total Acquisition Cost**") 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[1].

PURCHASE CONSIDERATION AND VALUATION

The purchase consideration payable to the Vendor in connection with 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 the Trustee has commissioned an 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 4 September 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).

METHOD OF FINANCING

The Manager intends to finance the Acquisition with the proceeds from 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 distribution per Unit ("**DPU**") accretion to Unitholders while maintaining an optimum level of aggregate leverage.

The Private Placement

The size and timing of the Private Placement has not been determined by the Manager. The Manager intends to engage the bookrunners and underwriters to determine the issue price of the new Units to be issued pursuant to the Private Placement (the "**New Units**") and the most appropriate time to launch the Private Placement, having regard to the then prevailing market conditions and other factors that the Manager and the bookrunners and underwriters may consider relevant. It is also currently intended that the New Units be underwritten by the bookrunners and underwriters subject to, among others, mutual agreement to the terms of the Private Placement, such as the issue price of the New Units and execution, on the terms and subject to the conditions of the subscription agreement to be entered into between the Manager and the bookrunners and underwriters.

If and when the Manager decides to undertake the Private Placement, the issue price for the New Units to be issued under the Private Placement will comply with Rules 811(1) and 811(5) of the Listing Manual and will not be at more than 10.0% discount to the volume-weighted average price for trades done on the SGX-ST for the full market day on which the subscription agreement is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the subscription agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions. The subscription agreement is anticipated to be signed upon the terms of the Private Placement being agreed upon.

---

1 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.

The Manager will make the necessary application to the SGX-ST for the listing and quotation of the New Units and announce details of the Private Placement (including receipt of the approval in-principle of the SGX-ST for the listing and quotation of the New Units) on SGXNET at the appropriate time.

(See paragraph 4 of the Letter to Unitholders for further details.)

Use of Proceeds

The Manager intends to utilise the net proceeds of the Private Placement to finance part of the Total Acquisition Cost.

Notwithstanding its current intention, in the event that the Private Placement is completed but the Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Private Placement at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness, for funding capital expenditures and general working capital purposes.

The Keppel Placement

To provide a higher degree of certainty for the successful completion of the Private Placement and to demonstrate Keppel Capital Investment Holdings Pte. Ltd.'s ("**KCIH**") commitment to Keppel Pacific Oak US REIT, the Manager is seeking Unitholders' approval for the proposed Keppel Placement, as part of the Private Placement.

KCIH intends to subscribe for such number of New Units under the Private Placement up to its proportionate pre-placement unitholding in Keppel Pacific Oak US REIT, in percentage terms.

KCIH's percentage unitholding in Keppel Pacific Oak US REIT will therefore not increase after the Private Placement in any case.

The New Units placed to the KCIH under the Keppel Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

(See paragraph 5 of the Letter to Unitholders for further details.)

The KBS SOR Placement

To provide a higher degree of certainty for the successful completion of the Private Placement to demonstrate KBS SOR Properties LLC's commitment to Keppel Pacific Oak US REIT, the Manager is seeking Unitholders' approval for the proposed KBS SOR Placement, as part of the Private Placement.

KBS SOR Properties LLC intends to subscribe for such number of New Units under the Private Placement such that KBS SOR Properties LLC's percentage unitholding in Keppel Pacific Oak US REIT immediately after the Private Placement may be up to 7.5% (but in any event would be at least equal to its pre-placement percentage unitholding).

The New Units placed to the KBS SOR Properties LLC under the KBS SOR Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

(See paragraph 6 of the Letter to Unitholders for further details.)

Consequential Adjustment to Distribution Period and Status of New Units

Keppel Pacific Oak US REIT's policy is to distribute its distributable income on a semi-annual basis to Unitholders.

However, pursuant to the Private Placement, the Manager may decide to make an advanced distribution to ensure fairness to existing Unitholders holding Units on the day immediately prior to the date on which the New Units are issued under the Private Placement.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the New Units issued pursuant to the Private Placement will be announced at the appropriate time.

Rationale for the Acquisition

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

1. **Strengthen portfolio with the addition of a high quality asset in Dallas CBSA, the economic hub of North Central Texas**

   – Economic, population and job growth in the Dallas CBSA continue to outpace the U.S. national average

   – High quality Class A office buildings with appealing modern interior finishes and onsite amenities, including fitness centre, conference centre and tenant lounge

   – Strategically located in a desirable live-work-play community with excellent accessibility to Dallas-Fort Worth International Airport and surrounding markets

2. **Strong office fundamentals for continued rental growth**

   – Robust office fundamentals in the vibrant Las Colinas submarket will continue to drive rental growth, outpacing the broader Dallas CBSA's market

   – In-place rents are 10.7% below market asking rents based on data from Cushman[1], presenting an opportunity for further organic growth as leases are marked to market

3. **Enhance portfolio diversification and income resilience**

   – Reduces top 10 tenants cash rental income ("**CRI**") contribution from 20.4% to 18.5% on a portfolio level

   – Increases exposure to high quality credit tenants in the stable professional services, defensive government service administration and medical and healthcare sector

   – Improves portfolio lease expiry profile, with no more than 15.2% of leases by NLA expiring in any single year up to 2023

4. **Create value for Unitholders through an accretive acquisition**

   – Purchase Consideration represents a discount of 1.9% and 0.5% to Cushman and JLL's appraised values respectively

   – DPU accretion of 1.0% on a pro forma basis[2]

---

1 Valuation report dated 23 August 2019.

2 Based on 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, and held and operated the Property through to 31 December 2018.

Interested Person Transaction and Interested Party Transaction

The Manager is a joint venture held between the sponsors of Keppel Pacific Oak US REIT (the "**Sponsors**"), being Keppel Capital Holdings Pte. Ltd. ("**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 indirectly wholly-owned by KBS SOR which is managed by KBSCA, the Acquisition will constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**") as well as an "Interested Party Transaction" under Appendix 6 of the Code of Collective Investment Schemes ("**CIS Code**" and Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), in respect of which the approval of Unitholders is required.

The total Purchase Consideration of US$101.5 million equates to approximately 15.4% of the latest audited net tangible assets ("**NTA**") and the net asset value ("**NAV**") of Keppel Pacific Oak US REIT as at 31 December 2018. As this value exceeds 5.0% of the NTA and the NAV of Keppel Pacific Oak US REIT, the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution for the Acquisition.

KCIH holds a 6.89% of the total number of Units in issue as at the Latest Practicable Date and is an indirect wholly-owned subsidiary of KC which is a controlling shareholder of the Manager. KCIH is (for the purposes of the Listing Manual and the Property Funds Appendix) an "associate" of KC and accordingly (for the purposes of the Listing Manual), an "interested person" of Keppel Pacific Oak US REIT. As the Keppel Placement will involve the issue of New Units to KCIH, the Keppel Placement will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The New Units to be placed to KCIH under the Keppel Placement will not exceed 5.0% of the NTA and NAV of Keppel Pacific Oak US REIT. Nonetheless, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Keppel Placement.

KBS SOR Properties LLC holds a 6.89% of the total number of Units in issue as at the Latest Practicable Date and is an indirect wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc. ("**KBS SOR**"). KBS SOR is managed by KBSCA and accordingly, the KBS SOR Placement which involves the issue of New Units to KBS SOR Properties LLC will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The New Units to be placed to KBS SOR Properties LLC under the KBS SOR Placement will not exceed 5.0% of the NTA and NAV of Keppel Pacific Oak US REIT. Nonetheless, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the KBS SOR Placement.

Specific Approval from Unitholders for the Keppel Placement and the KBS SOR Placement

Pursuant to Rule 812(2) of the Listing Manual, Unitholders' approval by way of Ordinary Resolution is required for placement of the new Units to KCIH and KBS SOR Properties LLC under the Private Placement. This is because KCIH and KBS SOR Properties LLC are both Substantial Unitholders of Keppel Pacific Oak US REIT.

Rule 812(2) of the Listing Manual prohibits the restricted placee under Rule 812(1) and its associates (as defined in the Listing Manual), from voting on the resolution to approve the placement to the restricted placee. As such, KCIH and its associates are prohibited from voting on Resolution 2 (Keppel Placement) and KBS SOR Properties LLC and its associates are prohibited from voting on the Resolution 3 (KBS SOR Placement) to permit such a placement of new Units.

(See paragraph 7.4 of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event		Date and Time
Last date and time for lodgement of Proxy Forms	:	Saturday, 12 October 2019 at 2.30 p.m.
Date and time of the EGM	:	Tuesday, 15 October 2019 at 2.30 p.m.
If approval for the Acquisition is obtained at the EGM		
Target date for completion of the Acquisition	:	Fourth quarter of 2019

LETTER TO UNITHOLDERS

Keppel Pacific Oak US REIT

(a real estate investment trust constituted on 22 September 2017
under the laws of the Republic of Singapore)

Directors of the Manager ("Directors")
Peter McMillan III
(Non-Independent Non-Executive Chairman)
Soong Hee Sang
(Independent Non-Executive Director and
Chairman of the Audit and Risk Committee)
John J. Ahn
(Independent Non-Executive Director)
Kenneth Tan Jhu Hwa
(Independent Non-Executive Director and
Chairman of the Nominating and Remuneration Committee)
Paul Tham
(Non-Independent Non-Executive Director)

Registered Office
1 HarbourFront Avenue #18-01
Keppel Bay Tower
Singapore 098632

30 September 2019

To: Unitholders of Keppel Pacific Oak US REIT

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek the approval of Unitholders by way of an Ordinary Resolution:

(i) **Resolution 1**: The proposed Acquisition;

(ii) **Resolution 2**: The Keppel Placement; and

(iii) **Resolution 3**: The KBS SOR Placement.

The Manager will be relying on the general mandate obtained at its annual general meeting held on 17 April 2019 for the issue of New Units pursuant to the Private Placement. Accordingly, it is not necessary to obtain Unitholders' approval for the Private Placement at the EGM.

2. THE PROPOSED ACQUISITION OF THE PROPERTY

2.1 Description of the Property

The Property, One Twenty Five, is an office complex located at 125 East John Carpenter Freeway Irving, Texas comprising two Class A office buildings, 125 East John Carpenter and 5100 North O'Connor, and offers a total of 445,317 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.

1 Source: U.S. Bureau of Economic Analysis.

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 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 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; U.S. 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.

(See Appendix A of this Circular for further details about the Property.)

2.2 Estimated Total Acquisition Cost

The Purchase Consideration payable is US$101.5 million. 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, and the Trustee has commissioned an independent property valuer, JLL, to value the Property. Cushman in its report dated 23 August 2019, stated that the aggregate 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 4 September 2019, stated that the aggregate open market value of the Property is US$102.0 million (based on a sales comparison approach and income capitalisation approach).

The estimated Total Acquisition Cost 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 to the Manager; 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[1].

1 Such fees and expenses include debt issuance-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.

2.3 Method of Financing

The Manager intends to finance the Acquisition with the proceeds from 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.

2.4 Purchase and Sale Agreement

On 6 September 2019, KORE 125 John Carpenter, 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 Unitholders' approval for the Acquisition;

    (b) the proceeds raised from the Private Placement, together with funds received by the Purchaser 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) the Title Company shall at closing have issued and delivered to the Purchaser, or shall have committed to issue and deliver to the Purchaser, with respect to the Property, a title insurance[1] insuring the Purchaser 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 Purchaser'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 Purchaser by the closing date estoppel certificates[2] for all Leases, and the Purchaser may terminate the Purchase and Sale Agreement if the Vendor fails to deliver to the Purchaser 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.

---

1 The Manager understands that it is a customary practice in the U.S. for purchasers of real property to rely on third party title insurance companies to review the records in real property registries of official records for matters affecting title to real property and to insure the status of such title subject to various exceptions, including, without limitation, those matters noted by the title insurance company as a result of such review. Based on the due diligence conducted on the Property, the Manager is not aware of any issues which may affect the title to the Property.

2 The tenant estoppel certificates provide the Purchaser 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 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.

2.5 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, L.P., which is the existing third party property manager of the Property.

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 for example development of buildings or renovations to increase gross floor area, 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$500,000	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 the existing third-party leasing agent of the Property.

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.

The Manager believes that the abovementioned fees payable to the property Manager and the leasing agent are generally in line with market rates in the U.S..

3. THE RATIONALE FOR THE ACQUISITION

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

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

3.1.1 Expand foothold into the growth market of Dallas CBSA

The acquisition of the Property, which is located in the Las Colinas submarket in the Dallas CBSA, will expand Keppel Pacific Oak US REIT's presence to eight key growth markets in the U.S..

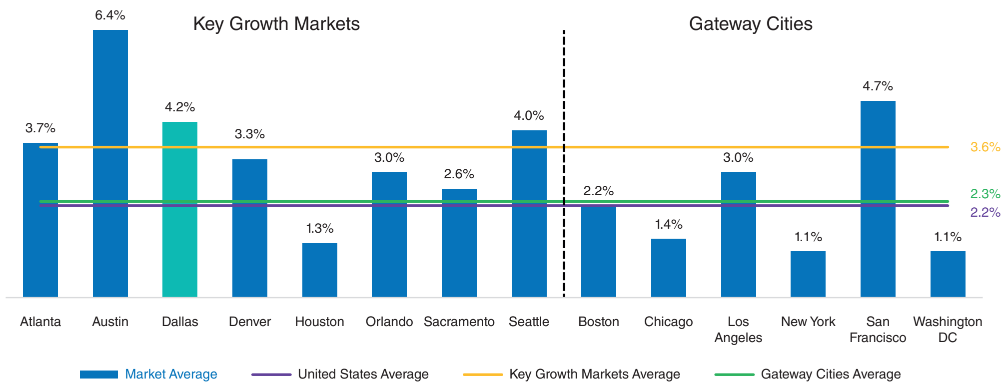
The Dallas CBSA is a key economic hub of North Central Texas, with one of the highest concentrations of corporate headquarters in the U.S.. It is home to a young, affluent, well-educated population and has a deep pool of well-trained labour. Among the largest southern metros, its population has one of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

The Dallas CBSA is home to approximately 7.5 million residents and has consistently outpaced the U.S. in population growth over the past 30 years. According to the IMR Consultant, Dallas CBSA's rapidly expanding business and live-work-play environment continues 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, well above the U.S. national average of 2.2%[1]. From 2018 to 2022, real GDP is expected to grow at an average of 3.1%[2] per annum. Employment and population growth from 2014 to 2018 averaged 3.0% and 2.0% respectively and above that of the U.S. national averages of 1.8% and 0.7%[3]. 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 U.S.. 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.

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. 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.

Real GDP Growth Average(1)
2013-2017



Note:

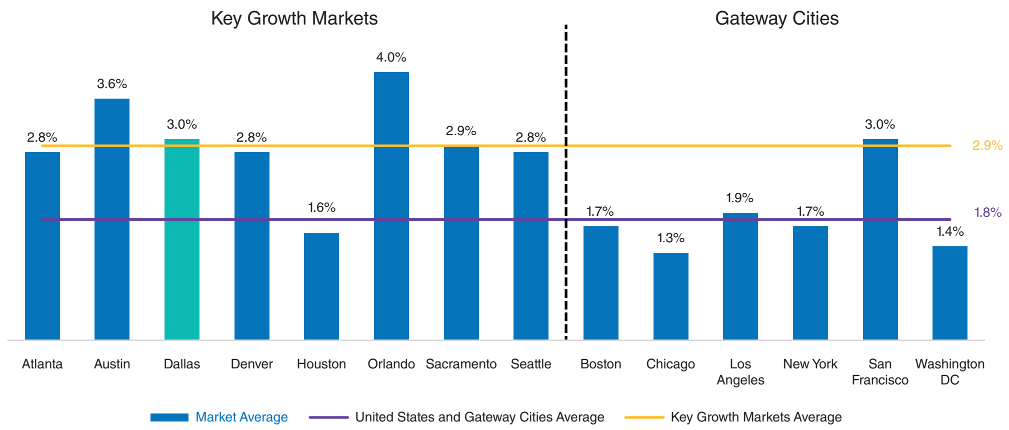
(1) Source: U.S. Bureau of Economic Analysis.

1 Source: U.S. Bureau of Economic Analysis.

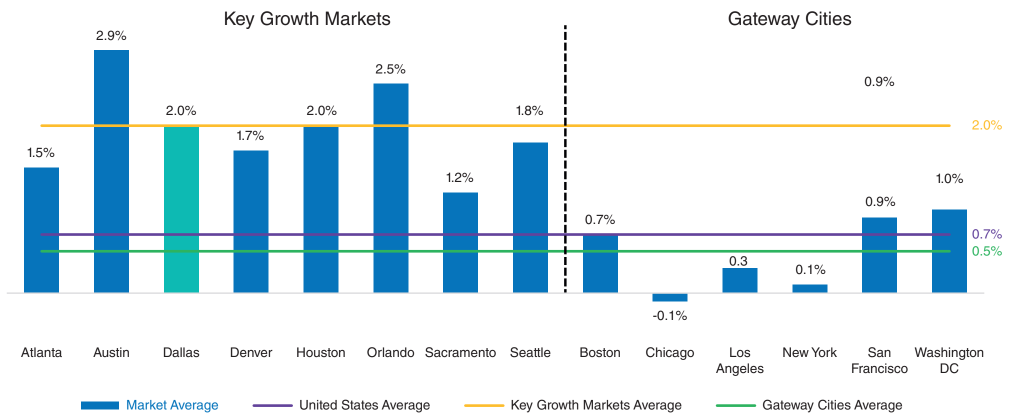
2 U.S. Metro Economics: Economic Growth and Full Employment, June 2018.

3 Source: U.S. Bureau of Labor Statistics and U.S. Census Bureau, Population Division.

Employment Growth Average[1]
2014-2018



Population Growth Average[2]
2014-2018



Notes:

(1) Source: U.S. Bureau of Labor Statistics.

(2) Source: U.S. Census Bureau, Population Division.

3.1.2 High quality Class A office buildings

The Property is a 445,317 sq ft Class A office complex located in Irving, Texas, that comprises 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.

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%[1], 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.

Tenant Lounge

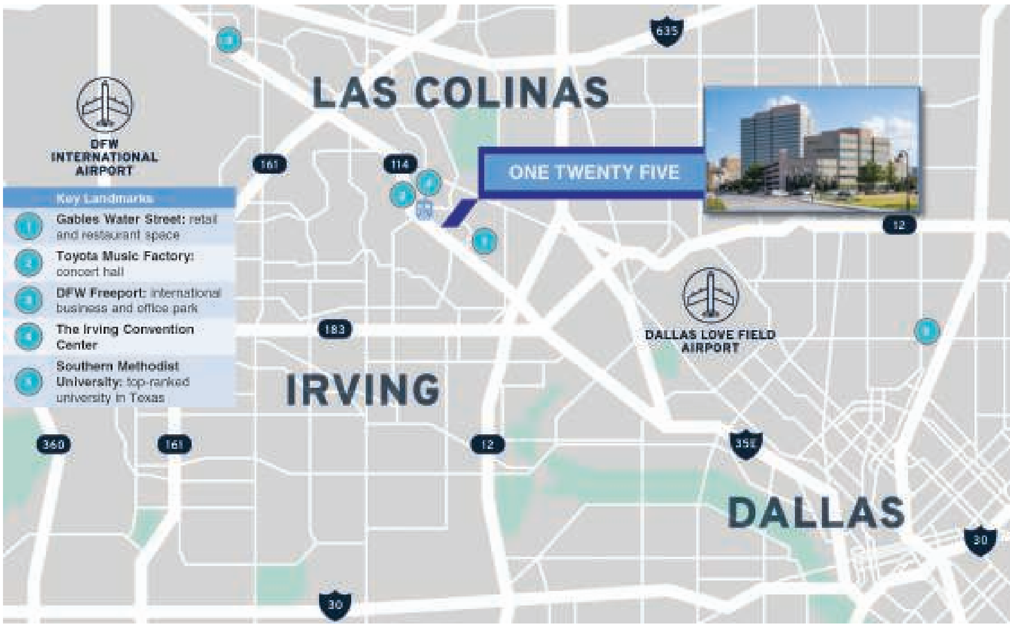
Fitness Centre

Building Exterior

Lobby Front Desk

1 Committed occupancy as at 30 June 2019.

3.1.3 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 affluent population.

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..

3.2 Strong office fundamentals for continued rental growth

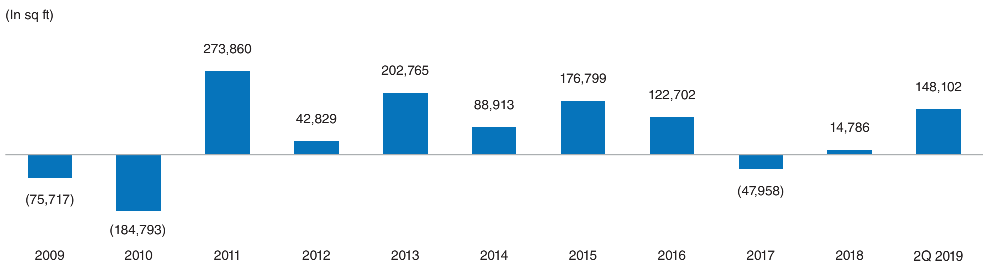
3.2.1 Benefit from strong office fundamentals in the vibrant Las Colinas submarket

Las Colinas is a vibrant submarket which has benefited 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.

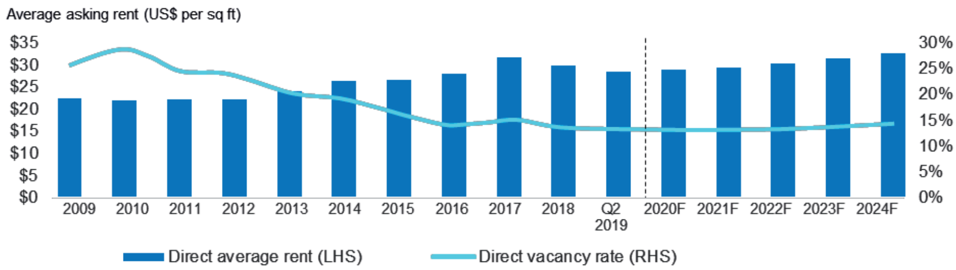
Average asking rents in the Las Colinas submarket increased from US$22.10 per sq ft in 2009 to US$29.74 per sq ft in 2018, translating to a compounded annual growth rate ("**CAGR**") of 3.4%, which outpaced the broader Dallas CBSA's market CAGR of 2.9% over the same period. According to the IMR Consultant,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

Overall Absorption



Source: IMR Consultant.

Overall Vacancy Rate and Overall Asking Rent by Year



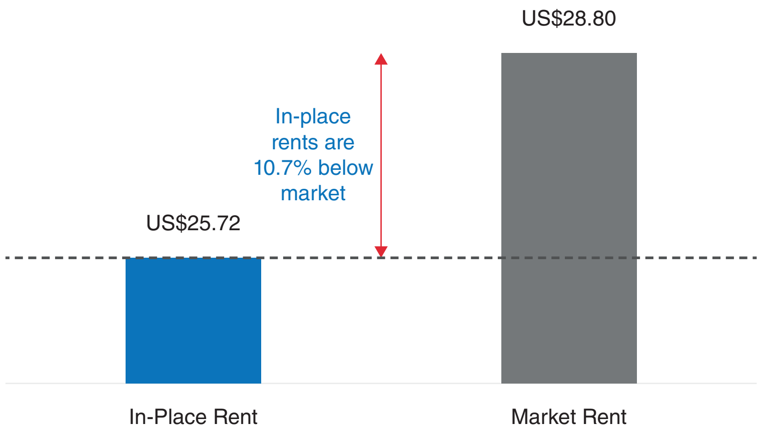
Source: IMR Consultant.

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.

3.2.2 Potential for rental reversions

The Property's in-place rents (on a US$ per sq ft basis) are 10.7% below market based on data from Cushman[1], presenting an opportunity for further organic growth as leases are marked to market.



3.3 Enhance portfolio diversification and income resilience

3.3.1 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, 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 the defensive medical and healthcare sector from 7.5% to 8.2%.

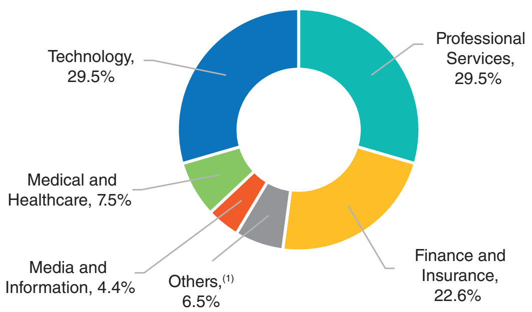
1 Valuation report dated 23 August 2019.

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 reduce from 20.4% to 18.5%.

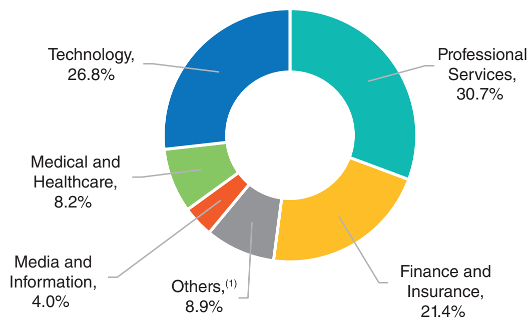
Top Five Tenants (by CRI and NLA) of the Property as at 30 June 2019

Tenant	Sector	Lease Term Remaining	% of CRI	% of NLA
Bio Medical Applications of Texas	Medical and Healthcare	9.9 years	14.0	11.1
U.S. Homeland Security	Government Service Administration	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**

Existing Trade Sectors Breakdown as at 30 June 2019



Enlarged Trade Sectors Breakdown as at 30 June 2019



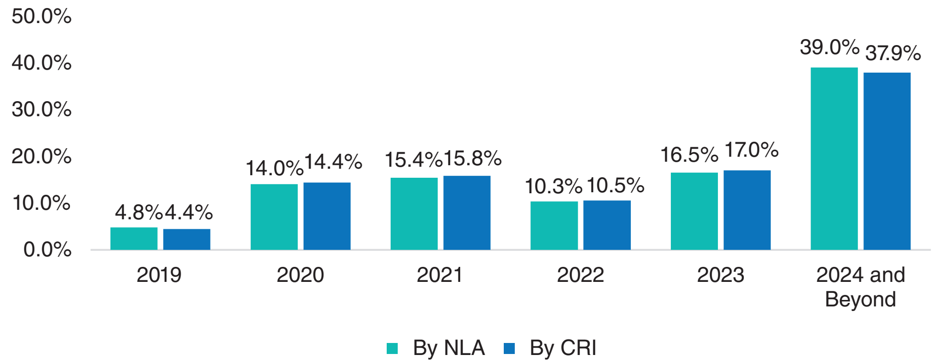
Note:

(1) Includes Government Service Administration tenants.

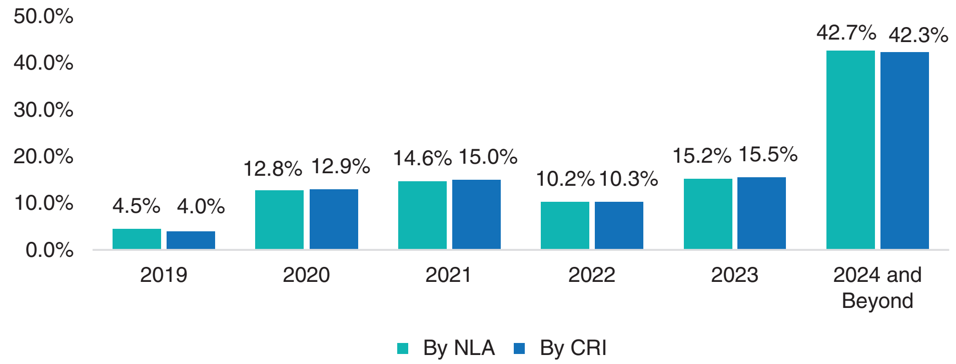
3.3.2 Improved Portfolio Lease Profile

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.

Existing Portfolio Lease Expiry Profile as at 30 June 2019



Enlarged Portfolio Lease Expiry Profile as at 30 June 2019



3.4 Value accretive transaction

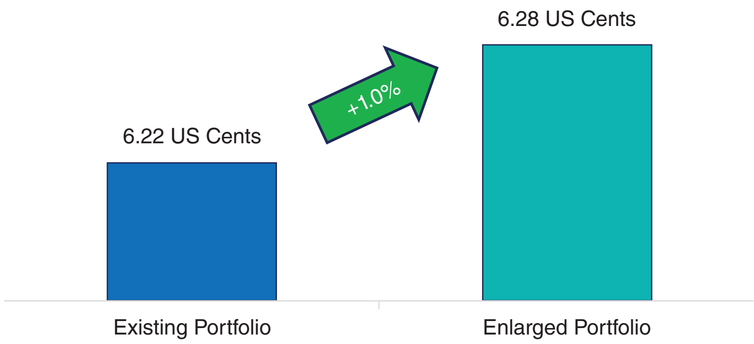
3.4.1 Purchase price represents a discount from appraised values

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 which is at a discount to the independent appraised values, represents good value for Unitholders.

3.4.2 Accretive acquisition creating value for Unitholders

The Acquisition is expected to be DPU accretive to Unitholders. The pro-forma DPU, based on financials for the financial period from 9 November 2017, 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[1]. 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.

DPU Accretive Acquisition



4. PRIVATE PLACEMENT

4.1 The Private Placement

The Manager intends to finance the Acquisition with proceeds from the Private Placement, debt financing and internal cash resources.

Based on an illustrative issue price of US$0.71 and assuming that 97.0 million New Units are issued, the Private Placement would raise gross proceeds of US$68.7 million (which would comprise (i) KCIH's subscription of US$4.7 million (based on maintaining its 6.89% unitholding percentage) and KBS SOR Properties LLC subscription of US$8.7 million (based on it increasing its unitholding percentage to 7.5%). It should be noted that such figures are purely for illustrative purposes only and depending on the market conditions, the Private Placement issue size, the issue price of New Units and gross proceeds raised under the Private Placement may differ. The size and timing of the Private Placement have not been determined by the Manager.

The New Units will be issued pursuant to a general mandate given to the Manager at the annual general meeting held on 17 April 2019. As at 17 April 2019, the number of Units in issue was 823,489,620. The amount of Units that can be issued under the general mandate is 411,744,810 Units, of which no more than 247,046,886 Units may be issued on a pro-rata basis and 164,697,924 Units may be issued on a non pro-rata basis.

From 17 April 2019 to the Latest Practicable Date, 1,777,315 and 1,623,991 Units were issued to the Manager as payment of 100% of the base fee component of its management fee for the period from 1 January 2019 to 31 March 2019 and 1 April 2019 to 30 June 2019 respectively. As such, the maximum amount of Units which can be issued pursuant to the non pro-rata Private Placement under the general mandate (assuming no further issuance of Units under the general mandate from the Latest Practicable Date to the launch of the Private Placement) shall be 161,296,618 Units. For the avoidance of doubt, the 161,296,618 Units represent the remaining amount of Units which may be utilised under the general mandate and the actual number of Units to be issued under the Private Placement will depend on the amount of gross proceeds raised and the issue price.

1 Please refer to paragraph 7.1.1 titled "Pro forma DPU" for further explanation.

The Manager intends to engage the bookrunners and underwriters to determine the issue price of the New Units and the most appropriate time to launch the Private Placement, having regard to the then prevailing market conditions and other factors that the Manager, the bookrunners and underwriters may consider relevant. It is also currently intended that the New Units be underwritten by the bookrunners and underwriters subject to, among others, mutual agreement to the terms of the Private Placement, such as the issue price of the New Units and execution, on the terms and subject to the conditions of the subscription agreement to be entered into between the Manager and the bookrunners and underwriters.

If and when the Manager decides to undertake the Private Placement, the issue price for the New Units to be issued under the Private Placement will comply with Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the volume-weighted average price for trades done on the SGX-ST for the full market day on which the subscription agreement is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the subscription agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions. The subscription agreement is anticipated to be signed upon the terms of the Private Placement being agreed upon.

It should be noted that one of the conditions precedent in the Purchase and Sale Agreement is that sufficient monies are raised to pay the Purchase Consideration. Accordingly, Keppel Pacific Oak US REIT would not need to complete the Acquisition if the Private Placement is not successful.

The Manager will make the necessary application to the SGX-ST for the listing and quotation of the New Units and announce the details of the Private Placement (including receipt of the approval in-principle of the SGX-ST for the listing and quotation of the New Units) on SGXNET at the appropriate time.

4.2 Use of Proceeds of the Private Placement

The Manager intends to utilise the net proceeds of the Private Placement to finance part of the Total Acquisition Cost.

Notwithstanding its current intention, in the event that the Private Placement is completed but the Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Private Placement at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness, for funding capital expenditures and other general working capital purposes.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated.

Where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in Keppel Pacific Oak US REIT's announcements and in Keppel Pacific Oak US REIT's annual report, and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

Pending the deployment of the net proceeds of the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or to be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

4.3 Consequential Adjustment to Distribution Period and Status of the New Units

Keppel Pacific Oak US REIT's distribution policy is to distribute its distributable income on a semi-annual basis to Unitholders.

However, pursuant to the Private Placement, the Manager may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution, an advanced distribution or such other plans to ensure fairness to existing Unitholders holding Units on the day immediately prior to the date on which the New Units are issued under the Private Placement.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the New Units issued pursuant to the Private Placement will be announced at the appropriate time.

5. THE KEPPEL PLACEMENT

To provide a higher degree of certainty for the successful completion of the Private Placement to demonstrate Keppel Capital Investment Holdings Pte. Ltd.'s ("**KCIH**") commitment to Keppel Pacific Oak US REIT, the Manager is seeking Unitholders' approval for the proposed Keppel Placement, as part of the Private Placement.

KCIH intends to subscribe for such number of New Units under the Private Placement up to its proportionate pre-placement unitholding in Keppel Pacific Oak US REIT, in percentage terms.

KCIH's percentage unitholding in Keppel Pacific Oak US REIT will therefore not increase after the Private Placement in any case.

The New Units placed to the KCIH under the Keppel Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

6. THE KBS SOR PLACEMENT

To provide a higher degree of certainty for the successful completion of the Private Placement to demonstrate KBS SOR Properties LLC's commitment to Keppel Pacific Oak US REIT, the Manager is seeking Unitholders' approval for the proposed KBS SOR Placement, as part of the Private Placement.

KBS SOR Properties LLC intends to subscribe for such number of New Units under the Private Placement such that KBS SOR Properties LLC's percentage unitholding in Keppel Pacific Oak US REIT immediately after the Private Placement may be up to 7.5% (but in any event would be at least equal to its pre-placement percentage unitholding of 6.89% as at the Latest Practicable Date).

The New Units placed to the KBS SOR Properties LLC under the KBS SOR Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

7. DETAILS AND FINANCIAL INFORMATION OF THE ACQUISITION AND THE PRIVATE PLACEMENT

7.1 Pro Forma Financial Effects of the Acquisition

7.1.1 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 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 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 Latest Practicable Date, 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 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 1.3 million Acquisition Fee Units issued as payment of the US$1.0 million acquisition fee to the Manager 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 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) Post Acquisition DPU for the period from the Listing Date to 31 December 2018 of 6.28 US cents comprises 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.

7.1.2 Pro forma 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 1.3 million Acquisition Fee Units issued as payment of the US$1.0 million acquisition fee to the Manager at the illustrative issue price of US$0.75 per Unit.

7.1.3 Aggregate leverage

FOR ILLUSTRATIVE PURPOSE ONLY:

The pro forma financial aggregate leverage of Keppel Pacific Oak US REIT as at 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	35.1%	35.0%

7.2 Relative figures computed on the bases set out in Rule 1006

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 Latest Practicable 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.

7.3 Requirement of Unitholders' Approval

7.3.1 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 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.

7.3.2 The Proposed Acquisition

The Manager is a joint venture held between the Sponsors, being KC and KPA, in equal share. The partners of KPA include Mr Peter McMillan III and Mr Keith D. Hall who, together, indirectly hold a one-third stake of 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 indirectly wholly-owned by KBS SOR which is 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. The value of the Acquisition will therefore 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. Therefore, the approval of Unitholders would be required in relation to the Acquisition pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, respectively.

7.3.3 The Keppel Placement

KCIH holds a 6.89% of the total number of Units in issue as at the Latest Practicable Date and is an indirect wholly-owned subsidiary of KC which is a controlling shareholder of the Manager. KCIH is (for the purposes of the Listing Manual and the Property Funds Appendix) therefore an "associate" of KC and accordingly (for the purposes of the Listing Manual), an "interested person" of Keppel Pacific Oak US REIT. As the Keppel Placement will involve the issue of New Units to KCIH, the Keppel Placement will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

Based on the Illustrative Issue Price of US$0.71 per New Unit and the illustrative Private Placement issue size of approximately 97.0 million New Units[1], Keppel Pacific Oak US REIT will be issuing New Units to KCIH amounting up to approximately US$4.7 million (being 0.7% of Keppel Pacific Oak US REIT's latest NTA as at 31 December 2018). The value of the Keppel Placement will not exceed 5.0% of the NTA and NAV of Keppel Pacific Oak US REIT. The Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Keppel Placement for the reason set out in paragraph 7.4 below.

7.3.4 The KBS SOR Placement

KBS SOR Properties LLC holds a 6.89% of the total number of Units in issue as at the Latest Practicable Date and is an indirect wholly-owned subsidiary of KBS SOR. KBS SOR is managed by KBSCA and accordingly, the KBS SOR Placement which involves the issue of New Units to KBS SOR Properties LLC will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

Based on the Illustrative Issue Price of US$0.71 per New Unit and the illustrative Private Placement issue size of approximately 97.0 million New Units[1], Keppel Pacific Oak US REIT will be issuing New Units to KBS SOR Properties LLC amounting up to approximately US$8.7 million (being 1.3% of Keppel Pacific Oak US REIT's latest NTA as at 31 December 2018). The value of the KBS SOR Placement will not exceed 5.0%

1 For the avoidance of doubt, the Illustrative Issue Price of US$0.71 per New Unit and the illustrative Private Placement issue size of approximately 97.0 million New Units are estimates and for illustration purposes only. The actual issue price of the New Units and the Private Placement issue size may be higher or lower depending on market conditions. Notwithstanding that the value of the Keppel Placement and the KBS SOR Placement may be higher than the illustrative figures, no further approval from Unitholders is required.

of the NTA and NAV of Keppel Pacific Oak US REIT. The Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the KBS SOR Placement for the reason set out in paragraph 7.4 below.

See **Appendix E** for a diagram setting out the relationship between the various interested persons and Keppel Pacific Oak US REIT.

7.4 Specific Approval from Unitholders for the Keppel Placement and the KBS SOR Placement

Pursuant to Rule 812(2) of the Listing Manual, Unitholders' approval by way of Ordinary Resolution is required for placement of the new Units to KCIH and KBS SOR Properties LLC under the Private Placement. This is because KCIH and KBS SOR Properties LLC are both Substantial Unitholders of Keppel Pacific Oak US REIT.

Rule 812(2) of the Listing Manual prohibits the restricted placee under Rule 812(1) and its associates (as defined in the Listing Manual), from voting on the resolution to approve the placement to the restricted placee. As such, KCIH and its associates are prohibited from voting on Resolution 2 (Keppel Placement) and KBS SOR Properties LLC and its associates are prohibited from voting on the Resolution 3 (KBS SOR Placement) to permit such a placement of new Units.

7.5 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, Mr Peter McMillan III is the non-executive Chairman of the Manager and also a co-founder of the KBSCA group. As at the Latest Practicable Date, Mr Paul Tham is the Chief Executive Officer of Keppel REIT Management Limited which is an associate of KCIH. Further details of the interests in Units of the Directors and Substantial Unitholders 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 Latest Practicable 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)]	–	–	4,676,902	0.57	4,676,902	0.57
Soong Hee Sang	–	–	–	–	–	–
John J. Ahn	–	–	–	–	–	–
Kenneth Tan Jhu Hwa	–	–	–	–	–	–
Paul Tham	–	–	–	–	–	–

Note:

(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 Latest Practicable 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
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 Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Acquisition or the Private Placement.

7.6 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.

8. EXISTING INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable 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.

9. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

9.1 Appointment of Independent Financial Adviser

The Manager has appointed Deloitte & Touche Corporate Finance Pte. Ltd. ("**Deloitte**") as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Trustee, the audit and risk committee of the Manager (being Mr Soong Hee Sang, Mr John J. Ahn and Mr Kenneth Tan Jhu Hwa, all of whom are independent directors of the Manager) (the "**Audit and Risk Committee**") and the directors who are not interested in the Acquisition (being Mr Soong Hee Sang, Mr John J. Ahn, Mr Kenneth Tan Jhu Hwa and Mr Paul Tham) (the "**Acquisition Independent Directors**") as to whether the Acquisition is based on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and the minority Unitholders. A copy of the letter from the IFA to the Trustee, the Audit and Risk Committee and the Acquisition Independent Directors (the "**IFA Letter**"), containing its advice in full, is set out in Appendix C of this Circular, and Unitholders are advised to read the IFA Letter carefully.

9.2 The Proposed Acquisition

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and its minority Unitholders.

The IFA is of the opinion that the Acquisition Independent Directors recommend that Unitholders vote in favour of the resolution to approve the proposed Acquisition.

10. OPINION OF THE AUDIT AND RISK COMMITTEE

10.1 The Keppel Placement and the KBS SOR Placement

Under Rule 921(4)(b)(i) of the Listing Manual, an opinion from an independent financial adviser is not required for Units issued pursuant to Part IV of Chapter 8 of the Listing Manual for cash.

Accordingly, as each of the Keppel Placement and the KBS SOR Placement involves the issue of Units in accordance with the requirements under Part IV of Chapter 8 of the Listing Manual, a letter from an independent financial adviser is not strictly required.

Notwithstanding the foregoing, Rule 921(4)(b)(i) of the Listing Manual further states that the Audit and Risk Committee is required to provide an opinion as to whether each of the Keppel Placement and the KBS SOR Placement is based on normal commercial terms and is not prejudicial to the interests of the Keppel Pacific Oak US REIT and its minority Unitholders.

The Audit and Risk Committee is of the opinion that each of the Keppel Placement and the KBS SOR Placement is based on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and its minority Unitholders based on the following reasons:

(i) The issue price for the New Units to be issued under the Private Placement (which also includes the Keppel Placement and the KBS SOR Placement) will be in compliance with the Listing Manual, specifically Rules 811(1) and 811(5);

(ii) The issue price for the New Units to be issued under each of the Keppel Placement and the KBS SOR Placement will be the same price as the issue price for the New Units to be issued to the other investors participating in the Private Placement; and

(iii) The Keppel Placement and KBS SOR Placement provide support and inject greater certainty to the successful completion of the Private Placement which will help Keppel Pacific Oak US REIT cover partially the cost of a DPU-accretive Acquisition.

The Audit and Risk Committee is of the opinion that the Independent Directors recommend Unitholders to vote in favour of the resolutions to approve each of the Keppel Placement and the KBS SOR Placement.

11. RECOMMENDATIONS

11.1 The Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Acquisition as set out in paragraph 3 above, the Acquisition Independent Directors and the Audit and Risk Committee believe that the Acquisition is on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and the minority Unitholders.

Accordingly, the Acquisition Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Acquisition.

As disclosed in the Keppel Pacific Oak US REIT prospectus dated 2 November 2017, any nominees appointed by Keppel Capital Holdings Pte. Ltd. and/or its subsidiaries (being Mr Paul Tham) to the Board will not abstain from deliberation and voting in any transactions which the KBSCA group has an interest in (e.g. transactions involving assets sold by REITs or funds managed by KBSCA group to Keppel Pacific Oak US REIT) as such nominee is not related to the KBSCA group.

11.2 The Keppel Placement

The Audit and Risk Committee is of the opinion that the Keppel Placement is on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and the minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Keppel Placement.

11.3 The KBS SOR Placement

The Audit and Risk Committee is of the opinion that the KBS SOR Placement is on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and the minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the KBS SOR Placement.

12. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Tuesday, 15 October 2019 at 2.30 p.m. at Level 3, Rooms 324 – 326, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Singapore 039593, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages F-1 and F-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the Resolutions.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 72 hours before the time fixed for the EGM.

13. PROHIBITION ON VOTING

13.1 The Proposed Acquisition

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM.

Given that the Property will be acquired from the Vendor which is indirectly wholly-owned by KBS SOR which is in turn managed by KBSCA, KPA, KBSCA and their associates as well as funds managed by KBSCA are prohibited from voting on the resolution on the proposed Acquisition. The Manager will also abstain from voting on the resolution on the proposed Acquisition.

For the purposes of good corporate governance, Mr Peter McMillan III who together with Mr Keith D. Hall, indirectly hold a one-third stake in KBSCA, will abstain from voting on the resolution on the proposed Acquisition, unless he is appointed as a proxy with specific instructions to vote.

However, KCIH will be voting on the resolution on the proposed Acquisition as it is not related to the KBSCA group.

13.2 The Keppel Placement

Rule 812(2) of the Listing Manual prohibits the restricted placee(s) under Rule 812(1) and each of its associates (as defined in the Listing Manual), from voting on the resolution to approve the placement to the restricted placee(s).

Each of KCIH and the Manager (i) will abstain, and will procure their associates to abstain from voting at the EGM on the resolution to approve the Keppel Placement and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution to approve the Keppel Placement unless specific instructions as to voting are given.

For the purposes of good corporate governance, Mr Paul Tham, who is the Chief Executive Officer of Keppel REIT Management Limited which is an associate of KCIH, will abstain from voting on the resolution to approve the Keppel Placement, unless he is appointed as a proxy with specific instructions to vote.

However, KBS SOR Properties LLC will be voting on the resolution to approve the Keppel Placement as it is not an associate (as defined in the Listing Manual) of KCIH.

13.3 The KBS SOR Placement

Rule 812(2) of the Listing Manual prohibits the restricted placee(s) under Rule 812(1) and each of its associates (as defined in the Listing Manual), from voting on the resolution to approve the placement to the restricted placee(s).

Each of KBS SOR Properties LLC and the Manager (i) will abstain, and will procure their associates to abstain from voting at the EGM on the resolution to approve the KBS SOR Placement and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution to approve the KBS SOR Placement unless specific instructions as to voting are given.

For the purposes of good corporate governance, Mr Peter McMillan III who together with Mr Keith D. Hall, indirectly hold a one-third stake in KBSCA, will abstain from voting on the resolution to approve the KBS SOR Placement, unless he is appointed as a proxy with specific instructions to vote.

However, KCIH will be voting on the resolution to approve the KBS SOR Placement as it is not an associate (as defined in the Listing Manual) of KBS SOR Properties LLC.

For the avoidance of debt, the resolutions in relation to the Keppel Placement and the KBS SOR Placement are not inter-conditional.

14. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than Saturday, 12 October 2019 at 2.30 p.m., being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolutions.

If a Unitholder wishes to appoint Mr Peter McMillan III as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolutions to approve the proposed Acquisition and the KBS SOR Placement.

If a Unitholder wishes to appoint Mr Paul Tham as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolution to approve the Keppel Placement.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Acquisition, the Keppel Placement, the KBS SOR Placement, Keppel Pacific Oak US REIT and its subsidiaries, and the Directors are not aware of any facts, the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

16. CONSENTS

Each of the IFA (being Deloitte & Touche Corporate Finance Pte. Ltd.), the Independent Valuers (being Cushman & Wakefield of Texas, Inc. and JLL Valuation & Advisory Services, LLC) and the IMR Consultant (being Cushman & Wakefield Western, Inc.) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter and the market valuation reports and all references thereto, in the form and context in which they are included in this Circular.

17. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the Purchase and Sale Agreement;

(ii) the IFA Letter;

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

(iv) the market valuation report on the Property issued by JLL;

(v) the independent market research report issued by the IMR Consultant;

(vi) the FY17/18 Audited Financial Statements; and

(vii) the written consent of the IFA, the Independent Valuers and the IMR Consultant.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Keppel Pacific Oak US REIT is in existence.

Yours faithfully

Keppel Pacific Oak US REIT Management Pte. Ltd.
(as manager of Keppel Pacific Oak US REIT)
(Company Registration No. 201719652G)

David Snyder
Chief Executive Officer

1 Prior appointment will be appreciated.

IMPORTANT NOTICE

The value of 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 the possible loss of the 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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel Pacific Oak US REIT is not necessarily indicative of the future performance of Keppel Pacific Oak US REIT.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States of America ("**United States**" or "**U.S.**"). It is not an offer of securities for sale into the United States. The Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage
Acquisition	:	The proposed acquisition of the Property
Acquisition Fee Units	:	Acquisition fee of US$1.0 million payable in Units to the Manager
Acquisition Independent Directors	:	Directors who are not interested in the Acquisition (being Mr Soong Hee Sang, Mr John J. Ahn, Mr Kenneth Tan Jhu Hwa and Mr Paul Tham)
Aggregate Leverage	:	The ratio of the value of borrowings and deferred payments (if any) to the value of Deposited Property
Associate	:	Has the meaning ascribed to it in the Listing Manual
Audit and Risk Committee	:	The audit and risk committee of the Manager comprising the Independent Directors
Business Days	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading
Cash Rental Income	:	Rental income and recoveries income without straight-line adjustments and amortisation of tenant improvement allowance, leasing commissions and free rent incentives
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 30 September 2019
Completion	:	The completion of the Acquisition
controlling shareholder	:	Has the meaning ascribed to it in the Listing Manual and Property Funds Appendix
CRI	:	Cash rental income
Cushman	:	Cushman & Wakefield of Texas, Inc.
Deposited Property	:	The total assets of Keppel Pacific Oak US REIT, including all its authorised investments held or deemed to be held upon trust under the Trust Deed
Directors	:	Directors of the Manager
DPU	:	Distribution per Unit

EGM	:	The extraordinary general meeting of Unitholders to be held on Tuesday, 15 October 2019 at 2.30 p.m. at Level 3, Rooms 324 – 326, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Singapore 039593, to approve the matters set out in the Notice of Extraordinary General Meeting on pages F-1 and F-2 of this Circular
Enlarged Portfolio	:	Comprises the Existing Portfolio and the Property
Existing Portfolio	:	The portfolio of properties currently held by Keppel Pacific Oak US REIT as at the Latest Practicable Date
FY17/18 Audited Financial Statements	:	The audited financial statements of Keppel Pacific Oak US REIT for the financial period from 22 September 2017 (being the date of constitution of Keppel Pacific Oak US REIT) to 31 December 2018. Keppel Pacific Oak US REIT was dormant from its constitution to Listing Date
IFA	:	The independent financial adviser to the Independent Directors, the Audit and Risk Committee and the Trustee, being Deloitte & Touche Corporate Finance Pte. Ltd.
IFA Letter	:	The letter from the IFA to the Independent Directors and the Trustee containing its advice as set out in **Appendix C** of this Circular
Illustrative Issue Price	:	The illustrative issue price of US$0.71 per New Unit
Independent Directors	:	The independent directors of the Manager (being Mr Soong Hee Sang, Mr John J. Ahn and Mr Kenneth Tan Jhu Hwa)
IMR Consultant	:	Cushman & Wakefield Western, Inc.
Independent Valuers	:	Cushman & JLL
Interested Party	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Party Transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Person	:	Has the meaning ascribed to it in the Listing Manual
Interested Person Transaction	:	Has the meaning ascribed to it in the Listing Manual
JLL	:	JLL Valuation & Advisory Services, LLC
KBSCA	:	KBS Capital Advisors LLC
KBS SOR	:	KBS Strategic Opportunity REIT, Inc.
KBS SOR Placement	:	The proposed issue and placement of New Units to KBS SOR Properties LLC under the Private Placement
KC	:	Keppel Capital Holdings Pte. Ltd.

KCIH	:	Keppel Capital Investment Holdings Pte. Ltd.
Keppel Placement	:	The proposed issue and placement of New Units to KCIH under the Private Placement
KPA	:	KBS Pacific Advisors Pte. Ltd.
Latest Practicable Date	:	20 September 2019, being the latest practicable date prior to the printing of this Circular
Leases	:	All of the Vendor's interest in all leases, tenancy agreements and other similar occupancy agreements affecting the Property as at the date of closing of the Purchase and Sale Agreement
Listing Date	:	9 November 2017, being the date of the listing of Keppel Pacific Oak US REIT
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Keppel Pacific Oak US REIT Management Pte. Ltd., in its capacity as manager of Keppel Pacific Oak US REIT
NAV	:	Net asset value
New Units	:	The new Units to be issued under the Private Placement
NLA	:	Net lettable area
NTA	:	Net tangible assets
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Private Placement	:	The private placement of New Units to institutional and other investors
Private Placement Units	:	The New Units to be issued pursuant to the Private Placement
Property	:	The property located at 125 East John Carpenter Freeway, Irving, Texas which comprises two buildings, 125 East John Carpenter and 5100 North O'Connor
Purchase and Sale Agreement	:	The purchase and sale agreement dated 6 September 2019 entered into by KORE 125 John Carpenter, LLC with the Vendor to acquire the Property
Purchase Consideration	:	The purchase consideration of US$101.5 million for the Acquisition
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore

REIT	:	Real estate investment trust
SGX-ST	:	Singapore Exchange Securities Trading Limited
Sponsors	:	KC and KPA
SPV	:	Special purpose vehicle
sq ft	:	Square feet
Substantial Unitholders	:	Persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue, and "**Substantial Unitholder**" means any one of them
Title Company	:	First American Title Insurance Company
Total Acquisition Cost	:	The total cost of the Acquisition
Trust Deed	:	The trust deed dated 22 September 2017 entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	Perpetual (Asia) Limited, in its capacity as trustee of Keppel Pacific Oak US REIT
Unit	:	A unit representing an undivided interest in Keppel Pacific Oak US REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
United States or **U.S.**	:	United States of America
US$ and **US cents**	:	U.S. dollars and cents
Vendor	:	KBS SOR 125 John Carpenter, LLC

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

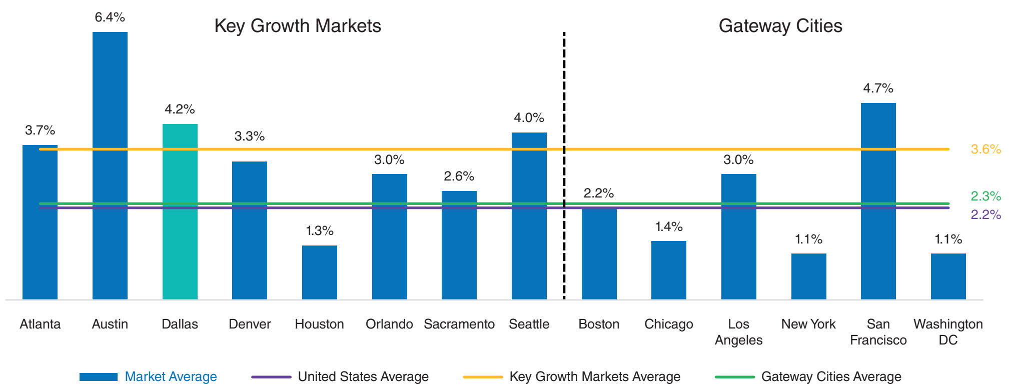
DETAILS OF THE PROPERTY, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. THE PROPERTY

1.1 Description of the Property

The Property, One Twenty Five, is an office complex located at 125 East John Carpenter Freeway Irving, Texas comprising two Class A office buildings, 125 East John Carpenter and 5100 North O'Connor, and offers a total of 445,317 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.

Real GDP Growth Average[(1)]
2013-2017

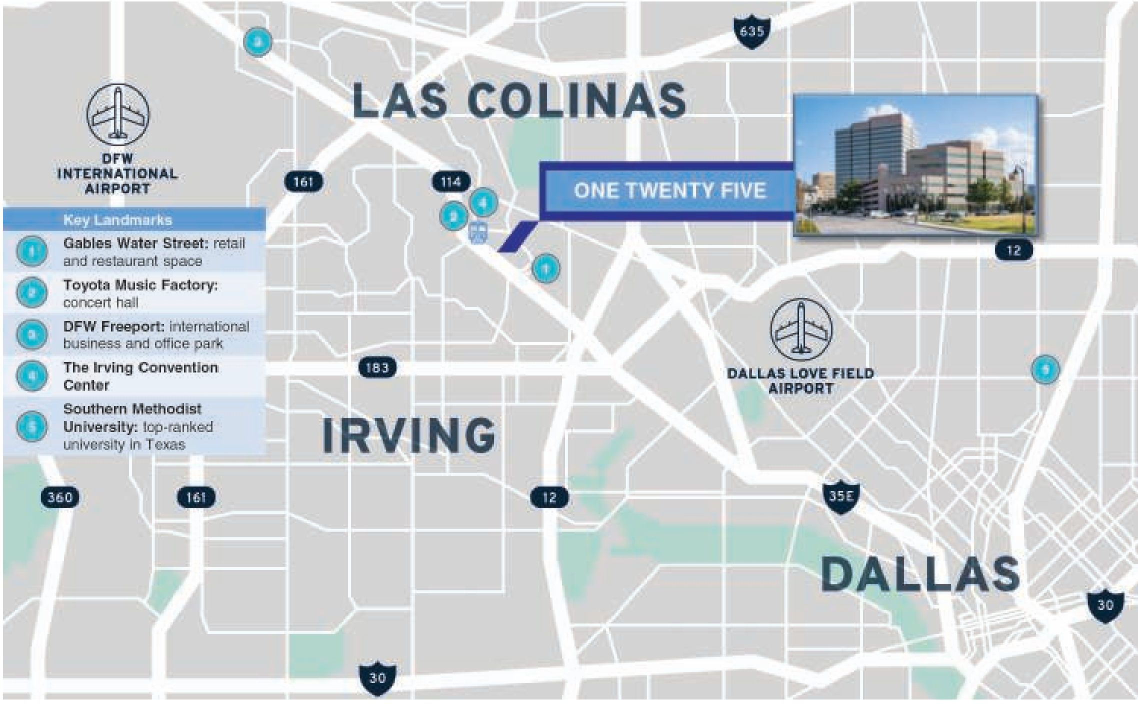


Note:

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

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 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 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.

1 Source: U.S. Bureau of Economic Analysis.



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.


Tenant Lounge


Fitness Centre


Building Exterior


Lobby Front Desk

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; U.S. 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.

Address	125 East John Carpenter Freeway Irving, Texas
Land Tenure	Freehold
Completion Date	Between 1982 to 1983
Refurbishment	2015 to 2019
Occupancy as at 30 June 2019	88.6%
Committed Occupancy as at 30 June 2019	95.5%
Property Manager	Transwestern Commercial Services Central Region, L.P.
Leasing Agent	TCS Central Region, GP, LLC
Parking Stalls	1,298
NLA (sq ft)	445,317
Land Area (sq ft)	275,490
Valuation by JLL	US$102.0 million
Valuation by Cushman	US$103.5 million
Number of Tenants as at 30 June 2019	20
WALE by NLA as at 30 June 2019 (years)	7.0
WALE by CRI as at 30 June 2019 (years)	7.1

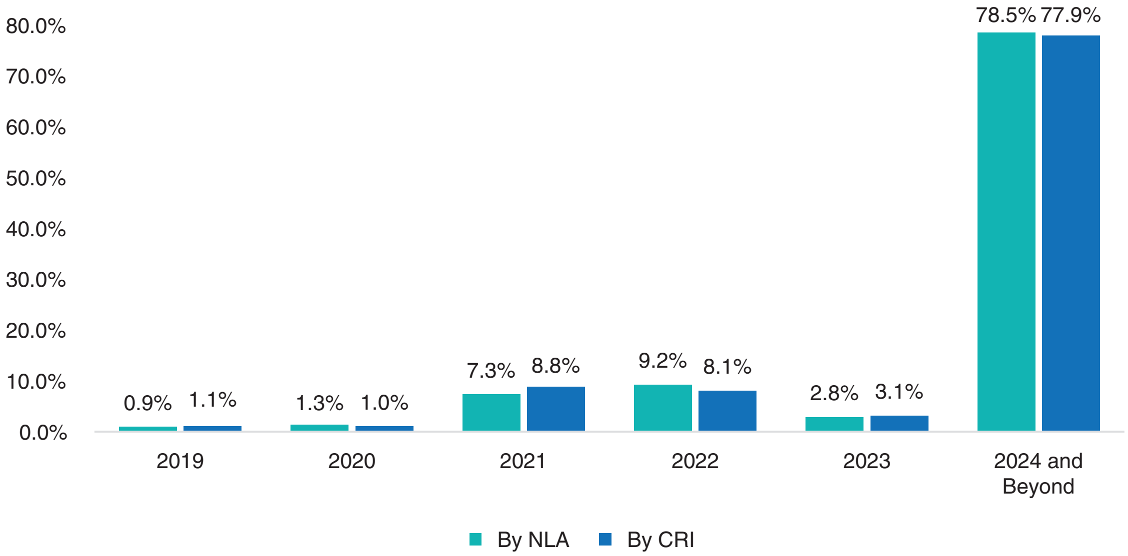
1.2 Top Five Tenants of the Property

The table below sets out selected information on the top 5 tenants 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
U.S. Homeland Security	Government Service Administration	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**

1.3 Lease Expiry Profile

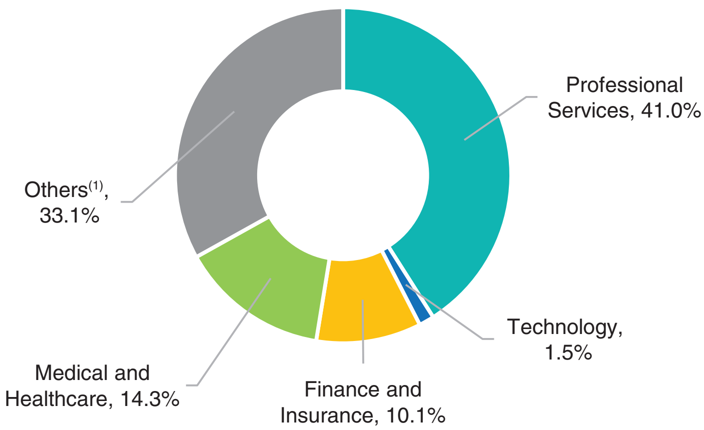
The graphs below illustrate the lease expiry profile of the Property by NLA and CRI as at 30 June 2019.



The WALE by NLA of the Property as at 30 June 2019 is 7.0 years. The WALE by CRI of the Property as at 30 June 2019 is 7.1 years.

1.4 Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as at 30 June 2019.



Note:

(1) Includes Government Service Administration tenants.

2 COMPARISON BETWEEN EXISTING PORTFOLIO AND ENLARGED PORTFOLIO (AS AT 30 JUNE 2019)

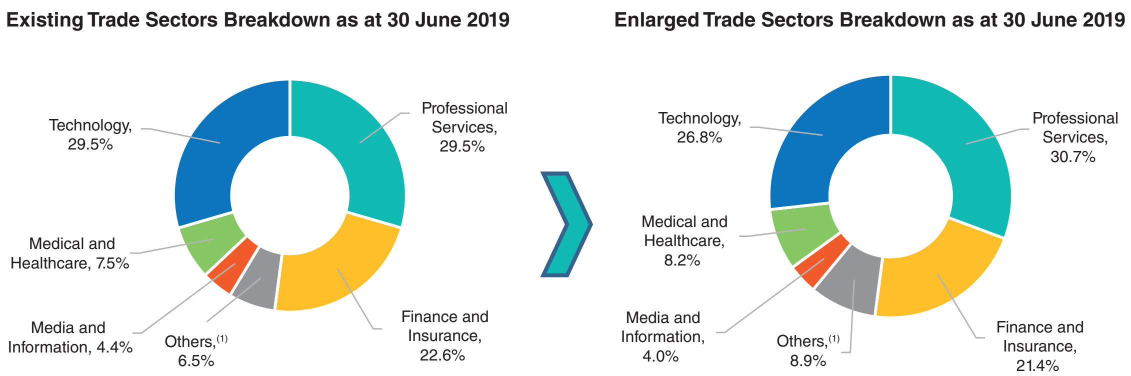
2.1 Overview of the Enlarged Portfolio

The table below sets out selected information on the Enlarged Portfolio as at 30 June 2019.

Total/Weighted Average	The Property	Existing Portfolio	Enlarged Portfolio
NLA (sq ft)	445,317	4,258,367	4,703,684
Number of Tenants	20	466	486
Committed Occupancy (%)	95.5	94.0	94.2
WALE by NLA (Years)	7.0	3.9	4.2
Book Value (US$ million)	101.5[1]	1,085.8	1,187.3

2.2 Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector of the Existing Portfolio and the Enlarged Portfolio as at 30 June 2019.



Note:

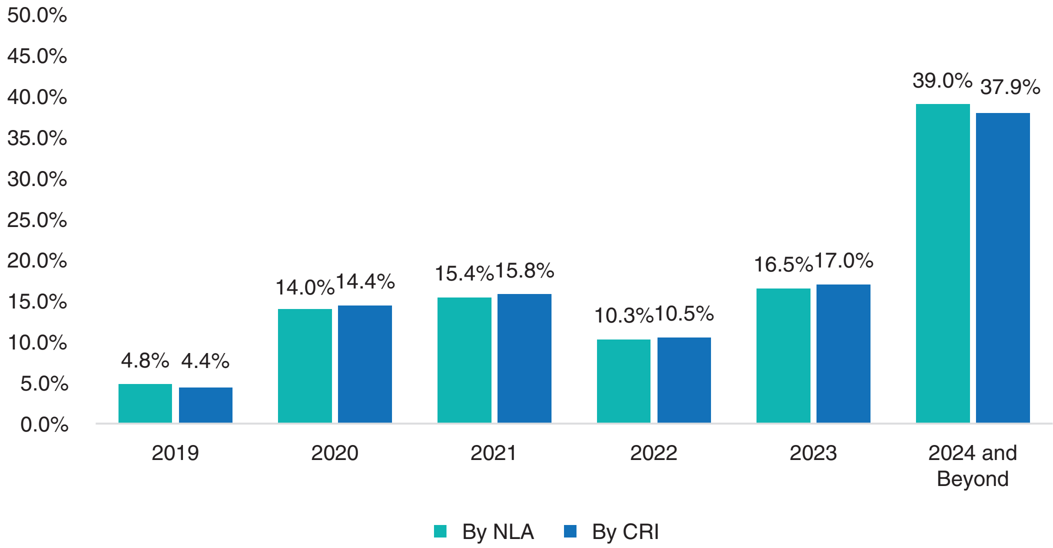
(1) Includes Government Service Administration tenants.

1 Book value of the Property is based on the Purchase Consideration.

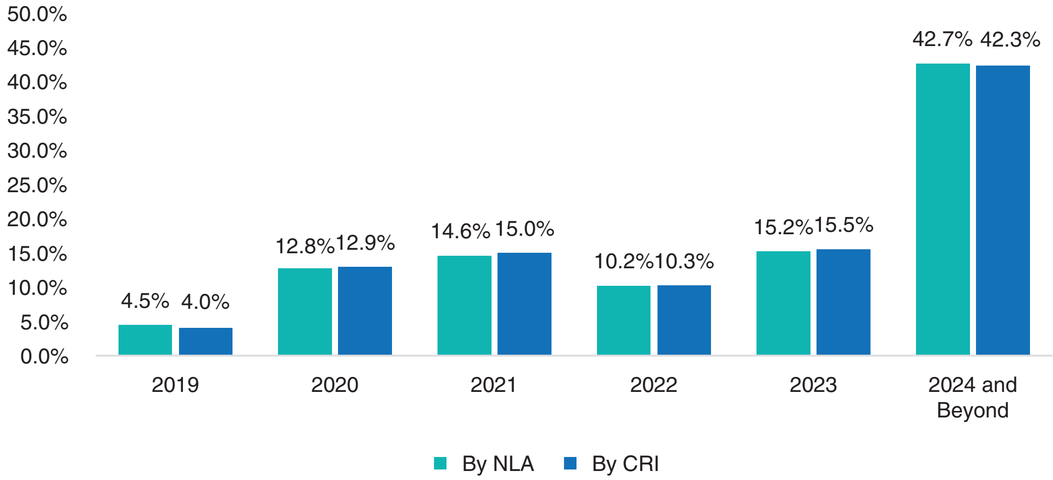
2.3 Lease Expiry Profile

The graphs below illustrate the lease expiry profile of the Existing Portfolio and the Enlarged Portfolio by NLA and CRI as at 30 June 2019.

Existing Portfolio as at 30 June 2019



Enlarged Portfolio as at 30 June 2019



The WALE by NLA of the Existing Portfolio as at 30 June 2019 and the WALE by CRI of the Existing Portfolio as at 30 June 2019 is 3.9 years and 3.8 years respectively. Following the Acquisition, the WALE by NLA of the Enlarged Portfolio as at 30 June 2019 and the WALE by CRI of the Enlarged Portfolio as at 30 June 2019 will be 4.2 years and 4.1 years respectively.

2.4 Top Ten Tenants

The table below sets out selected information on the top 10 tenants of the Existing Portfolio and Enlarged Portfolio by percentage of CRI as at 30 June 2019.

Existing Portfolio as at 30 June 2019

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**

Note:

(1) Unigard Insurance Company is a subsidiary of QBE Insurance Group.

Enlarged Portfolio as at 30 June 2019

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
Spectrum	Maitland Promenade I	1.8
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**

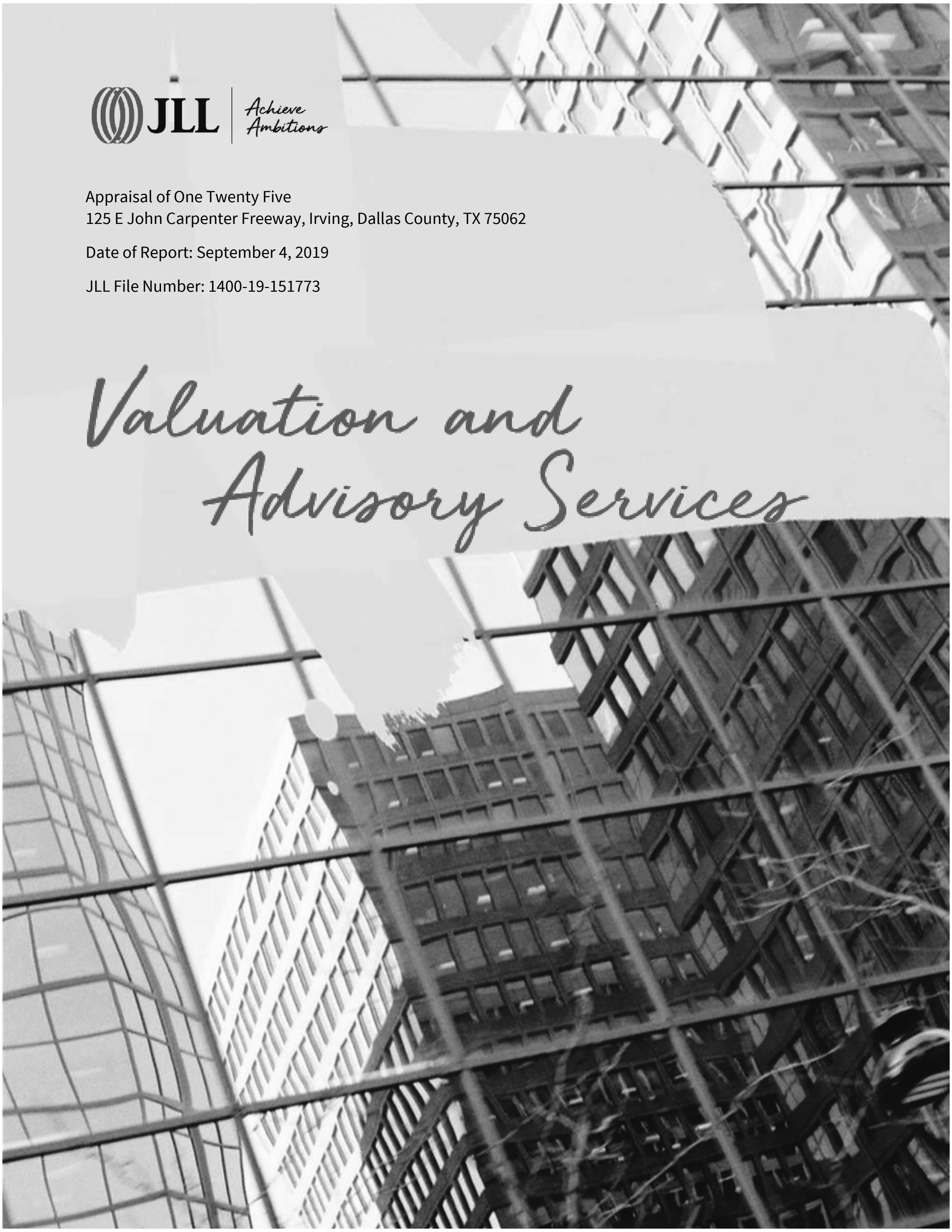
Note:

(1) Unigard Insurance Company is a subsidiary of QBE Insurance Group.

This page has been intentionally left blank.

APPENDIX B

VALUATION CERTIFICATES


Appraisal of One Twenty Five
125 E John Carpenter Freeway, Irving, Dallas County, TX 75062

Date of Report: September 4, 2019

JLL File Number: 1400-19-151773

Valuation and Advisory Services

One Twenty Five
125 E John Carpenter Freeway
Irving, TX 75062

JLL
700 E. Campbell Road, Suite 265
Richardson, TX 75081
Phone: 972-960-1222
Fax: 972-960-2922

September 4, 2019

Keppel-KBS US REIT Management Pte. Ltd. (as Manager of Keppel-KBS US REIT)
1 Harbourfront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Perpetual (Asia) Limited
(in its capacity as trustee of Keppel-KBS US REIT)
8 Marina Boulevard
#05-02
Marina Bay Financial Centre
Singapore 018981

Re: Appraisal

One Twenty Five
125 E John Carpenter Freeway
Irving, Dallas County, TX 75062

File Number: 1400-19-151773

Dear Parties:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject is an existing office property with two buildings containing 445,317 square feet of rentable area. The improvements were constructed in 1982, significantly renovated in 2016, and are 96% leased as of the effective appraisal date. The site area is 6.32 acres or 275,490 square feet.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	August 14, 2019	$102,000,000

Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. This report is being delivered in connection with that certain engagement letter, dated August 5, 2019 between JLL Valuation & Advisory Services LLC and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT) (the "Agreement"). This report and limiting assumptions are subject to the terms of the Agreement, including without limitation, Section 1.3 of Exhibit B, which states that "The parties agree that this Agreement and all obligations of each party hereunder are subject to applicable law. In the event of a conflict between the terms hereof and applicable law, the applicable law will govern and prevail.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

JLL Valuation & Advisory Services, LLC

Kenneth B. Levenson, MAI, FRICS
Executive Vice President
Certified General Real Estate Appraiser
TX Certificate #: 372912
Email: Kenneth.Levenson@am.jll.com

Ted D. Brooks, MAI, MRICS
Executive Vice President
Certified General Real Estate Appraiser
TX Certificate #: TX-1320511-G
Email: Ted.Brooks@am.jll.com

Certification Statement

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. JLL Valuation & Advisory Services is a wholly owned subsidiary of Jones Lang LaSalle, Inc. (JLL). We have no bias with respect to the other JLL entity involved in the subject and are not compensated or penalized in any way for favorable or unfavorable value or outcome with respect to the subject property or other parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
12. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
13. Kenneth B. Levenson, MAI, FRICS, has not made an inspection of the subject property. Ted D. Brooks, MAI, MRICS, has made a personal inspection of the property. Michael A. Stavinoha has made a personal inspection of the property.

14. Significant real property appraisal assistance was provided by Michael A. Stavinoha who has not signed this certification.
15. As of the date of this report, Kenneth B. Levenson, MAI, FRICS, and Ted D. Brooks, MAI, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.

Ted Brooks

Kenneth B. Levenson, MAI, FRICS
Executive Vice President
Certified General Real Estate Appraiser
TX Certificate #: 372912
Email: Kenneth.Levenson@am.jll.com

Ted D. Brooks, MAI, MRICS
Executive Vice President
Certified General Real Estate Appraiser
TX Certificate #: TX-1320511-G
Email: Ted.Brooks@am.jll.com

Summary of Salient Facts and Conclusions

Property Name	One Twenty Five
Address	125 E John Carpenter Freeway Irving, Dallas County, Texas 75062
Property Type	Office Building
Owner of Record	KBS Capital Advisors, LLC
Tax ID	32701000000000000
Land Area	6.32 acres; 275,490 SF
Gross Building Area (SF)	445,317
Rentable Area (SF)	445,317
Percent Leased	96%
Year Built	1982 - 1983
Year Renovated	2016
Zoning Designation	S-P-2, Site Plan District
Highest & Best Use - As If Vacant	Office Use
Highest & Best Use - As Improved	Continued Office Use
Exposure Time; Marketing Period	6 months; 6 months
Date of Report	September 4, 2019

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	August 14, 2019	$102,000,000

The values reported above are subject to definitions, assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the client and intended users may use or rely on the information, opinions and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions and limiting conditions contained therein.

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. This report is being delivered in connection with that certain engagement letter, dated August 5, 2019 between JLL Valuation & Advisory Services LLC and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT) (the "Agreement"). This report and limiting assumptions are subject to the terms of the Agreement, including without limitation, Section 1.3 of Exhibit B, which states that "The parties agree that this Agreement and all obligations of each party hereunder are subject to applicable law. In the event of a conflict between the terms hereof and applicable law, the applicable law will govern and prevail.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

Part Two

Number of Tenants	43	
Average Contract Rent/SF	$24.17	
Average Market Rent/SF	$30.69	
Major Tenant and Expiration	Homeland Security	5/31/2027
Major Tenant SF and Contract Rent	63,094	$20.15
Sales Approach		
Number of Sales	5	
Range of Sale Dates	Jun-17 to Jul-19	
Range of Unit Prices	$178.65 to $241.50	
Indicated Value	$98,000,000	$220.07
Income Capitalization Approach		
Potential Gross Income at Stabilization	$13,696,621	$30.76
Stabilized % Vacancy & Collection Loss	-7.03%	
Effective Gross Income	$12,858,655	$28.88
Operating Expenses	$6,034,857	$13.55
Operating Expense Ratio	46.93%	
Net Operating Income at Stabilization	$6,823,798	$15.32
Capitalization Rate Applied and Value	6.25%	$107,000,000
Discount Rate Applied and Value	7.75%	$102,000,000
Indicated Value	$102,000,000	$229.05
Market Value Conclusion	**$102,000,000**	**$229.05**

Limiting Conditions and Assumptions

1. All reports and work product we deliver to you (collectively called "report") represent an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
2. The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
3. There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
4. We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
5. The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
6. We assume responsible ownership and competent property management.
7. The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
8. We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.
9. We assume that all engineering studies are correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.

10. We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
11. We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
12. Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
13. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
15. We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.
16. We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
17. We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

18. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
19. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
20. Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
21. In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
22. Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
23. The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
24. We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
25. Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.

26. We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
27. JLL IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL THE LIABILITY OF JLL AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO JLL HEREUNDER.
28. Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
29. We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

Amenity
A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

As Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Class of Apartment Property
For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Adapted from “Class of Office Building” in The Dictionary of Real Estate Appraisal.)

Deferred Maintenance
Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation
A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis
The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Disposition Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
10. This definition can also be modified to provide for valuation with specified financing terms.

Effective Date of Appraisal

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply.

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

The time a property remains on the market.

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Extraordinary Assumption
An assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)
The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Gross Building Area (GBA)
Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Highest and Best Use
The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Hypothetical Condition
A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Lease
A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest
A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e, a lease).

Leasehold Interest
The tenant's possessory interest created by a lease.

Liquidation Value
The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.

2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars, or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
10. This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
6. (Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Multifamily Property Type

Residential structure containing five or more dwelling units with common areas and facilities. (Source: Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute])

Multifamily Classifications

Garden/Low Rise Apartments: A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. *(Source: Appraisal Institute)*

Mid/High-Rise Apartment Building: A multifamily building with four or more stories, typically elevator-served. (Source: Appraisal Institute)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Rentable Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building*. (Source: Income/Expense Analysis, 2013 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois)*

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

Stabilized Income
Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Introduction

The subject is an existing office property with two buildings containing 445,317 square feet of rentable area. The improvements were constructed in 1982, significantly renovated in 2016, and are 96% leased as of the effective appraisal date. The site area is 6.32 acres or 275,490 square feet.

Subject Identification

Name	One Twenty Five
Address	125 E John Carpenter Freeway, Irving, Dallas County, TX 75062
Tax ID	32701000000000000
Owner of Record	KBS Capital Advisors, LLC
Legal Description	Being Lot 1 of Las Colinas Urban Center, Installment No. 16, an Addition to the City of Irving, Texas, according to the Plat thereof recorded in Volume 81113, Page 0337, pf the Map Records of Dallas County, Texas, situated in the Elizabeth Crockett Survey, Abstract No. 217.

Ownership and Transaction History

The most recent closed sale of the subject is summarized as follows:

Most Recent Sale (Closed)

Grantor:	Brookwood JCF Investors, LLC
Grantee:	KBS Capital Advisors, LLC
Sale Date:	September 15, 2017
Sale Price:	$83,550,000
Document Number:	Instr #201700261943

Our as is market value conclusion of $102,000,000 is 22.1% above the purchase price and is considered to be within reasonable market parameters considering the increased occupancy of ±15% and increasing rental rates. To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date. Additionally, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s).

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report.

Summary

Research	▪ We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources. ▪ Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources. ▪ Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.
Analysis	▪ Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use. ▪ We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. ▪ The results of each valuation approach are considered and reconciled into a reasonable value estimate.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;

Client, Intended Use, and User(s)

Client:	Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Intended Use:	This report is intended to summarize our opinion of the Market Value As Is of the leased fee interest in the subject property in connection with a circular to be issued in connection with general meeting of unitholders of Keppel-KBS US REIT, including any supplementary documents (if any), related filings, presentations and any materials and disclosures in connection thereto.
Intended User(s):	The intended user(s) of the appraisal are Keppel-KBS US REIT Management Pte. Ltd. as Manager of Keppel-KBS US REIT & Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT). The appraisal is not intended for any other use or user. No party or parties other than Keppel-KBS US REIT Management Pte. Ltd. as Manager of Keppel-KBS US REIT & Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT) may use or rely on the information, opinions, and conclusions contained in this report.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the Subject's:

Appraisal Premise	Interest Appraised	Date of Value
Market Value As Is	Leased Fee	August 14, 2019

The date of the report is September 4, 2019. The appraisal is valid only as of the stated effective date or dates.

Approaches to Value

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Applicability and utilization of the approaches in this assignment is described as follows.

Approach	Description	Applicability	Utilization
Cost	A cost approach is most applicable in valuing new or proposed construction when the improvements represent the highest and best use of the land and the land value, cost new and depreciation are well supported.	Not Applicable	Not Utilized
Sales Comparison	A sales approach is most applicable when sufficient data on recent market transactions is available and there is an active market for the property type.	Applicable	Utilized
Income	An income approach is most applicable when the subject is an income producing property or has the ability to generate income in the future as an investment.	Applicable	Utilized

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services.

- We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Report Option

Based on the intended users understanding of the subject's physical, economic and legal characteristics, and the intended use of this appraisal, an appraisal report format was used, as defined below.

Appraisal Report	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

Definition of Values

Market Value	The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Leased fee estate	A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

Inspection

Kenneth B. Levenson, MAI, FRICS, has not performed an inspection. Ted D. Brooks, MAI, MRICS, performed an inspection on August 19, 2019. Michael A. Stavinoha performed an inspection on August 14, 2019.

Significant Appraisal Assistance

It is acknowledged that Michael A. Stavinoha made a significant professional contribution to this appraisal, consisting of participating in the property inspection, conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.

APPRAISAL OF REAL PROPERTY

One Twenty Five
125 E John Carpenter Freeway
Irving, Dallas County, TX 75062

IN AN APPRAISAL REPORT

As of August 23, 2019

Prepared For:

Keppel-KBS US REIT Management PTE LTD (as Manager of Keppel-KBS REIT) and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)

Prepared By:

Cushman & Wakefield of Texas, Inc.
Valuation & Advisory
2021 McKinney Avenue, Suite 900
Dallas, TX 75201
Cushman & Wakefield File ID: 19-53003-900932-001

One Twenty Five

125 E John Carpenter Freeway

Irving, Dallas County, TX 75062

2021 McKinney Avenue, Suite 900
Dallas, TX 75201
Tel +1 (972) 663-9600
cushmanwakefield.com

September 03, 2019

Keppel-KBS US REIT Management PTE LTD (as Manager of Keppel-KBS REIT)
1 Harbourfront Avenue #18-01
Keppel Bay Tower
Singapore 098632

Perpetual (Asia) Limited (in its capacity as trustee of Keppel-KBS US REIT)
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981

Re: Appraisal Report

One Twenty Five
125 E John Carpenter Freeway
Irving, Dallas County, TX 75062
Cushman & Wakefield File ID: 19-53003-900932-001

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

This Appraisal Report has been prepared in accordance with the current version of the Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI of the Federal Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA).

The subject property, One Twenty Five, consists of 2, Class A multi-tenant office buildings of 6 and 18 stories that contain a total of 448,932 square feet of rentable area connected by a common garage and situated on a total of 6.32-acres. The 6-story property, addressed as 5100 O'Connor Boulevard, is on the same tax parcel as 125 John Carpenter, and is included as part of the subject property throughout this appraisal. The property is located in the Urban Center in Las Colinas, a master-planned development in Irving Texas that is undergoing a renewed growth phase of multi-family, retail, restaurant, hospitality, and related amenities. The subject improvements were constructed in 1982 and 1983 and are in excellent condition and of good quality construction due to recent renovations. Parking is provided via a connecting garage with a total of 1,425 spaces, resulting in a parking ratio of 3.17 per 1,000 square feet of net rentable area. The property is currently 96.67 percent leased by 40 tenants at an average contract rent of $25.72 per square foot. Rents are primarily structured on a Full Service Plus E (modified gross) basis. The subject property is operating at a stabilized level.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions of value:

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date Of Value**	**Value Conclusion**
Market Value As-Is	Leased Fee	August 23, 2019	$103,500,000

Compiled by Cushman & Wakefield of Texas, Inc.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions, as well as the following extraordinary assumptions.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF TEXAS, INC.

Christopher A. Cauthen, MAI
Executive Director
TX Certified General Appraiser
License No. 1338582-G
Chris.Cauthen@cushwake.com
972-663-9686 Office Direct

Patrick Cauthen
Appraiser
TX Certified General Appraiser
License No. 1380686-G
patrick.cauthen@cushwake.com
972-663-9658 Office Direct

Client Satisfaction Survey

WE WANT TO HEAR FROM YOU!

VALUATION & ADVISORY

CUSHMAN & WAKEFIELD

V&A National Quality Control Group values your feedback!

- What are we doing right?
- Are there areas where we could improve?
- Did our report meet your requirements?

As part of our quality monitoring campaign, your comments are critical to our efforts to continuously improve our service.

We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click https://www.surveymonkey.com/r/LQKCGLF?c=19-53003-900932-001 to respond or print out the survey in the Addenda to submit a hard copy.

Contact our Quality Control Committee with any questions or comments:

Scott Schafer, MAI, MRICS
Senior Managing Director
National Quality Control
Valuation & Advisory
T +1 716 200 0171
F +1 716 852 0890
scott.schafer@cushwake.com

Clarke Lewis, MAI
Senior Managing Director
Appraisal Management
Valuation & Advisory
T +1 631 234 5140
F +1 716 852 0890
clarke.lewis@cushwake.com

Sid Womack, MAI, AI-GRS, FRICS
Senior Managing Director
Regional Leader
Valuation & Advisory
T +1 972 663 9659
F +1 716 852 0890
sid.womack@cushwake.com

Rick Zbranek, MAI
Senior Managing Director
National Quality Control
Valuation & Advisory
T +1 713 963 2863
F +1 716 852 0890
Rick.Zbranek@cushwake.com

Steve Henry, MAI
Managing Director
Client Relations and Quality Assurance
Valuation & Advisory
T +1 949 930 9211
F +1 716 852 0890
Steve.Henry@cushwake.com

Steve Saunders, MAI, AI GRS, FRICS
Executive Managing Director
Florida Valuation & Advisory Market Leader
Valuation & Advisory
T +1 407 541 4384
F +1 716 852 0890
Steve.Saunders@cushwake.com

Summary of Salient Facts and Conclusions

The subject property, One Twenty Five, consists of 2, Class A multi-tenant office buildings of 6 and 18 stories that contain a total of 448,932 square feet of rentable area connected by a common garage and situated on a total of 6.32-acres. The 6-story property, addressed as 5100 O'Connor Boulevard, is on the same tax parcel as 125 John Carpenter, and is included as part of the subject property throughout this appraisal. The property is located in the Urban Center in Las Colinas, a master-planned development in Irving Texas that is undergoing a renewed growth phase of multi-family, retail, restaurant, hospitality, and related amenities. The subject improvements were constructed in 1982 and 1983 and are in excellent condition and of good quality construction due to recent renovations. Parking is provided via a connecting garage with a total of 1,425 spaces, resulting in a parking ratio of 3.17 per 1,000 square feet of net rentable area. The property is currently 96.67 percent leased by 40 tenants at an average contract rent of $25.72 per square foot. Rents are primarily structured on a Full Service Plus E (modified gross) basis. The subject property is operating at a stabilized level.

BASIC INFORMATION		
Common Property Name:	One Twenty Five	
Address:	125 E John Carpenter Freeway Irving, Texas 75062	
County:	Dallas	
Property Ownership Entity:	KBS SOR 125 John Carpenter LLC	

SITE INFORMATION		
Land Area:	<u>**Square Feet**</u>	<u>**Acres**</u>
Main Parcel	275,299	6.32
Site Shape:	Irregularly shaped	
Site Topography:	Level	
Frontage:	Good	
Site Utility:	Good	
Flood Zone Status:		
Flood Zone:	X500L	
Flood Map Number:	48113C0305L	
Flood Map Date:	March 21, 2019	

BUILDING INFORMATION	
Type of Property:	Office
Building Area	
Gross Building Area:	462,400 SF
Net Rentable Area:	448,932 SF
Garage Gross SF per Assessor:	959,848 SF
Land-to-Building Ratio:	0.60:1
Number of Buildings:	Two
Number of Stories:	6 and 18
Actual Age (Average):	37 Years
Quality:	Good
Year Built:	1982 and 1983
Condition:	Excellent
Parking:	
Number of Parking Spaces:	1,425
Parking Ratio (per 1,000 sf):	3.17:1
Parking Type:	Garage

MUNICIPAL INFORMATION		
Assessment Information:		
Assessing Authority	Dallas Central Appraisal District	
Assessor's Parcel Identification	32701000000000000	
Current Tax Year	2019	
Taxable Assessment	$67,700,000	
Current Tax Liability	$2,547,551	
Taxes per square foot	$5.67	
Are taxes current?	Taxes are current	
Is a grievance underway?	Not to our knowledge	
Subject's assessment is	At market levels	
Zoning Information:		
Municipality Governing Zoning	City of Irving	
Current Zoning	S-P-2, P-O, Professional Office District	
Is current use permitted?	Yes	
Current Use Compliance	Complying use	
Zoning Change Pending	No	
Zoning Variance Applied For	Not applicable	

HIGHEST & BEST USE

As Though Vacant:
An office building development as warranted by demand

As Improved:
An office building as it is currently improved

TENANCY INFORMATION		
Occupancy %:	96.7%	
Occupied (SF):	433,974	
Current Number of Tenants:	40	
Vacant (SF):	14,958	
Number of Vacant Spaces:	5	
Base Rent Status:		
Attained Rent (Occupied Space):	$25.72	FS+E
Market Rent:	$28.80	FS+E
Attained Rent is:	10.68% below market	

VALUATION INDICES	Market Value As-Is
VALUE DATE	**August 23, 2019**
SALES COMPARISON APPROACH	
Indicated Value:	$101,500,000
Per Square Foot (NRA):	$226.09
INCOME CAPITALIZATION APPROACH	
Yield Capitalization	
Projection Period:	11 Years
Holding Period:	10 Years
Terminal Capitalization Rate:	6.75%
Internal Rate of Return:	7.50%
Indicated Value:	$103,500,000
Per Square Foot (NRA):	$230.55
Direct Capitalization	
Net Operating Income (stabilized):	$6,215,559
Capitalization Rate:	6.00%
Indicated Value Rounded:	$103,600,000
Per Square Foot (NRA):	$230.77
Income Capitalization Approach	
Indicated Value:	$103,500,000
Per Square Foot (NRA):	$230.55
FINAL VALUE CONCLUSION	
Real Property Interest:	Leased Fee
Concluded Value:	$103,500,000
Per Square Foot (NRA):	$230.55
Implied Capitalization Rate:	6.01%
EXPOSURE AND MARKETING TIME	
Exposure Time:	6 Months
Marketing Time:	6 Months
INSURABLE VALUE	
Conclusion:	$235,000,000

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Summary of Critical Observations

SUMMARY OF CRITICAL OBSERVATIONS

The strengths and weaknesses analysis applies both specifically (attributes internal or specific to the subject) and generally (external or economic considerations that influence the subject).

Strengths/Opportunities

- The Dallas-Fort Worth region has been among the nation’s fastest growing areas, resulting in significant job and population growth. The office market has absorbed several million square feet of space over each of the last 5 years. This trend continues today for both the region and for Irving specifically. This positively impacts demand for office buildings in the region on a macro basis.
- The primary market area has recorded significant rent spikes in recent years with growth or stability projected.
- The Urban Center and local area are in a renewed growth phase with multi-family, amenity, and hospitality construction underway, in addition to office absorption.
- The property has an excellent location within the Urban Center.
- The submarket benefits from high-income demographics in the immediate area.
- The local area is near DFW Airport, a major demand generator.
- The property is of good quality and is in excellent condition owing to recent renovations.
- On-site amenities include conference room, fitness center, cafe, and garage parking.
- The property is operating at a stabilized level.
- The subject property has a total of 4 credit tenants occupying a total of 40 percent of the subject's space. Given this comparison, the investment rates selected will be more aggressive than market indicators.
- Contract rents are below market, creating upside potential as existing leases roll to market.

Weaknesses/Threats

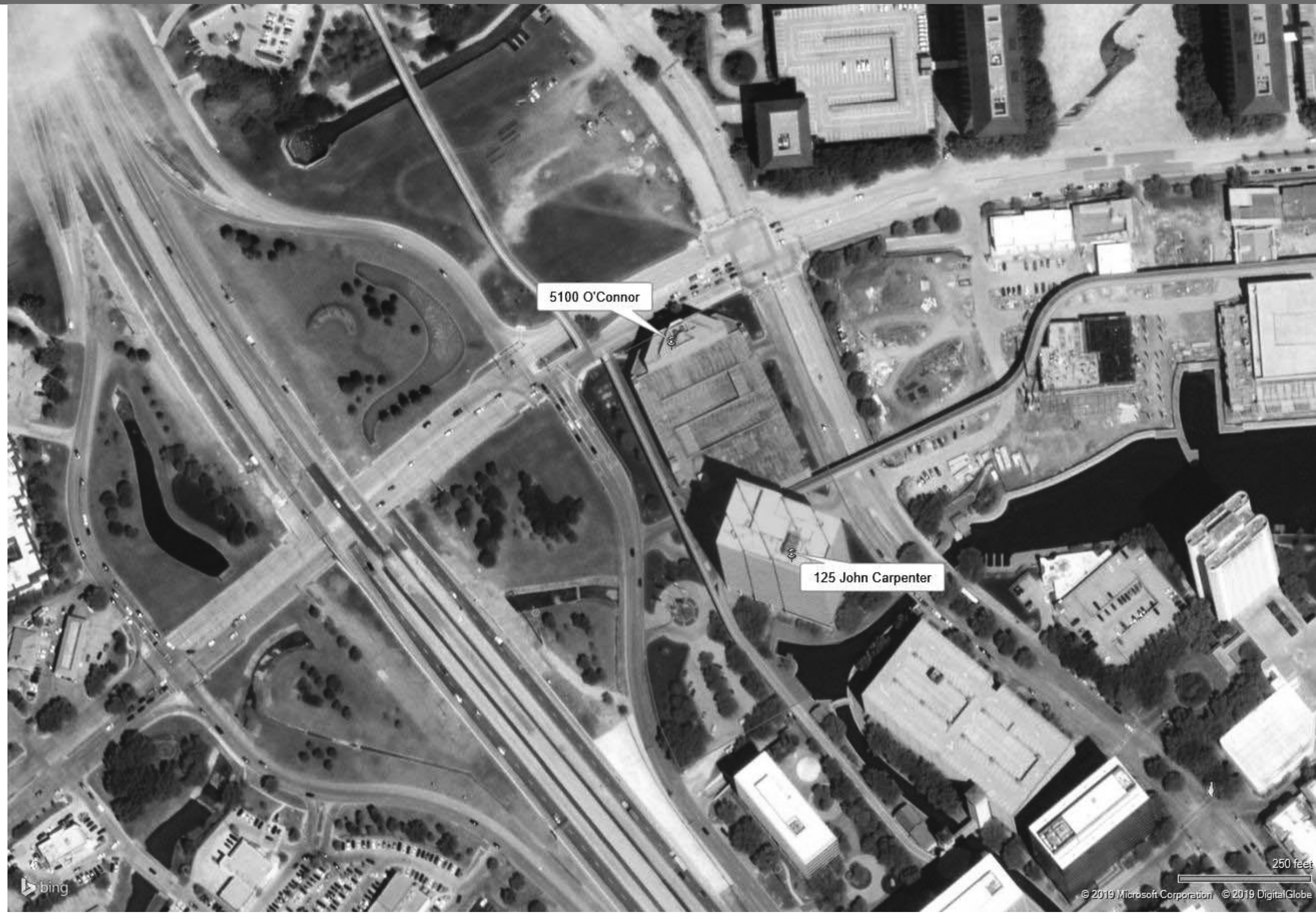
- The GSA tenants have termination options with minimal notice required and no penalty. However, this is common on most GSA leases. Given the GSA history at the subject as well as investment in their spaces, the termination option is not considered to add material risk.
- There is abundant competitive supply in the competitive set.
- The subject is located within the DCURD taxing jurisdiction, which adds to its property tax burden.

Conclusions

Based on the preceding strengths and weaknesses, the subject property's specific outlook is considered to be good while the general outlook for the overall market is also concluded be positive.

Property Photographs

AERIAL PHOTOGRAPH



125 John Carpenter

125 John Carpenter Entrance

5100 O’Connor

5100 O’Connor Entrance

Elevator Lobby

Main Lobby

Tenant Space

Tenant Space

Tenant Space

Typical Restroom

Lounge Amenity

Vacant Suite

Typical Corridor

Cafe

Tenant Suite

Tenant Suite

Fitness Center

Mechanical Room

Parking Garage

Loading Dock

Monorail Facing South

Lake and Retail Facing South

North View of O'Connor/Las Colinas Intersection

South View of Las Colinas Blvd

Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Christopher A. Cauthen, MAI did make a personal inspection of the property that is the subject of this report. Patrick Cauthen did not make a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this report.
- The signing professionals nor Cushman & Wakefield have not performed prior valuation services involving the subject property within the three-year period immediately preceding the acceptance of the assignment.
- As of the date of this report, Christopher A. Cauthen, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Patrick Cauthen has completed all the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

Christopher A. Cauthen, MAI
Executive Director
TX Certified General Appraiser
License No. 1338582-G
Chris.Cauthen@cushwake.com
972-663-9686 Office Direct

Patrick Cauthen
Appraiser
TX Certified General Appraiser
License No. 1380686-G
patrick.cauthen@cushwake.com
972-663-9658 Office Direct

This page has been intentionally left blank.

INDEPENDENT FINANCIAL ADVISER'S LETTER

30 September 2019

The Independent Directors and Audit and Risk Committee
Keppel Pacific Oak US REIT Management Pte. Ltd.
(as Manager of Keppel Pacific Oak US REIT)
1 HarbourFront Avenue #18-01
Keppel Bay Tower
Singapore 098632

Perpetual (Asia) Limited
(as Trustee of Keppel Pacific Oak US REIT)
8 Marina Boulevard
#05-02
Marina Bay Financial Centre
Singapore 018981

Dear Sirs

(1) THE PROPOSED ACQUISITION OF THE PROPERTY COMPRISING 125 EAST JOHN CARPENTER AND 5100 NORTH O'CONNOR
(2) THE PROPOSED ISSUE AND PLACEMENT OF NEW UNITS TO KEPPEL CAPITAL INVESTMENT HOLDINGS PTE. LTD. UNDER THE PRIVATE PLACEMENT
(3) THE PROPOSED ISSUE AND PLACEMENT OF NEW UNITS TO KBS SOR PROPERTIES LLC UNDER THE PRIVATE PLACEMENT

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 30 September 2019 to the unitholders of Keppel Pacific Oak US Real Estate Investment Trust (the "**Circular**").*

1. INTRODUCTION

This letter ("**Letter**") has been prepared for the purpose of compliance with Listing Rule 921(4) as well as for inclusion in the Circular to be issued by Keppel Pacific Oak US REIT Management Pte. Ltd. (the "**Manager**"), in its capacity as the manager of Keppel Pacific Oak US REIT, in connection with, *inter alia*, through its wholly-owned indirect subsidiary KORE 125 John Carpenter, LLC (the "**Purchaser**"), entered into a purchase and sale agreement (the "**Purchase and Sale Agreement**") with KBS SOR 125 John Carpenter, LLC, (the **"Vendor**") on 6 September 2019 to acquire (the "**Acquisition**") an office complex known as "One Twenty Five" which comprises two buildings, in Irving, Texas (the "**Property**") for an estimated aggregate purchase consideration of US$101.5 million (the "**Purchase Consideration**").

The Purchase Consideration is intended to be partially funded by way of a private placement to institutional and other investors (the "**Private Placement**") and will, subject to Unitholders' approval, include a proposed issue and placement of New Units (as defined herein) to Keppel Capital Investment Holdings Pte. Ltd. (the "**Keppel Placement**") and KBS SOR Properties LLC (the "**KBS SOR Placement**"), which each owns an aggregate interest of approximately 6.89% of the total number of Units in issue as at the Latest Practicable Date and are considered to be Substantial Unitholders[1] of Keppel Pacific Oak US REIT.

[1] "**Substantial Unitholder**" refers to a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.

In connection with the foregoing, the Manager is convening an extraordinary general meeting of Keppel Pacific Oak US REIT to seek approval from Unitholders for:

(i) Resolution 1: The proposed Acquisition;

(ii) Resolution 2: The Keppel Placement; and

(iii) Resolution 3: The KBS SOR Placement.

Unitholders should note that Resolution 2 (the Keppel Placement) and Resolution 3 (the KBS SOR Placement) are each conditional upon Resolution 1 being passed. As the proceeds of the Private Placement are intended to be utilised for the Acquisition, in the event that Resolution 1 is not passed, the Manager will not proceed with the Private Placement (including the Keppel Placement and the KBS SOR Placement).

For the avoidance of doubt, the Manager may still proceed with the Private Placement in the event that Resolution 2 and/or Resolution 3 are not passed. The Private Placement will be undertaken through an issuance of New Units relying on the general mandate obtained at the annual general meeting of Keppel Pacific Oak US REIT held on 17 April 2019. Accordingly, the Manager does not intend to seek the specific approval of Unitholders for the Private Placement.

1.2 Background

Keppel Pacific Oak US REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing commercial assets and real estate-related assets in the key growth markets of the United States ("**U.S.**").

Keppel Pacific Oak US REIT was formerly known as Keppel-KBS US REIT and the Manager, Keppel Pacific Oak US REIT Management Pte. Ltd. was formerly known as Keppel-KBS US REIT Management Pte. Ltd.. Please refer to the announcement titled "Change of Name to Keppel Pacific Oak US REIT and Update by the Manager" which was released by the Manager on 5 September 2019 for further details.

The Manager is a joint venture held between the sponsors of Keppel Pacific Oak US REIT (the "**Sponsors**"), being Keppel Capital Holdings Pte. Ltd. ("**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 indirectly wholly-owned by KBS SOR which is managed by KBSCA, the Acquisition will constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**") as well as "Interested Party Transaction" under Appendix 6 of the Code of Collective Investment Schemes ("**CIS Code**" and Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), in respect of which the approval of Unitholders is required.

The total Purchase Consideration of US$101.5 million equates to approximately 15.4% of the latest audited net tangible assets ("**NTA**") and the net asset value ("**NAV**") of Keppel Pacific Oak US REIT as at 31 December 2018. As this value exceeds 5.0% of the NTA and the NAV of Keppel Pacific Oak US REIT, the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution for the Acquisition.

Keppel Capital Investments Holdings Pte. Ltd. ("**KCIH**") holds a 6.89% of the total number of Units in issue as at the Latest Practicable Date and is an indirect wholly-owned subsidiary of KC which is a controlling shareholder of the Manager. KCIH is (for the purposes of the Listing Manual and the Property Funds Appendix) an "associate" of KC and accordingly (for the purposes of the Listing Manual), an "interested person" of Keppel Pacific Oak US REIT. As the Keppel Placement will involve the issue of New Units to KCIH, the Keppel Placement will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The New Units to be placed to KCIH under the Keppel Placement will not exceed 5.0% of the NTA and NAV of Keppel Pacific Oak US REIT. Nonetheless, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Keppel Placement.

KBS SOR Properties LLC holds a 6.89% of the total number of Units in issue as at the Latest Practicable Date and is an indirect wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc. ("**KBS SOR**"). KBS SOR is managed by KBSCA and accordingly, the KBS SOR Placement which involves the issue of New Units to KBS SOR Properties LLC will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The New Units to be placed to KBS SOR Properties LLC under the KBS SOR Placement will not exceed 5.0% of the NTA and NAV of Keppel Pacific Oak US REIT. Nonetheless, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the KBS SOR Placement.

We, Deloitte & Touche Corporate Finance Pte Ltd ("**DTCF**"), have been appointed as the independent financial adviser ("**IFA**") pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Trustee, the audit and risk committee of the Manager (being Mr Soong Hee Sang, Mr John J. Ahn and Mr Kenneth Tan Jhu Hwa, all of whom are independent directors of the Manager) (the "**Audit and Risk Committee**") and the directors who are not interested in the Acquisition (being Mr Soong Hee Sang, Mr John J. Ahn, Mr Kenneth Tan Jhu Hwa and Mr Paul Tham) (the "**Acquisition Independent Directors**") as to whether the Acquisition is based on normal commercial terms and is not prejudicial to the interests of Keppel Pacific Oak US REIT and the minority Unitholders under Rule 921(4)(a) of the Listing Manual as well as for inclusion in the Circular.

This Letter, which sets out our evaluation for the Acquisition Independent Directors, the Audit and Risk Committee and the Trustee in respect of this engagement under Rule 921(4)(a) of the Listing Manual as well as for inclusion in the Circular, is an integral part of the Circular.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion 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.

We were neither a party to the negotiations entered into in relation to the Acquisition nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Acquisition.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Acquisition. All such evaluations, advice, judgements or comments remain the sole responsibility of the management of the Manager and their advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of Keppel Pacific Oak US REIT. We do not express any view as to the price at which the Units may trade upon completion of the Acquisition nor on the future value, financial performance or condition of Keppel Pacific Oak US REIT after the Acquisition.

It is also not within our terms of reference to compare the merits of the Acquisition to any alternative arrangements that were or may have been available to Keppel Pacific Oak US REIT. Such comparison and consideration remain the responsibility of the Directors and their advisers.

In the course of our evaluation, we have held discussions with the management of the Manager and the Independent Valuers (as defined herein), and have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided to us by the management. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of Keppel Pacific Oak US REIT or the Acquisition. We have been furnished with the valuation reports for the Property prepared by Cushman & Wakefield of Texas, Inc. ("**Cushman**") and JLL Valuation & Advisory Services, LLC ("**JLL**") (collectively, the "**Independent Valuers**"). With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the Property concerned and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Acquisition which may be released by the Manager after the Latest Practicable Date.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Acquisition Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

Our opinion in relation to the Acquisition as set out under paragraph 5 of this Letter should be considered in the context of the entirety of our advice. This letter is prepared for the purpose of compliance with Listing Rule 921(4)(a) as well as also for the benefit and use by the Trustee, Acquisition Independent Directors and the Audit and Risk Committee of the Manager and will be incorporated as an Appendix to the Circular. The Manager may not reproduce, disseminate or quote this Letter or any part thereof for any purpose, other than for matters relating to the Acquisition, without our prior written consent in each instance.

3. INFORMATION ON THE ACQUISITION

3.1 Description of the Property

The Property, One Twenty Five, is an office complex located at 125 East John Carpenter Freeway Irving, Texas comprising two Class A office buildings, 125 East John Carpenter and 5100 North O'Connor, and offers a total of 445,317 sq ft of quality office space. Strategically located in the first choice submarket of Las Colinas in Irving, it is situated within the Dallas-

Forth 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 US national averages of 2.2%[2]. 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 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 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; U.S. 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.

3.2 Estimated Total Acquisition Cost

As set out in paragraph 2.2 of the Circular, the Purchase Consideration is US$101.5 million. The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis.

The Manager has commissioned an independent property valuer, Cushman, and the Trustee has commissioned an independent property valuer, JLL, to value the Property. Cushman in its report dated 23 August 2019, stated that the aggregate open market value of the Property is US$103.5 million (based on a sales comparison approach and income capitalization approach) and JLL in its report dated 4 September 2019, stated that the aggregate open market value of

[2] Source: U.S. Bureau of Economic Analysis.

the Property is US$102.0 million (based on a sales comparison approach and income capitalisation approach).

The estimated Total Acquisition Cost 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 to the Manager; 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[3].

3.3 Method of Financing

As set out in paragraph 2.3 of the Circular, the Manager intends to finance the Acquisition with the proceeds from 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 distribution per Unit ("**DPU**") accretion to Unitholders while maintaining an optimum level of aggregate leverage.

3.4 Purchase and Sale Agreement

On 6 September 2019, the KORE 125 John Carpenter, LLC entered into the Purchase and Sale Agreement with the Vendor to acquire the Property.

As set out in paragraph 2.4 of the Circular, 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 Unitholders' approval for the Acquisition;

(b) the proceeds raised from the Private Placement, together with funds received by the Purchaser 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) the Title Company shall at closing have issued and delivered to the Purchaser, or shall have committed to issue and deliver to the Purchaser, with respect to the Property, a title insurance[4] insuring the Purchaser 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

[3] Such fees and expenses include debt issuance-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.

[4] The Manager understands that it is a customary practice in the U.S. for purchasers of real property to rely on third party title insurance companies to review the records in real property registries of official records for matters affecting title to real property and to insure the status of such title subject to various exceptions, including, without limitation, those matters noted by the title insurance company as a result of such review. Based on the due diligence conducted on the Property, the Manager is not aware of any issues which may affect the title to the Property.

Purchaser'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 endeavor to secure and deliver to the Purchaser by the closing date estoppel certificates[5] for all Leases, and the Purchaser may terminate the Purchase and Sale Agreement if the Vendor fails to deliver to the Purchaser 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, L.P., which is the existing third party property manager of the Property.

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

(i) 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

(ii) a construction supervision fees in connection with providing construction management services for certain construction projects for example development of buildings or renovations to increase gross floor area, 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$500,000	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 the existing third-party leasing agent of the Property.

The leasing agent is entitled to a leasing service commission for procuring leases with new tenants, which ranges from 2.25% to 4.5% of the base rental for the initial lease term.

The Manager believes that the abovementioned fees payable to the property Manager and the leasing agent are generally in line with market rates in the U.S..

4. EVALUATION OF THE ACQUISITION

In reaching our recommendation in respect of the above, we have given due consideration to, *inter alia*, the following factors:

(i) Rationale for and key benefits of the Acquisition;

[5] The tenant estoppel certificates provide the Purchaser 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 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.

(ii) Independent Valuations of the Property;

(iii) The Occupancy Rate and WALE (by NLA) of the Property as compared to Keppel Pacific Oak US REIT's current portfolio of US properties;

(iv) Valuations of the Property as compared to comparable transactions;

(v) Pro forma financial effects of the Acquisition; and

(vi) Other relevant considerations.

4.1 Rationale for and Key Benefits of the Acquisition

The Manager's rationale for the Acquisition is set out in paragraph 3 of the Circular. We recommend that the Acquisition Independent Directors advise the Unitholders to read this information carefully.

We have reproduced below excerpts of this section in respect of the Acquisition:

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

3.1.1 Expand foothold into the growth market of Dallas CBSA

The acquisition of the Property, which is located in the Las Colinas submarket in the Dallas CBSA, will expand Keppel Pacific Oak US REIT's presence to eight key growth markets in the U.S..

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. Among the largest southern metro, its population has one of the highest proportion of individuals with college experience and bachelor's degrees.

*The Dallas CBSA is home to approximately 7.5 million residents and has consistently outpaced the U.S. in population growth over the past 30 years. According to the IMR Consultant, Dallas CBSA's rapidly expanding business and live-work-play environment continues 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, well above the U.S. national average of 2.2%[6]. From 2018 to 2022, real GDP is expected to grow at an average of 3.1%[7] per annum. Employment and population growth from 2014 to 2018 averaged 3.0% and 2.0% respectively and above that of the U.S. national averages of 1.8% and 0.7%[8]. 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 U.S.. 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.

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,

[6] *Source: U.S. Bureau of Economic Analysis.*
[7] *U.S. Metro Economics: Economic Growth and Full Employment, June 2018.*
[8] *Source: U.S. Bureau of Labour Statistics and U.S. Census Bureau, Population Division.*

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. 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.

3.1.2 High quality Class A office buildings

The Property is a 445,317 sq ft Class A office complex located in Irving, Texas, that comprises 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.

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%[9], 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.

3.1.3 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 affluent population.

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..

3.2 Strong office fundamentals for continued rental growth

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

[9] *Committed occupancy as at 30 June 2019.*

Las Colinas is a vibrant submarket which has benefited 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, translating to a compounded annual growth rate ("**CAGR**") of 3.4%, which outpaced the broader Dallas CBSA's market CAGR of 2.9% over the same period. According to the IMR Consultant, average asking rents are projected to increase to US$32.57 per sq ft in 2024 driven by strong demand in the submarket, presenting significant upside as below-market-in-place rents are marked to market.*

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.

3.2.2 Potential for rental reversions

The Property's in-place rents (on a US$ per sq ft basis) are 10.7% below market based on data from Cushman[10], presenting an opportunity for further organic growth as leases are marked to market.

3.3 Enhance portfolio diversification and income resilience

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

[10] *Valuation report dated 23 August 2019.*

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 the defensive 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 reduce 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*
U.S. Homeland Security	*Government Service Administration*	*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***

3.3.2 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.

3.4 Value accretive transaction

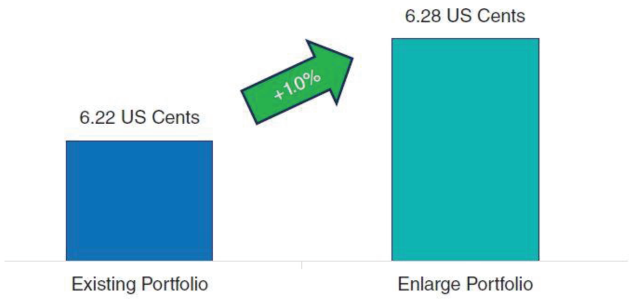
3.4.1 Purchase price represents a discount from appraised values

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 which is at a discount to the independent appraised values, represents good value for Unitholders.

3.4.2 Accretive acquisition creating value for Unitholders

*The Acquisition is expected to be DPU accretive to Unitholders. The pro-forma DPU, based on financials for the financial period from 9 November 2017, 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[11]. 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.*

DPU Accretive Acquisition



"

4.2 Independent Valuations of the Property

As set out in paragraph 2 of this Letter, Cushman and JLL were commissioned by the Manager and the Trustee respectively to assess the market value of the Property.

The following table sets out the appraised values of the Property, the respective dates of such appraisal and the Purchase Consideration:

Appraised Value		Purchase Consideration (US$ million)
By Cushman (US$ million)	By JLL (US$ million)	
103.5	102.0	101.5

We note that the Purchase Consideration of the Property at US$101.5 million represents a discount of 1.9% to Cushman's appraised value of US$103.5 million and a discount of 0.5% to JLL's appraised value of US$102.0 million.

4.2.1 The Valuation Approaches and Assumptions Adopted by the Independent Valuers

We noted that in arriving at the respective market values, both Independent Valuers have primarily adopted the income capitalisation approach in their respective valuations. We set out below a brief summary of the valuation approaches adopted by each of the Independent Valuers:

Valuation Approach and Assumptions	Cushman	JLL
Valuation Approach	• Income capitalisation approach ○ Discounted cash flow analysis (Preferred methodology) ○ Direct capitalization analysis	• Income capitalisation approach ○ Discounted cash flow analysis (Preferred methodology) ○ Direct capitalization analysis

[11] *Please refer to paragraph 7.1.1 of the Circular titled "Pro forma DPU" for further explanation.*

	• Sales comparison approach (secondary consideration)	• Sales comparison approach (secondary consideration)
Key Considerations for the income projections	• In arriving at the 11-year cash flow forecast based on 10-year investment holding period, the following have been considered: o Gross rental income based on existing contract terms with market leasing assumptions applied for renewal and absorption of tenants o Market lease commissions in accordance with local market standards o Market rent based on recent leasing activity at subject property and comparables o Parking revenue based on comparables o Projected annual average rent growth of 3.00% o Operating expenses analysed based on the past performance and comparables o Replacement reserve of US$0.15 per sq ft	• In arriving at the 11-year cash flow forecast based on 10-year investment holding period, the following have been considered: o Gross rental income based on existing contract terms with consideration of current market condition and assumptions of market participants concerning future trends o Market lease commissions and renewals are based on market assumptions o Projected annual average rent growth of 3.00% o Took into account roof top antenna leases that comprise the Other Income o Other operating expenses based normalized past performance o Replacement reserve of US$0.10 per sq ft
Market leasing assumptions	• Portfolio occupancy – 93.0%	• Portfolio occupancy – 93.0%
	Office 125 E John Carpenter • Market Rent - $30.00 per sq ft • Rent escalation – $0.50/SF/YR • Renewal probability – 70.0% 5100 O'Connor • Market Rent - $25.00 • Rent escalation – $0.50/SF/YR • Renewal probability – 70.0%	Office 125 E John Carpenter • Market Rent - $31.50 per sq ft • Rent escalation – $0.50/SF/YR • Renewal probability – 75.0% 5100 O'Connor • Market Rent - $24.50 • Rent escalation – $0.50/SF/YR • Renewal probability – 75.0%
	Café • Market Rent - $12.00 per sq ft • Rent escalation – $0.50/SF/YR • Renewal probability – 70.0%	Café • Market Rent - $13.01 per sq ft • Rent escalation – $0.50/SF/YR • Renewal probability – 75.0% Storage • Market Rent - $4.10 per sq ft • Rent escalation – None • Renewal probability – 75.0%
Direct capitalization – Capitalisation rate	• 6.00%	• 6.25%
Discounted cash flow – Capitalisation rate	• Capitalisation rate - 7.50% • Terminal capitalisation rate - 6.75%	• Capitalisation rate – 7.75% • Terminal capitalisation rate – 7.00%
Key Considerations for capitalisation rates	• For Direct capitalisation, Cushman has considered transaction data, investor surveys including the PwC Real Estate Investor Survey and consulted market participants	• For Direct capitalisation, JLL relied upon market extracted rates, bank of investment/debt coverage ratio, investor surveys including PwC Real Estate Investor survey and discussions with market participants

	• For Discounted cash flow, the capitalisation rates were determined using comparable sales, investor surveys including PwC Real Estate Investor Survey and conversation with market participants	• For Discounted cash flow, the capitalisation rates were determined using comparable sales, investor surveys including PwC Real Estate Investor Survey and conversation with market participants

Source: *Valuation reports from the Independent Valuers*

Based on our discussion with the Independent Valuers, we noted that investors or purchasers of such similar properties in the US typically placed the greatest reliance on the income capitalisation approach on income capitalization or anticipated yield. As such, principal emphasis is placed on the income approach and supported with the sales comparison approach.

As such, we are of the view that the income approaches as adopted by the Independent Valuers are acceptable methods of valuation, supported by:

- reasonably defined stream of rental income that forms the basis for projected cash flows; and
- discount rates that are comparable with the market norms.

4.3 The Occupancy Rate and WALE (by NLA) of the Property as compared to Keppel Pacific Oak US REIT's current portfolio of US properties

Keppel Pacific Oak US REIT's current property portfolio comprises 12 freehold office buildings and business campuses across 7 key growth markets located in the U.S.. As such, it is relevant to compare the Property to the current U.S. properties within the Existing Portfolio. In our evaluation, we compared the occupancy rates and WALE (by NLA) of the Property as at 30 June 2019 to the Existing Portfolio of Keppel Pacific Oak US REIT respectively.

We also recognise that the properties in the Existing Portfolio are not identical to the Property in terms of building size and design, location by city and sub market, tenant composition, operating history, future prospects and other relevant criteria. Accordingly, the Acquisition Independent Directors, the Audit and Risk Committee and the Trustee should note that any comparison made with respect to the properties in the Existing Portfolio serves as an illustrative guide only.

The table below sets out the selected information on the Enlarged Portfolio as at 30 June 2019.

Total / Weighted Average	The Property	Existing Portfolio	Enlarged Portfolio
NLA (sq ft)	445,317	4,258,367	4,703,684
Number of Tenants	20	466	486
Committed Occupancy (%)	95.5	94.0	94.2
WALE by NLA (Years)	7.0	3.9	4.2
Book Value (US$ million)	101.5[12]	1,085.8	1,187.3

Source: *Circular*

We note that:

(i) The committed occupancy of the Property is higher than the committed occupancy rate of the Existing Portfolio; and

(ii) The WALE by NLA of the Property is significantly higher than the Existing Portfolio.

[12] Book Value of the Property is based on the Purchase Consideration.

4.4 Valuation of the Property as Compared to Comparable Transactions

We have also considered comparable transactions that are broadly comparable to the Property ("**Comparable Transactions**"). We have selected Comparable Transactions based upon the quality and design, age and condition, location and accessibility, occupancy rate, number of stories, market risks and other relevant criteria. However, we recognised that the properties which are the subjects of the Comparable Transactions may differ from the Property in terms of the aforementioned criteria.

Additionally, it should be noted that the sale price per sq ft of NLA fluctuates over time depending on, among other things, demand and supply situations and the economic climate.

For the above reasons, while the Comparable Transactions taken as a whole may provide a broad and indicative benchmark for assessing the Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose. This is further stressed by the Independent Valuers that the market data is used only as a cross check given that the Appraised Values of the Property are driven primarily by the income approach.

Accordingly, the Acquisition Independent Directors, the Audit and Risk Committee and the Trustee should note that any comparison made with respect to the Comparable Transactions serve as an illustrative guide only.

Property/ Location	Transaction Date	Property Type	Sale Price (US$ M)	Year Built	Year Refurbished	NLA (SF)	No. of Buildings	Occupancy Rate	Price per sq ft of NLA (US$)
Urban Towers, 222 West Las Colinas Boulevard, Irving, Texas	Aug 2019	Class A	140.0	1982	2007	844,113	1	90%	166
Tower 909, 909 Lake Carolyn Parkway, Irving, Texas	Jul 2019	Class A	76.3	1988	2011	374,251	1	92%	204
122 West John Carpenter Freeway, 122 West John Carpenter Freeway, Irving, Texas	May 2019	Class A	31.9	1986	NA	218,304	1	73%	146
Parkway Centre II & III, 2745 & 2805 Dallas Parkway, Plano, Texas	Mar 2019	Class A	65.6	1999	2010	305,235	2	97%	215
Canal Centre, 400 East Las Colinas Boulevard, Irving, Texas	Nov 2017	Class A	42.5	1983	2010	237,984	1	90%	179
8750 North Park Central, 8750 N Central Expressway, Dallas, Texas	Jun 2017	Class A	118.8	1984	2016	491,803	1	91%	242
The Towers at Williams Square, 5215 N O'Connor Blvd, Irving, Texas	Nov 2015	Class A	330.0	1985	2012-2015	1,364,467	4	98%	242
								High	242
								Median	204
								Low	146
One Twenty Five 125 East John Carpenter Irving, Texas		**Class A**	**101.5**	**1982-1983**	**2015-2019**	**445,317**	**2**	**Committed: 95.5%**	**228**

Sources: *Public searches, the Manager*

Based on the above analysis, we note that the price per sq ft of NLA of the Property is below the high price per sq ft of NLA of the Comparable Transactions. While all of the properties in the Comparable Transactions differ from the Property, one should note that 8750 North Park Central and The Towers at Williams Square are closer comparables due to the year built, year refurbished and occupancy rate. We also note that the transaction price for 8750 North Park Central and The Towers at Williams Square on a sq ft basis is 6% higher than that of the Purchase Consideration on a sq ft basis.

One should note that the list of Comparable Transactions is not exhaustive given that there are other transactions that took place in the period under consideration whereby the information is not made publicly available. Furthermore, compared to the Property, the Comparable Transactions also vary in terms of size and design, building age, location, accessibility and operating history. Hence, the above comparison serves as an illustrative guide only.

Further caveats should be made by the knowledge that the Property differs from the Comparable Transactions in aspects such as size, transaction timing, market risks and other relevant factors. For this reason, the comparative analysis serves as an illustrative guide and is only one of the factors considered by us in our evaluation.

4.5 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition are set out in paragraph 7 of the Circular. We recommend the Acquisition Independent Directors to advise the Unitholders to read this information carefully.

We set out below the following pro forma financial analysis of the Acquisition that is prepared for illustrative purposes only.

Pro Forma Financial Effects (the Listing Date to 31 December 2018)		
	Before the Acquisition	After the Acquisition(1)(2)
DPU (US cents)	6.22(3)	6.28(4)
NAV represented by Unitholders' fund per Unit (US$)	0.80	0.79

Source: *Circular*

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 have been issued at an illustrative issue price of US$0.71 per unit pursuant to the Private Placement to raise gross proceeds of approximately US$68.7 million.

(3) 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.

(4) Post 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.

As illustrated in the table above, we note that:

(a) The Acquisition is DPU accretive and will increase the annualised DPU of Keppel Pacific Oak US REIT by 1.0%; and

(b) 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 1.3 million Acquisition Fee Units issued as payment of the US$1.0 million acquisition fee to the Manager at the illustrative issue price of US$0.75 per Unit.

4.6 Other Relevant Considerations

4.6.1 Diversification of Tenant Base and Portfolio

The full text of the increase in diversification of the Existing Portfolio is set out in paragraph 3.3 of the Circular. **We recommend that the Acquisition Independent Directors advise Unitholders to read this section of the Circular carefully.**

We note the following salient points:

(i) 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%; and

(ii) 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' CRI contribution will reduce from 20.4% to 18.5%.

5 OUR RECOMMENDATIONS

Having regard to our terms of reference, in arriving at our recommendations, we have considered various factors deemed pertinent and to have significant bearing on our assessment of the Acquisition. We have carefully considered the factors deemed as essential, and balanced them before reaching our opinion. Accordingly, it is important that this Letter, in particular, the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information made available to us as at the date of this Letter. The principal factors that we have taken into consideration in forming our opinion pertaining to the Acquisition are summarised as below for the various different parts:

- The rationale for and key benefits of the Acquisition;
- The Purchase Consideration for the Property being below the respective independent valuations as determined by the Independent Valuers;
- The Committed Occupancy and WALE (by NLA) of the Property being higher compared to the Existing Portfolio;
- The price per sq ft of NLA of the Property being below the high price per sq ft of NLA of the Comparable Transactions;
- Based on the pro-forma financials, the Acquisition is DPU accretive and will increase the annualised DPU of Keppel Pacific Oak US REIT by 1.0%; and
- Based on the pro-forma financials, the Acquisition is NAV dilutive in connection with the New Units issued under the Private Placement and Acquisition Fee paid in Acquisition Fee Units.

Having considered the above and subject to the assumptions and qualifications set out herein, we are of the opinion that the Acquisition is on normal commercial terms and is not prejudicial to Keppel Pacific Oak US REIT and its minority Unitholders.

We advise the Acquisition Independent Directors to recommend that Unitholders vote in favour of the Acquisition to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

Our recommendations are made in compliance with Listing Rule 921(4)(a) requirements as well as also addressed to the Acquisition Independent Directors, the Audit and Risk Committee and the Trustee for their benefit, in connection with and for the purposes of their consideration of the Acquisition. Any recommendations made by the Acquisition Independent Directors in respect of the Acquisition shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Pte Ltd

Ng Jiak See
Executive Director

This page has been intentionally left blank.

INDEPENDENT MARKET RESEARCH REPORT

INDEPENDENT MARKET RESEARCH REPORT

An independent review of office markets
As of September 1, 2019

United States Office Market

and

The Irving/Dallas, TX Market

Prepared For:

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD. (AS MANAGER OF KEPPEL-KBS US REIT) AND PERPETUAL (ASIA) LIMITED (IN ITS CAPACITY AS TRUSTEE OF KEPPEL-KBS US REIT)

Prepared By:

Cushman & Wakefield Western, Inc.
Valuation & Advisory
400 Capitol Mall, Suite 1800
Sacramento, CA 95814
Cushman & Wakefield File ID: 19-38032-900730-001

Table of Contents

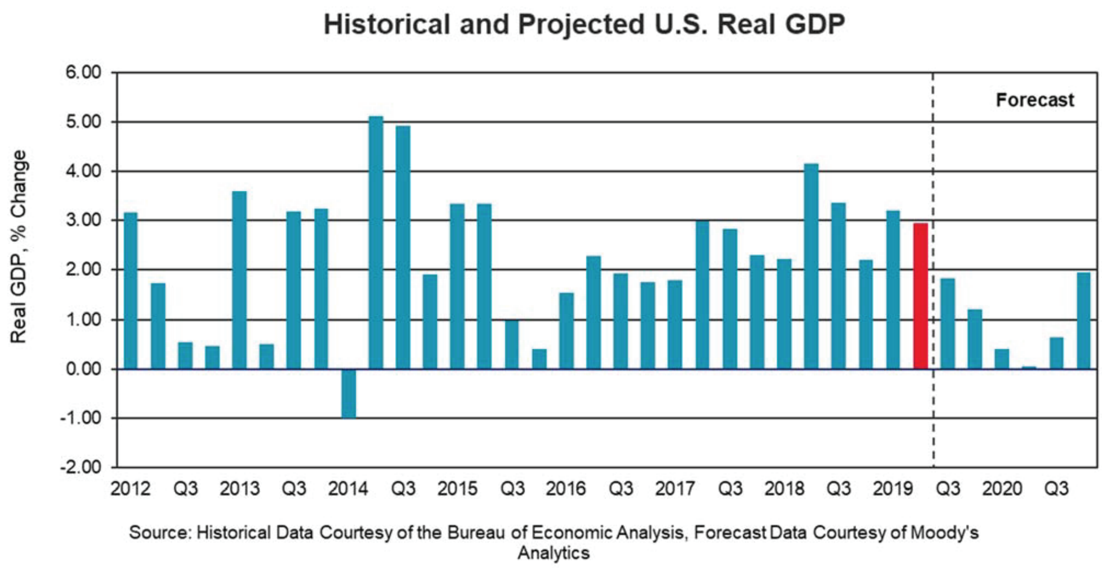
National Overview – United States of America

Overview

The current U.S. economic expansion cycle is nearly a decade old, and is by general consent a strong economy and getting stronger. Despite this, interest rates, which help determine the cost of borrowing money for investments, have lingered near historic lows since the 2008 recession. Interest rates went unchanged through to December 2015, when the Federal Reserve increased the rate for the first time in almost a decade. Now that more tariffs have been implemented on trade and inventories, the Federal Reserve Chairman Jerome Powell is more open to cutting rates based on how the economy responds to the new trade deals made in the past year.

In December 2016, the Federal Reserve raised its interest rates by a quarter of a point, to a range between 0.5% and 0.75%, and has since increased seven more times, each by 0.25 points. The current range is between 2.25% and 2.5% following the most recent hike in December 2018. All signs in the economy point to continued growth over the near-term Economists expect there to be two cuts, one in September and another cut in December since trade is possibly lowering GDP. However, in the Federal Reserve's March 2019 meeting, it was indicated that there will be no hikes in 2019. One of the Federal Reserve's key objectives is to keep inflation low. Because inflation is already low, there is little reason for the Fed to raise interest rates. However, rates were cut in July 2019 for the first time since 2008.

The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2012 through fourth quarter 2020 (red bar highlights the most recent quarter available - 19Q1):

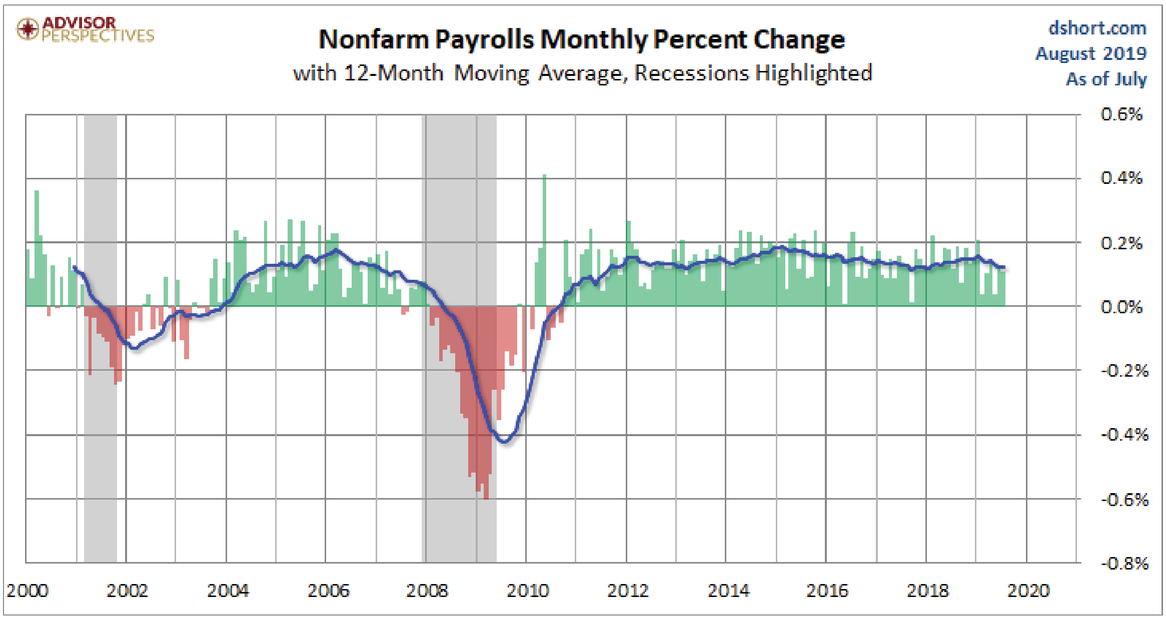


Further points regarding current economic conditions are as follows:

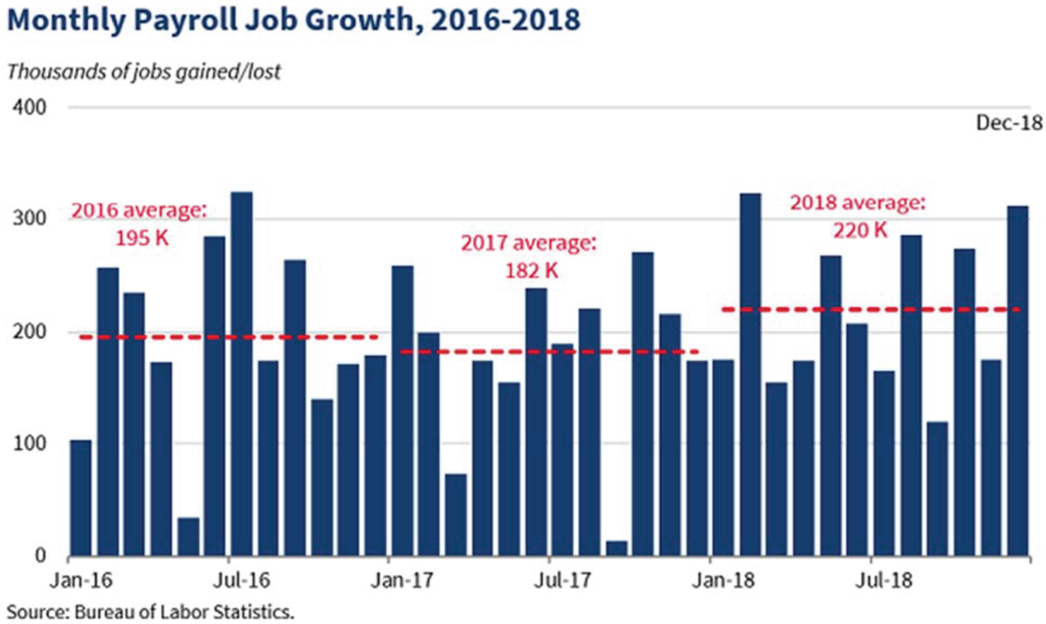
- First quarter GDP grew 3.2%, well above expectations. Economists forecast continued economic expansion through 2020, though growth may ebb in 2019 as the fiscal boost from the tax cuts eventually fade. The National Association for Business Economics forecasts 2.7% GDP growth in 2019 and the Urban Land Institute's annual forecast survey expects the economy to grow 1.7% in 2020. GDP correlates strongly with the commercial real estate sector, so a strong economy indicates strong support for our business going forward.
- Commercial and multifamily mortgage loan originations increased 12% in first quarter 2019 when compared to the same period in 2018, according to the Mortgage Bankers Association's Quarterly Survey of Commercial/Multifamily Mortgage Banker. An increase in originations for health care, multifamily and industrial products led to the overall increase in lending volumes.
- Commercial mortgage-backed securities (CMBS) have been spurred by measured investment sales activity and stable credit spreads. Commercial Mortgage Alert data indicates that U.S. CMBS issuance in first quarter 2019, at $16.5 billion, was 14.8% lower when compared to CMBS issuance during the same period in 2018. Issuance is likely to fall on an annual basis in 2019 due to market volatility and heightened competition.

Business Trends

The U.S. economy entered 2019 with very strong fundamentals and a lot of momentum. The latest economic data—on consumer spending, global trade, various manufacturing indices, and other metrics—send a clear signal that the U.S. economy is poised for moderate to greater growth. In addition, the labor market continue to crank out new jobs. In July 2019, the U.S. economy created 164,000 new nonfarm payroll jobs, leaving the unemployment rate at 3.7%. The unemployment rate peak for the current cycle was 10.0% in October 2009. Significantly, the economic expansion also became more broad-based in 2018, with both emerging economies and advanced economies growing in unison. Nearly 80% of the world is now sharing in this acceleration. The Baltic Dry Index—a reliable proxy of global trade—is hovering at its highest level in three years.

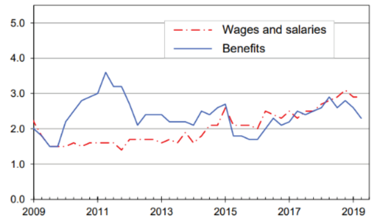


The labor market is one of the largest risk factors to the commercial real estate outlook. The U.S. economy generated 2.6 million jobs in 2018—a seventh consecutive year of at least 2 million job gains—but a clear deceleration from the 2.9 million in 2015. Based on the job openings data, demand for labor remains very robust. Demand is not the issue; finding labor talent is. The unemployment rate in July 2019 was 3.7% —below what most consider the level of full employment, estimated at 5%.



The U-6 measure—known as underemployment—ended 2018 at 7.5% and as of July 2019, it was 7.3%. These rates are among the lowest for the last 50 years. The NFIB reports that businesses are having the most difficult time filling positions since 2000. Wage pressures are also forming. The employment cost index increased by 2.7% in 2018 and is expected to continue to accelerate.

Source: Bureau of Labor Statistics

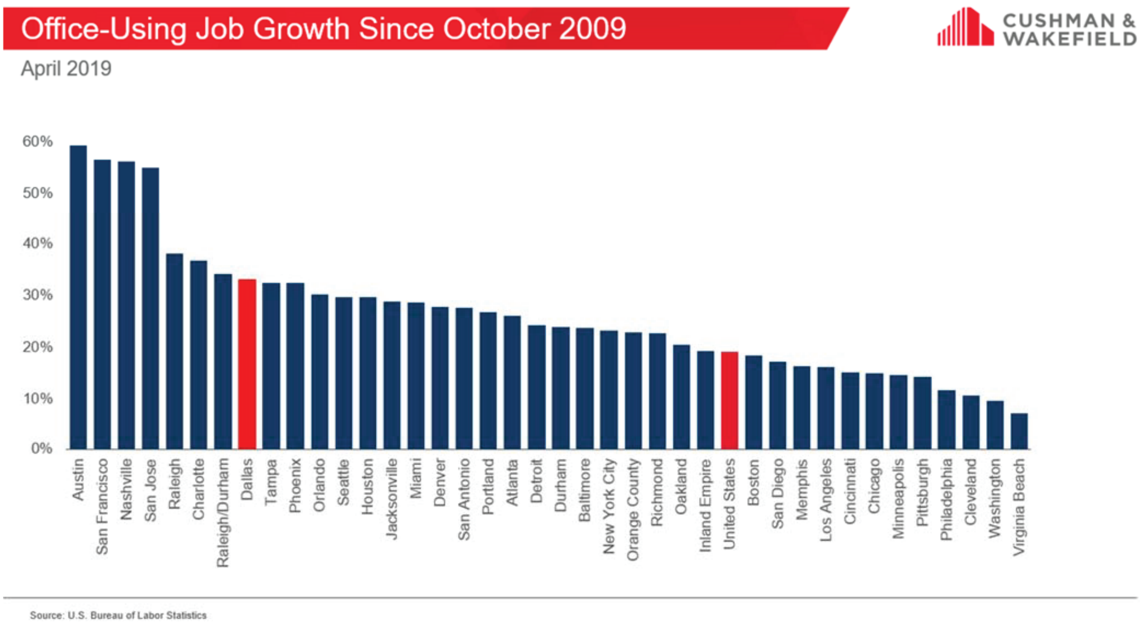


Source: Bureau of Labor Statistics

Labor Markets

- With unemployment at record lows and wages rising, the cost of labor will increase impacting profitability.
- The cost to build out office space has gone up, along with soft construction costs likely to increasing as well.
- Labor shortages abound. Where and how you build-out your space has never been more important in recruiting talent.
- Finding experienced construction workers will become increasingly difficult.
- Higher wage inflation may lead to prohibitively higher construction costs, which will slow the future supply pipeline.
- Labor shortages will inevitably take a toll on job growth; at some point you run out of people to hire.
- But, wage growth is also a positive; boosts consumer spending, feeds profitability, then more jobs and more demand for space.

Throughout the current economic expansion, technology-driven local economies have performed well. There did appear to be a slowing recently, but in light of the new benchmark revisions, job growth in such bellwether metros as San Francisco and Austin remained healthy. In addition, employment in several demographically driven metro areas like Phoenix and Atlanta also appears to have picked up. Meanwhile, some Northern cities like Boston, Chicago and New York did not add jobs quite as rapidly as first estimated. As shown in the following chart, the Dallas market is outperforming much of the country in office-using job growth, as well as the United States as a whole.



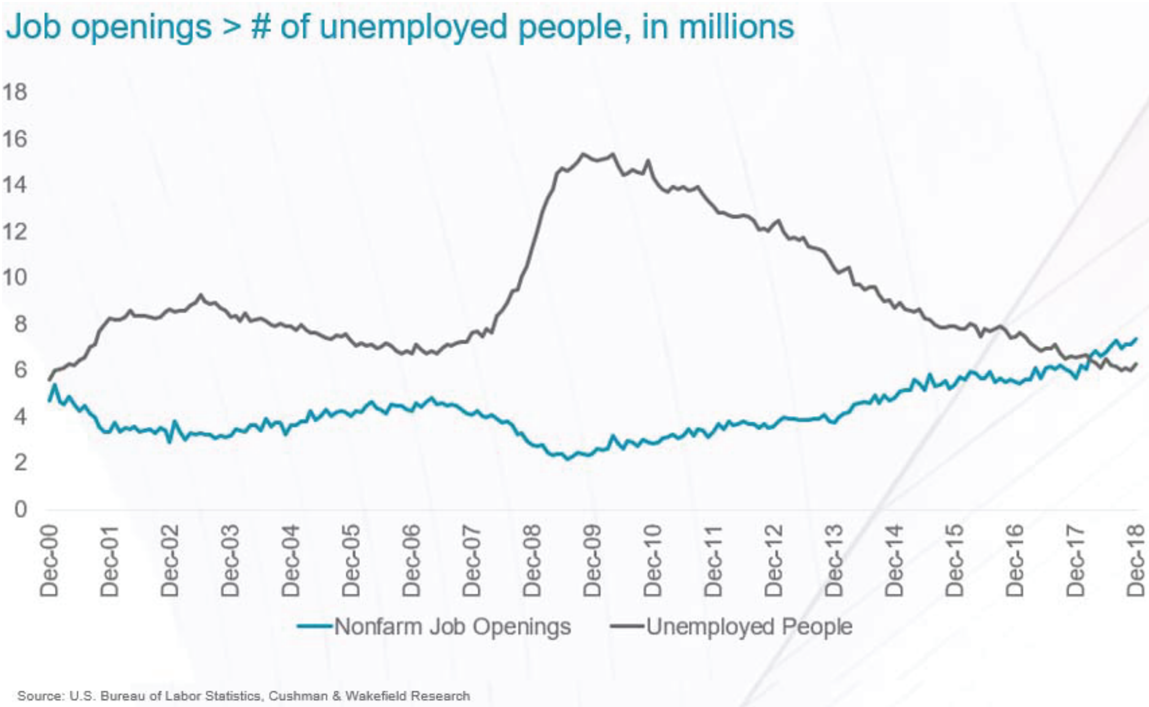
Unemployment

The unemployment rate decreased to 3.7% in the July 2019, the lowest unemployment rate since December 1969, according to the Bureau of Labor Statistics' (BLS) household survey. July also marks the 17th consecutive month of the unemployment rate being at or below 4 percent. This labor market tightness is boosting wages, but slowly. In July, wages continued to grow as well. Nominal average hourly earnings rose 3.2 percent over the past 12 months, marking the 12th straight month that year-over-year wage gains were at or above 3 percent (see figure). Prior to 2018, nominal average hourly wage gains had not reached 3 percent in over 10 years (since April 2009). These trends are clearly depicted in the following graphic.

The following chart shows that the labor participation rate edged down, meaning there were fewer people in the civilian labor force. The US Labor Participation Rate is at a very low point because so many workers have left the work force (whether for age, job training, etc.). The expectation is that as the economy continues to grow, many of these people would come back into the work force relieving much of the pressure from the current low unemployment rate. According to the Federal Reserve Bank of Atlanta, half of the decline is due to the aging of America. These demographic changes affected the labor force even before the recession. As baby boomers reach retirement age, they leave the labor force. Others stay home to care for ailing parents or spouses or claim disability themselves. Since they represent such a large percentage of the population, they have a major impact on the labor force participation rate. It's a big reason why it may never regain its past levels, no matter how strong the job market is.

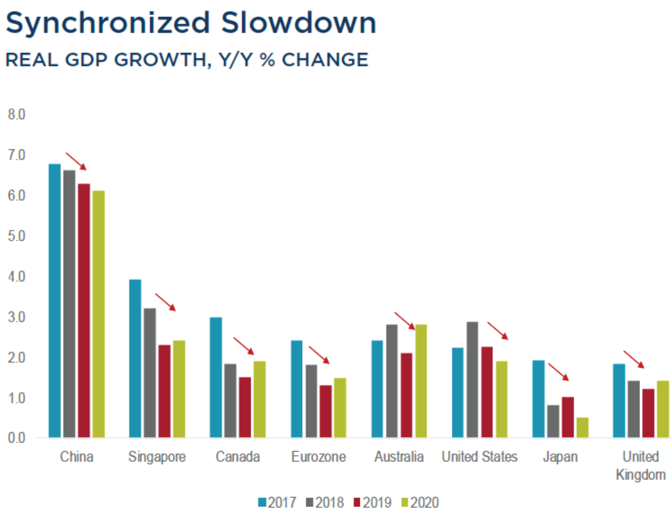
Job Creation

Job growth, a key metric for the commercial real estate sector remains strong. Since 2017, job gains have surpassed 100,000 jobs in 29 of the 32 months. The average job growth over the past 6 months is a healthy 141,000 jobs. Considering the unprecedented length of the expansion, job gains are strong. In July 2019, just over 6 million people were unemployed, compared with more than 14 million in July 2009 at the beginning of the economic expansion. Given low unemployment, monthly job gains of this size indicate that the labor market is truly flourishing.



Political Climate

The current trade tensions between the U.S. and China have not had a material impact on growth, but that could change. Businesses appear to be getting more cautious in their investment spending partly as a result of the economic uncertainty that the trade tensions have introduced.



Source: IMF, Cushman & Wakefield Research

The global economy has cooled and, by extension, so too have the property markets. The combination of fading fiscal stimulus in the U.S., escalating trade tensions, tighter credit policies in China, four rate hikes by the Federal Reserve in 2018 and Brexit uncertainty has contributed to the slowdown. Trade is slowing this year, as is investment and global consumption. Real global GDP is projected to grow by 3.3% in 2019—a still reasonably solid rate but slower than the 3.6% growth in 2018. It feels much slower than the near-4% growth registered in 2017.

None of these developments are overly alarming or even fully unexpected. Slowdowns happen and many of these risks to the outlook have been on the horizon for some time. The U.S.-China trade dispute is a concern, but even on that front most would agree there are clear economic incentives for a speedy resolution. Importantly, the underlying economic fundamentals that drive demand for property remain healthy. Most notably, job growth remains steady. The global economy is tracking to create close to 29 million net new jobs this year. That will translate into 79,000 new jobs per day and another 250 million square feet (msf) of office absorption in markets around the world. We can double that figure on the industrial-logistics side. It is unlikely that businesses would be expanding at this rate if the global economy weren't still in reasonably good shape.

Implications for Commercial Real Estate

Following a pullback in activity in the first quarter of 2019, which led to a year-over-year drop in sales volume, the commercial real estate market's sales volume picked up the pace during the second quarter. During this time, sales volume rose 2% to $118.5 billion when compared to the amount record during second quarter 2018, according to Real Capital Analytics. Year-to-date, sales volume fell 3.8% to $219.9 billion compared to $228.5 billion record during the same time in the previous year. The spike in the 10-Year Treasury Note in November and the fear that it would go higher persisted for some time into 2019. Even though the 10-Year Treasury Note has since fallen, commercial real estate investment has not returned to the pace of growth seen in 2018. Buyers and sellers can move apart on pricing expectations quickly, but it takes time to return to a set of expectations that can get deals done.

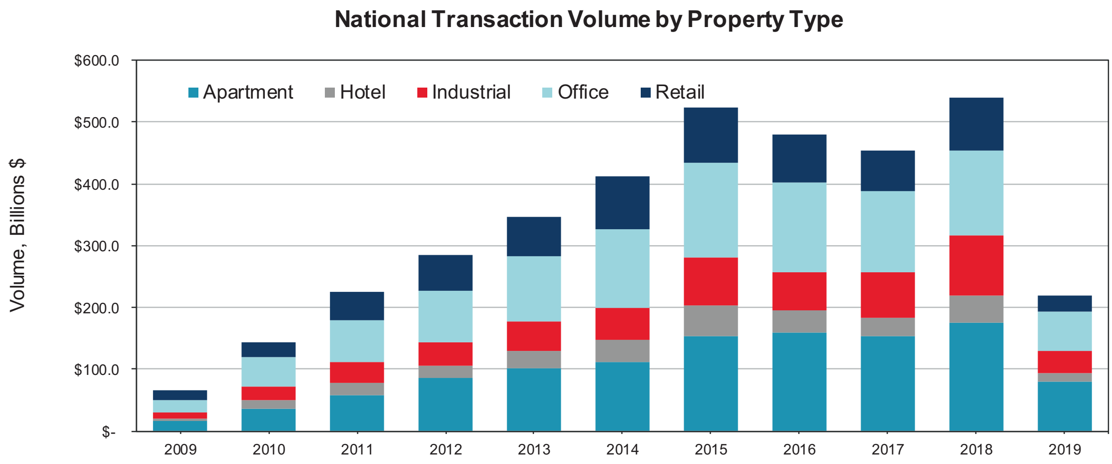
Across the property sectors with wider markets, the office sector was the leader for growth in activity in the second quarter. Sales were up 30% year-over-year, as major deals closed in technology markets. The apartment sector remained as the largest investment market in second quarter 2019 with sales of $43.2 billion (up 19% year-over-year). Sales volume fell in the industrial sector in the second quarter, down 13% year-over-year. Despite this decline, investors are still eagerly pursuing industrial investments. Entity-level transactions that have been announced but not yet closed will likely push sales growth for the sector later in the year

According to PricewaterhouseCoopers (PwC) Real Estate Investor Survey average cap rates for all property types decreased in 15 survey markets, increased in 10, and held steady in nine over first quarter 2019, according to the PwC Real Estate Investor Survey for second quarter 2019. Although quarterly shifts are diverse, surveyed investors expect overall cap rates to hold steady over the next six months.

Notable points for the U.S. real estate market include:

- Deal volume in second quarter 2019 for the six largest metros declined 1% on a year-over-year basis while deal volume in non-major metros markets rose 5% over the same period.
- Most participants in the PwC Real Estate Investor Survey believe that current market conditions favor sellers in the national net lease market (83%) – while 17% said market conditions favor buyers and none answered conditions are neutral.
- Cap rates declined in most property markets in second quarter 2019, according to PwC Real Estate Investor Survey. The Regional Mall and Net Lease markets experienced the largest decreases during the quarter at 23 and 17 basis points, respectively. The National Strip Shopping Center market exhibited a 12-basis point increase in cap rates over the quarter, while cap rates for the Suburban Office market remained unchanged from the previous quarter. At 7.5%, the Chicago office market's overall cap rate is the highest of any market in second quarter 2019, while the Manhattan office market, at 4.59%, has the lowest cap rate. Overall, CBD markets reported lower cap rates than their suburban counterparts and are considered lower investment risks.

The following graph compares national transaction volume by property from 2009 through second quarter 2019:



Source: Real Capital Analytics

Offshore Investment

Cross-border investment activity rested on its laurels in the first quarter of 2019. While deal volume in the 12 months through Q1'19 totaled $85b, activity in Q1'19 itself was light, accounting for only 9% of the deal activity. In any normal period, this figure would have been 23% of the deal activity over the trailing 12 months.

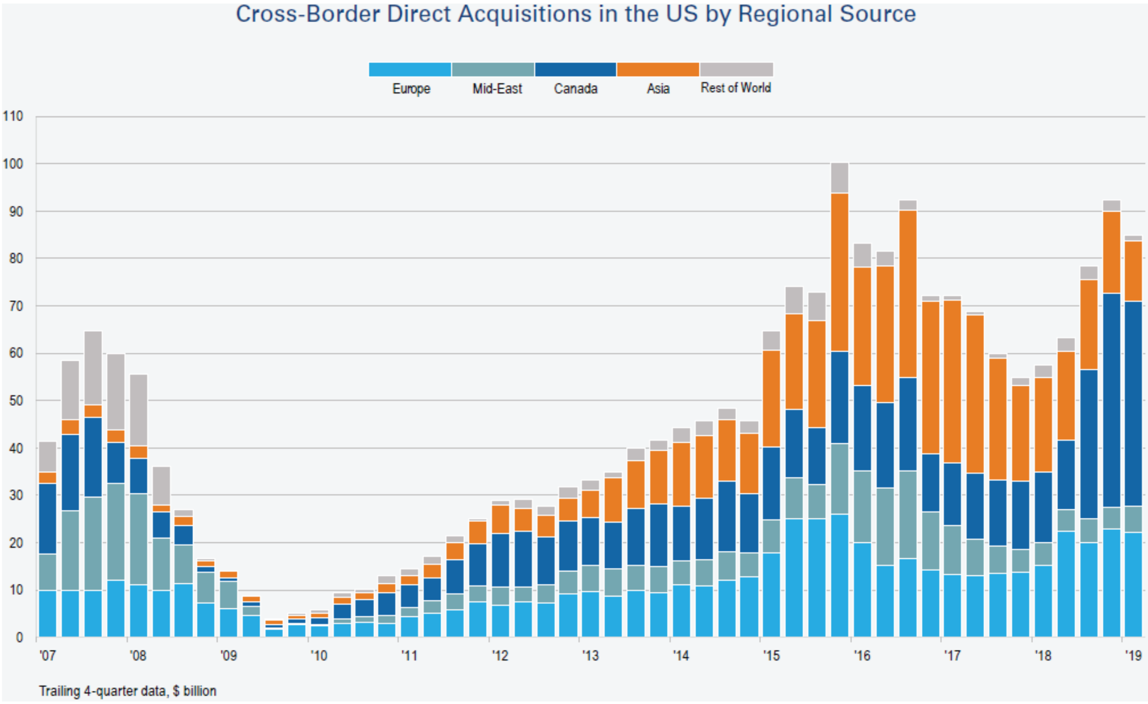
There was a general slowdown in Q1'19, with U.S. deal volume dropping 10% YOY. Investment activity by domestic capital sources fell only 5% YOY in this period. Cross-border investment dropped more significantly.

Volume fell sharply for capital sources from North America (mostly Canada) and for sources from other parts of the globe. Deal activity from Canadian groups fell 53% YOY and from groups outside of North America by 47% YOY.

Deal activity involving investors from Asia fell the most in Q1'19. The decline was largely a story of what happened in January 2018, namely the buyout of GLP by a consortium of Chinese investors. Without a megadeal of the same scale in Q1'19, volume declined.

Likewise, Canadian investment volume dropped without large portfolio and entity-level plays in Q1'19. In Q1'18 Brookfield had bought a portfolio of 107 hotels from WoodSpring while the CPP Investment Board was involved in the purchase of a large apartment portfolio.

On a positive note, deal activity from the Middle East is on an upswing. There was less than $1b in activity from these investors in Q1'18; this grew to a $1.8b level in Q1'19.



Source: RCA Analytics

Conclusion

Predicting the future has seldom been more difficult. Any policy promises that Congress keeps may lead to a stronger near-term outlook which would bolster demand for real estate space. However, it may also cause the trajectory for U.S. interest rates to steepen which in turn will likely affect the pace at which the Federal Reserve's Open Market Committee raises interest rates. Job growth, positive and still quite robust, will slow as the unemployment rate pushes lower. All asset categories will see tempering demand meeting deliveries, beginning a gradual upward swing in vacancy. With the exception of retail, assets will likely see rent growth slowing through 2019. And capital markets volumes will buck any uptick in interest rates, with sales activity declining over the next two years but holding at a healthy pace. Real estate returns, driven largely by trends in pricing, will moderate over the near-term as well, but will remain competitive vis-à-vis alternatives.

All and all, upside risks more than offset the downside risks to our outlook. As we assess the future trajectory of the property markets, the positives comfortably outweigh the negatives. We may be entering into the final stage of the U.S. expansion, but that doesn't mean the final stage can't go for a lot longer.

CUSHMAN & WAKEFIELD

CUSHMAN & WAKEFIELD RESEARCH

U.S. Macro Forecast

U.S. MACRO FORECAST TABLE

	2016	2017	2018	2019F	2020F
U.S. Economy					
Real GDP, AR%	1.6	2.2	2.9	2.7	1.7
Nonfarm Employment Change, Ths.	2,520	2,260	2,450	2,400	1,400
Office-using Employment Change, Ths.	630	580	620	590	350
Unemployment Rate, %*	4.9	4.4	3.9	3.7	3.6
CPI-U Inflation, Yr/Yr%*	1.3	2.1	2.4	2.1	2.1
Core PCE Inflation, Yr/Yr%*	1.7	1.6	1.9	1.8	2.3
ECI Total Wages & Salaries Index, Yr/Yr%*	2.3	2.5	2.9	3.2	3.4
Fed Funds Rate, % (Year-end, Q4)	0.5	1.2	2.2	2.6	2.6
10-year Treasury Rate, % (Year-end, Q4)	2.1	2.4	3.0	3.1	3.2
Retail Sales & Food Services, Yr/Yr%*	2.9	4.7	5.1	4.4	3.6
Consumer Confidence Index, 1985=100	99.8	120.5	130.1	117.1	98.9
eCommerce Sales, Yr/Yr %*	14.4	15.6	15.9	14.6	11.0
Manufacturing Industrial Production, Yr/Yr %*	-0.7	1.5	2.6	2.2	1.5
Office Sector [1]					
Deliveries, msf	52.0	54.7	52.7	64.4	51.4
Net Absorption, msf	53.5	49.9	53.7	47.6	35.5
Vacancy Rate	13.2%	13.2%	13.2%	13.3%	13.4%
Asking Rents	$29.21	$30.47	$31.12	$31.79	$32.37
Growth in Asking Rents, Yr/Yr %	5.3%	4.3%	2.1%	2.1%	1.8%
Industrial Sector [1]					
Deliveries, msf	230.8	246.1	287.4	281.5	266.1
Net Absorption, msf	281.7	246.3	284.9	265.2	228.8
Vacancy Rate	5.8%	5.2%	4.9%	4.9%	5.0%
Asking Rents	$5.54	$5.75	$6.09	$6.37	$6.60
Growth in Asking Rents, Yr/Yr %	4.2%	3.9%	5.8%	4.8%	3.6%
Retail Sector [1/2]					
Deliveries, msf	25.0	21.8	18.2	13.5	9.8
Net Absorption, msf	38.3	34.1	24.9	10.6	5.8
Vacancy Rate	7.5%	6.9%	6.4%	6.4%	6.6%
Asking Rents	$15.98	$16.45	$16.99	$17.33	$17.42
Growth in Asking Rents, Yr/Yr %	1.9%	2.9%	3.3%	2.0%	0.5%
Capital Markets [3]					
Total Investment Sales, $ Bil.	$511.6	$489.3	$562.1	$527.7	$500.3
NCREIF Unlevered Returns, AR%	8.0%	7.0%	6.7%	6.5%	6.3%
Moody's/RCA CPPI (All Property Types), % (Year-end, Q4)	9.1%	8.2%	6.5%	5.0%	3.8%

1. Annual asking rents and vacancy rates are averages, not year-end
2. Historical series based on CoStar; Shopping Centers Only (excludes stand-alone and urban retail)
3. Total investment sales includes office, industrial, retail, multifamily, hotel, and land sales
** Annual Average*

Sources: Moody's Analytics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, U.S. Board of Governors of the Federal Reserve System, The Conference Board, Costar (retail only), Real Capital Analytics NCREIF, Cushman & Wakefield Research

National Office Market

Overview

The U.S. economy officially began its 11th consecutive year of growth in the second half of 2019, a new record for the longest economic expansion in history*.* Gross domestic product grew by an annualized rate of 2.1% in the second quarter, pulling back from the 3.2% growth rate seen in the first quarter of the year, but still continued on its long steady growth path. Real consumer spending grew by an annualized 4.3% in the quarter, contributing 2.9% to the overall GDP growth. Consumer spending will continue to post gains, supported by a healthy job market and wage growth. As real consumer spending outpaces real disposable income, however, the pace of spending will slow.

Most national economic indicators are near their strongest point in the cycle, and consequently, as are the fundamentals of the U.S. office market. In the 87 office markets tracked by Cushman & Wakefield, overall average asking rent, at $32.13 per square foot, is at its cyclical high, representing an increase of 4.4% on an annual basis. At 6.5 million square feet, net absorption was 7.9 million square feet less than the 14.4 million square feet of new office space completed in second quarter 2019. The national vacancy rate, at 13%, went unchanged from the previous quarter.

A key driver for the U.S. office market continues to be the tech sector. Cushman & Wakefield identified 20 metropolitan areas where the tech sector is an important factor in local economies. The technology sector was the largest lessor of office space during the second quarter, leasing approximately 71% of the quarter's leasing volume even though they represent only 60% of total office inventory. Tight tech-driven markets are experiencing robust absorption and are seeing faster rent growth than the market average. The tech sector is outgrowing its roots in San Francisco, San Jose and Seattle. In late 2018, three of the largest tech companies in the U.S. announced major plans to expand outside the West Coast in places like New York City, Washington, DC and Austin, TX. This sector is expected to further its influence by expanding into more cities to find talent and better cost of living.

The following summarizes key points regarding employment, according to the Bureau of Labor Statistics:

- Overall unemployment rates have tightened as the nation closes in on full employment. In July 2019, the national unemployment rate, at 3.7%, declined 20 basis points over the last year.
- The total amount of jobs added in the U.S. during the second quarter of 2019 averaged approximately 157,000 per month, down from 174,000 in the first quarter of 2019.
- Strong office-using employment growth has been a trend throughout the current expansion cycle. The office-using sectors added an average of roughly 51,000 jobs per month in second quarter 2019. Office-using employment so far in 2019 is behind the healthy levels experienced throughout 2018, as the labor market tightens.
- In the office-using industries, employment in the professional & business services sector added an average of 38,000 per month in second quarter 2019. The financial activities industry registered an average of 7,300 jobs added per month, while the information industry added roughly 5,700 jobs per month during the quarter.

National Office Market Statistics

Vacancy

At the end of second quarter 2019, the national office market overall vacancy rate was 13.0%, declining 30 basis points year-over-year. The large amount of space consistently being delivered to the market in recent quarters has limited progress made through job gains and leasing activity. Payroll employment, a key driver for the office market, expanded on a year-over-year and quarterly basis in second quarter 2019. Particularly the professional & business services sector which added 467,000 jobs over the past twelve months. The U.S. economy is expected to continue to add jobs, influencing the demand for office space throughout 2019.

Notable points include:

- The CBD national office market's overall vacancy rate was 12.3% at the end of second quarter 2019. The CBD's vacancy rate went unchanged over the previous quarter but is 20 basis points below the rate recorded in second quarter 2018. The Puget Sound market recorded the lowest overall vacancy rate within the CBD markets, at 3.7%, decreasing 1.1 percentage points on a year-over-year basis.
- The suburban national office market's overall vacancy rate, at 13.4%, decreased 10 basis points from the previous quarter and was 40 basis points below the rate recorded a year earlier. Within the suburban national office market, the San Francisco, CA market recorded the lowest vacancy rate, at 3.2%, declining 1.8 percentage points over vacancy recorded a year ago.
- Of the 87 markets tracked by Cushman & Wakefield, 42 recorded an increase in vacancy from the first quarter. This is the largest number of markets to have experienced a vacancy increase since 2010. At the other end of spectrum, 40 markets recorded a decline in vacancy over the quarter.
- Vacancy rates are challenged by changes in the workplace environment, including denser, more "collaborative" office space usage and new technology platforms. Net absorption must improve in order to offset the vacancy created by the large quantities of office space hitting certain markets in the near future.

Construction

In second quarter 2019, 14.4 million square feet of office space delivered, an increase from 8.7 million square feet delivered in the first quarter but was 22% below the 18.4 million square feet completed in the second quarter of 2018. Construction activity has especially increased in tech cities over the last 12 months as there is a strong tenant preference for new office space. The pipeline of new construction, however, continued to grow. By the end of the second quarter 120 million square feet was under construction, the second-highest amount in the current expansion and down from 122.5 million square feet in the first quarter. It is estimated that an additional 41.5 million square feet of office space will be delivered to the market for a total of 64.4 million square feet, the largest volume of new space delivered to the market since 2008.

Notable construction information is as follows:

- The Washington D.C. CBD office market experienced the largest amount of new space within the CBD markets, 1.6 million square feet delivered through the second quarter of 2019. Going forward, the Midtown New York CBD market had the most office space under construction, at a total of 13.7 million square feet.
- The Austin, TX suburban market had roughly 1.2 million square feet of new office space come online so far in 2019. The Santa Clara County office market had 7.2 million square feet under construction at the end of second quarter 2019, the largest amount among the suburban markets.

Asking Rents

Coinciding with increased demand and somewhat low national vacancy rates, the national average asking rent has consistently climbed in value, reaching a new high in second quarter 2019. At $32.13 per square foot, the national weighted average asking rent increased 4.4% over the average recorded at second quarter 2018, and was up 30.7% since bottoming out eight years ago in the second quarter of 2011. In addition, major markets like Midtown Manhattan, San Francisco, Midtown South Manhattan, Downtown Manhattan and Washington D.C., continue to record asking rents above $50.00 per square foot, on an annual basis. As the national office market anticipates a modest increase in vacancy rates due to greater supply in the next 12 months, this will likely moderate the growth of overall average asking rents.

Further considerations include:

- The Northeast region of the country experienced the fastest rent growth on an annual basis, asking rents have increased 5.7% since second quarter 2018.
- The CBD office market continues to record higher asking rents than the suburban office market. The CBD national office overall average asking rent was $44.14 per square foot, a 2% increase from first quarter 2019. The suburban national office overall average asking rent, at $27.54 per square foot, grew 1.1% from the average asking rent recorded in the previous quarter. On a year-over-year basis, the CBD and Suburban markets grew 6.6% and 3.5%, respectively.
- Within the CBD national office market, the New York - Midtown South market recorded the highest average asking rent of $82.32 per square foot. However, the Providence, RI CBD market experienced the largest average rental increase, jumping 26.7% since second quarter 2018.
- The San Francisco market, within the suburban national office market, recorded the highest overall average asking rent of $74.00 per square foot in second quarter 2019. The Charlotte, NC suburban market increased 14.7% over second quarter 2018, the highest annual change in the suburban national office market.

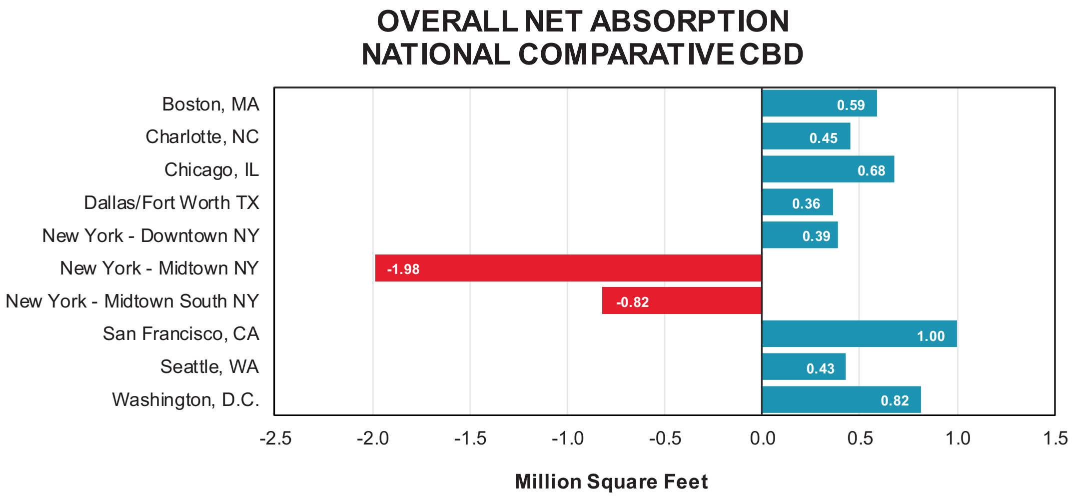
Absorption

Net absorption totaled 6.5 million square feet in the second quarter of 2019, down from 10.2 million square feet in the first quarter – a total of 16.8 million square feet was absorbed in the first half of the year compared 22.2 million square feet in the first half of 2018. Despite the dip in absorption, employment in office-using industries – the main driver of office demand – accelerated from 28,000 jobs per month in the first quarter of 2019 to 48,000 in the second quarter, indicating that absorption is likely to remain positive in the second half of the year.

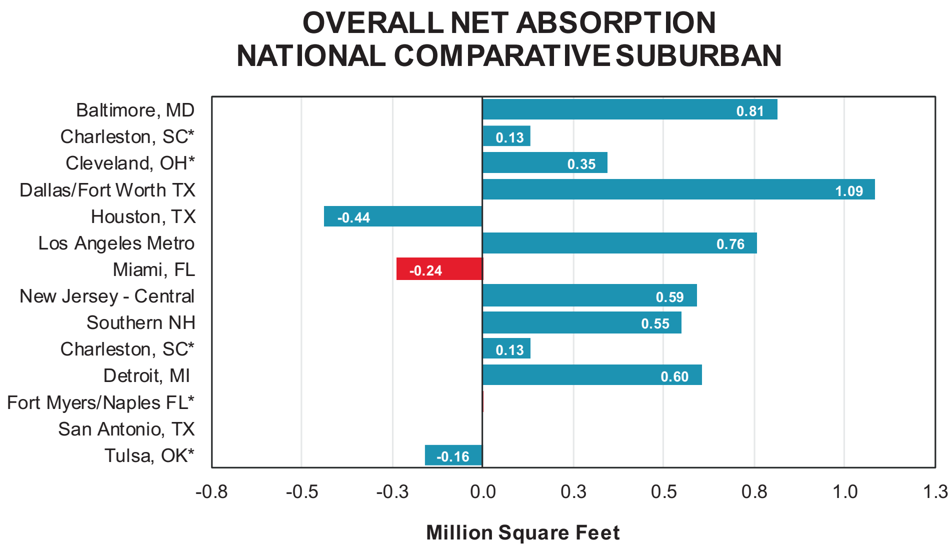
Further considerations are as follows:

- The CBD national office market registered 5.4 square feet of net absorption in first half of 2019. The largest positive absorption was recorded in the Atlanta, GA CBD market, absorbing 1.3 million square feet year-to-date. In addition, the Midtown New York CBD market gave back the most amount of space, returning 1.9 million square feet back to the market.
- The suburban national office market absorbed roughly 11.5 million square feet year-to-date. The Santa Mateo County, CA suburban market absorbed the largest amount of space, at 1.4 million square feet. The Philadelphia, PA market gave back the largest amount of space to the suburban office market, at over 1.4 million square feet of negative net absorption for the year so far.

The charts below highlight the national office absorption trends for the major markets in the United States in second quarter 2019, segmented between the CBD and suburban office markets:



Source: Cushman & Wakefield Research; compiled by C&W V&A



Source: Cushman & Wakefield Research; compiled by C&W V&A

National Office Investment Sales Market

As shown in the comparative absorption exhibits above, overall absorption in various U.S. markets has not been consistent, which impacts the selection of "preferred" investment markets for office building investors. Historically, investors targeted the best quality assets in "core" markets during a recovery phase, and have gradually shown an inclination to move "down the food chain" in terms of quality and market location. This shift occurs where there is less competition and better yield potential over the near-term. There is no doubt, however, that assets located outside of the major "core" markets are in less demand.

Sales Volume

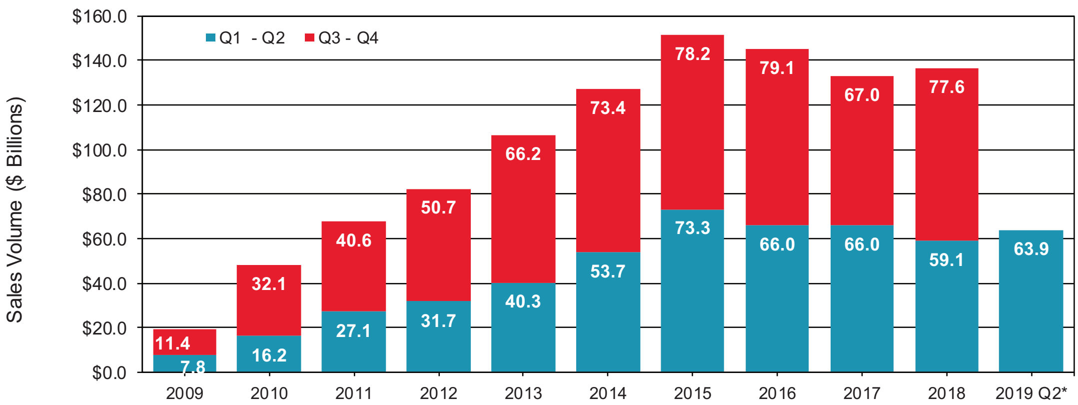
Office transactions (total dollar volume) have been at healthy levels as the economy has expanded over recent years. From 2009 through 2015, investors gained confidence in the office market and sales volume experienced consistent year-over-year growth. Sales volume for office product reached its cyclical peak in 2015 due, in part, to unusual activity in the early part of year, where falling cap rates and ease of finance from the commercial mortgage-backed securities (CMBS) market helped drive sales activity. Sales volume declined on an annual basis in both 2016 and 2017, however office investment activity has been at elevated levels and investment during these years was at a higher than average pace. In 2018, office sales volume grew 2.2% over the previous year, to reach approximately $137 billion.

Further considerations are as follows:

- Following a challenging start to 2019 as investors went into the year cautious due to turmoil in the financial markets, office investment climbed sharply in the second quarter. Sales volume in second quarter 2019, at $37.6 billion, rose 42.7% from the previous quarter and 29.8% over volume recorded in second quarter 2018. Portfolio sales were an important driver of growth, but single asset sales were also up 19% year-over-year.
- The Manhattan market was the top market in terms of deal volume in first half of 2019, at $7.4 billion. San Francisco ranked second with $5.4 billion. The Los Angeles market claimed third spot with just under $4 billion spent on office product during the year.

The following table provides an historical view of sales volume in the first and second half of the year from 2009 through second quarter 2019:

NATIONAL OFFICE TOTAL SALES VOLUME
2009 - 2019 Q1



Source: Real Capital Analytics, Inc.

Overall Rates

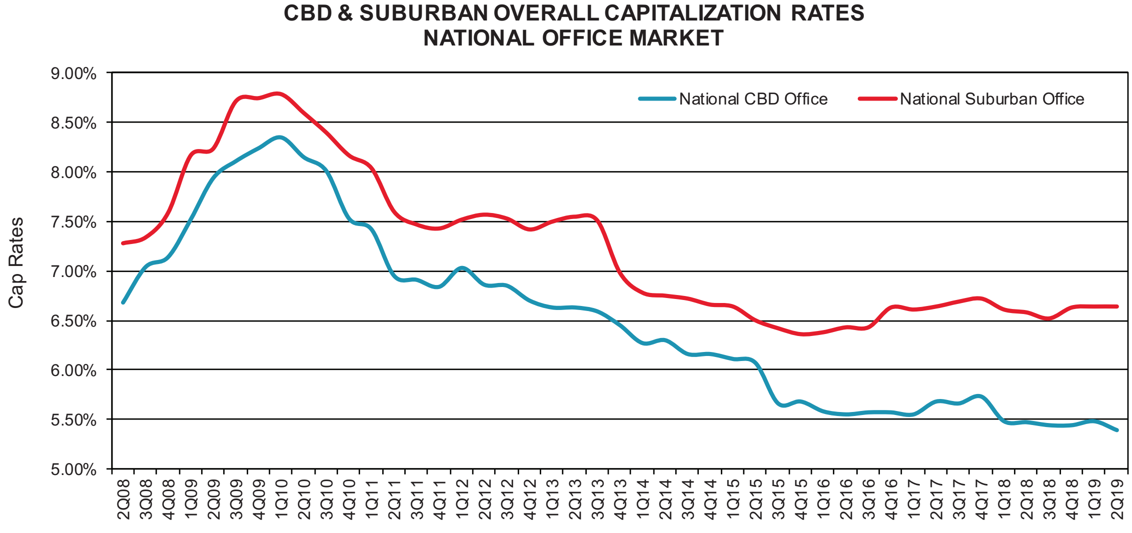
The office sector has generated and sustained investor demand over the past few years, driving down overall cap rates. Typically, CBD properties in major markets have been the primary contributor to the office sector's momentum, although suburban office markets have also exhibited a downward trend since 2009 due to increased investor interest. The performance of an individual CBD office market can be inconsistent, top-tier CBD's are outperforming the country while smaller downtown areas are struggling. Average overall cap rates remain lower for most CBD markets than for its suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates. As of second quarter 2019, overall cap rates remain near record lows.

The PwC Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties that are owned by, or on behalf of, exempt institutions.

The following points detail the PwC Real Estate Investor Survey and NCREIF capitalization rate trends:

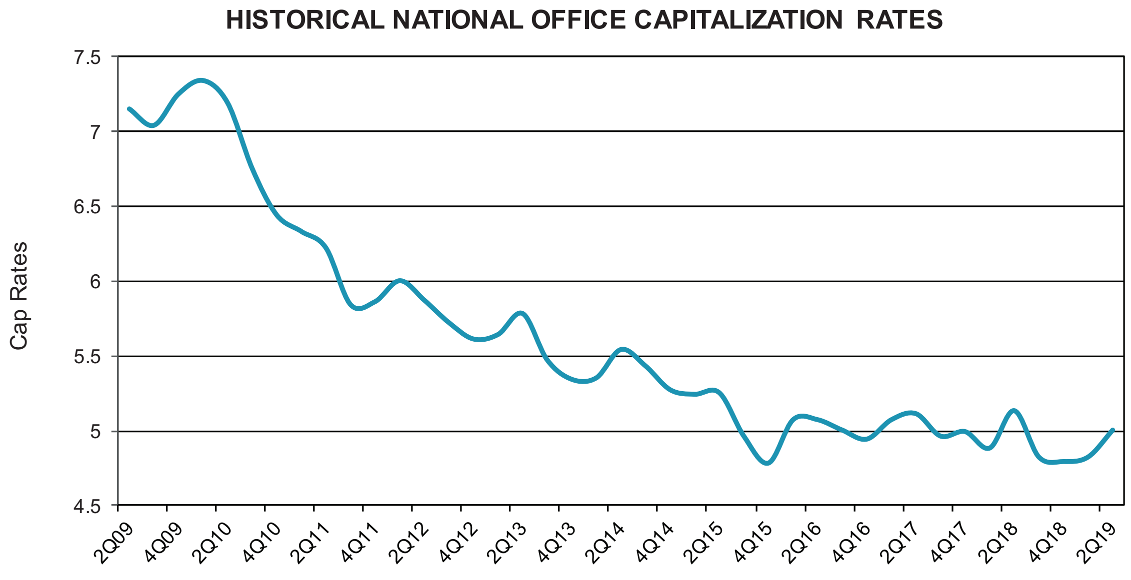
- The PwC Real Estate Investor Survey shows that as of second quarter 2019, the national CBD OAR, at 5.39%, dropped nine basis points on a quarterly basis and eight basis points on an annual basis. The suburban OAR, at 6.64% in second quarter 2019, remained unchanged over previous quarter and rose six basis points from one year ago.
- The NCREIF reported that cap rates fluctuated over the last 12 months in response to rising interest rates. At 5.00% as of second quarter 2019, the national office cap rates increased 18 basis points over the previous quarter but dropped 13 basis points on a year-over-year basis.

The following graph reflects national trends for CBD and suburban overall capitalization rates as surveyed by the PwC Real Estate Investor Survey:



Source: PwC Real Estate Investor Survey

The graph below reflects national historical cap rate trends as reported by NCREIF:



Source: National Council of Real Estate Investment Fiduciaries

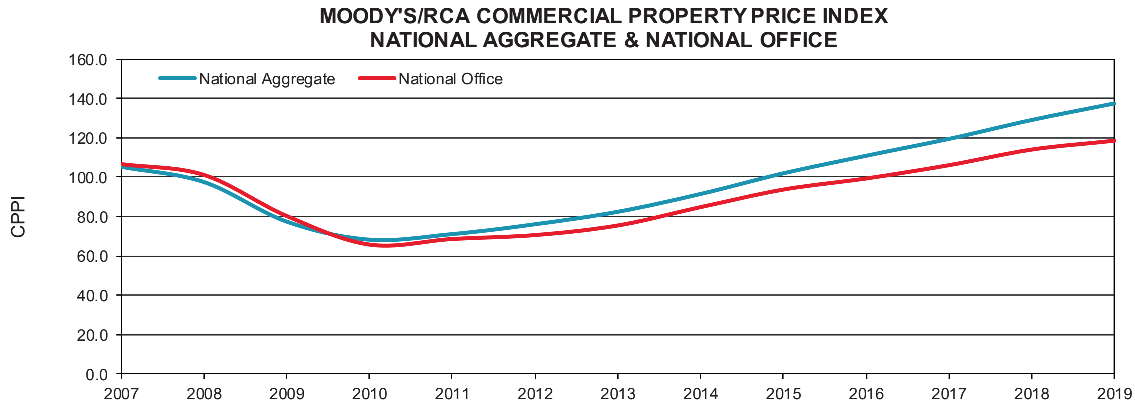
Moody's/RCA Commercial Property Price Index

The Moody's/RCA Commercial Property Price Index (CPPI) measures the change in price of commercial real estate and reflects the empirical results of direct investments over time. Developed by MIT's Center for Real Estate in conjunction with a consortium of firms including Moody's and RCA, the index tracks price changes based on closed transactions, and implements advanced repeat-sale regression (rsr) analytics to gauge performance in current and prior periods.

The following points are for consideration regarding the Moody's/RCA CPPI:

- As of June 2019, the national aggregate index was 137.5. The national aggregate index grew 6.5% from June 2018, and increased 2.4% on a quarterly basis.
- The national office index increased 4% from 114 in June 2018 to 118.6 in June 2019. Compared to the previous quarter (March 2019), the national office index increased 1.5%.
- Both the national office index and the national aggregate index have exhibited continued growth during the current economic expansion cycle. The national office index ended the quarter 80.5% above the low recorded in May 2010, while the national aggregate index has increased 101.5% during the same period.

The graph below displays the CPPI from June 2007 to June 2019:



Source: Moody's/RCA CPPI; National Aggregate and National Office reflects data through second quarter 2019

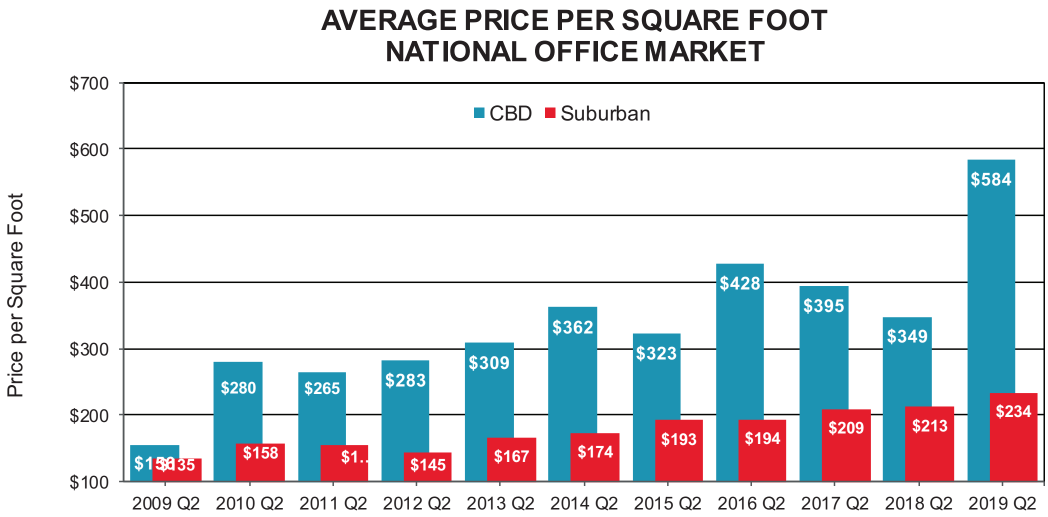
Sale Price Per Square Foot

Historically, office pricing has not experienced the same dramatic fluctuations as seen with sales volume trends. This was, in large part, due to sellers holding out and waiting for market fundamentals to improve. As of second quarter 2019, both the CBD and suburban markets grew in terms of price per square foot on an annual basis.

The following points provide details regarding sale price per square foot:

- The CBD average price per square foot, at $584 as of second quarter 2019, increased 67.6% from the same point in 2018 ($349), and is 26.1% above the price per square foot in first quarter 2019 ($463).
- The suburban average price per square foot, at $234 as of second quarter 2019, is 10.2% higher than in second quarter 2018 ($213). On a quarterly basis, the suburban price per square foot grew 12.2%.
- The 10-year period, from second quarter 2010 through second quarter 2019, compound annual growth rate (CAGR) for the CBD is 17.8%, ahead of the last five-year compound annual growth rate at 14%. The suburban 10-year CAGR is 5.9% while the five-year CAGR is 6.2%.

The following graph reflects the national office average price per square foot from second quarter 2009 to second quarter 2019 (based on Real Capital Analytics data):



Source: Real Capital Analytics

National Office Market Summary

The U.S. economic expansion is now the second-longest in its history. Development during this cycle has contributed to further tightening in office markets across the United States (although we recognize the national market performance is "average" and does not apply to all markets across the board.) As of second quarter 2019, asking rents are at record highs and capitalization rates stayed near record lows despite recent variations. The office market has experienced solid leasing, absorption and construction activity over the last 12 months, continuing the trends of recent years. Throughout 2019, U.S. office fundamentals should remain solid, but vacancy may inflect during the year, due to large amounts of new space coming online.

Following are notes regarding the outlook for the U.S. national office market in 2019 and beyond:

- Sustained economic growth will likely lead to more jobs and an increase in demand for office space. Office-using employment is at its record high in terms of the overall percentage of all nonfarm payroll jobs in the U.S. and is expected to increase over the next 12 to 18 months.
- Technology-driven markets continue to represent a large presence within the national office market and it is considered that the tech sector is more important than ever to commercial real estate. According to the Cushman & Wakefield's Tech Cities 2.0 report, the average asking rents in the top 25 tech cities have increased nearly 50% since 2010, almost twice as fast as U.S. as a whole. In addition, property values in the top 25 tech cities increased roughly 60% in price per square foot during the same period, more than double the rate of the national average.
- Co-working and flexible office space is a growing sector within the office market. Co-working offers tenants flexibility and talent attraction/retention. More than five million square feet of this subtype came online in each of the past three years. Currently, co-working flexible space accounts for 1% of total office inventory. It is expected the flexible office space will triple in size and represent 5% - 10% of inventory in many markets.

- The big story of the national office market will be the continued amount of new construction over the coming year. New supply will offset positive job growth and leasing activity in many markets which will likely lead to flat or rising vacancy. Each market will be influenced by its own supply and demand dynamics, but, overall, most markets are expected to become more occupier favorable over the next 12 months.
- Average asking rents will be influenced by the burst of new supply, however rent is still expected to grow at a moderate pace as demand for newly constructed or refurbished space, which offers modern amenities and layouts, remain strong.
- The availability of capital will continue to support the expansion of the U.S. real estate market and the U.S. economy, further reaffirming the positive outlook for the national office market.

Dallas-Fort Worth-Arlington Regional Analysis

The Dallas-Fort Worth-Arlington Core-Based Statistical Area (Dallas CBSA) is the economic hub of North Central Texas, with one of the highest concentrations of corporate headquarters in the United States. The Dallas CBSA forms a Metroplex spanning 13 counties and approximately 9,700 square miles. According to Experian Marketing Solutions, the Dallas CBSA is home to about 7.5 million residents and comprises the Fort Worth-Arlington Metropolitan Division and the Dallas-Plano-Irving Metropolitan Division, which hold populations of 2.5 million and 4.9 million, respectively. In the near term, Dallas will continue to be a “market to watch,” according to rankings by both PricewaterhouseCoopers and ULI, behind its booming industry growth and positive market fundamentals.

Demographic Trends

Demographic Characteristics

The Dallas-Fort Worth-Arlington CBSA is home to a young, affluent, well-educated population, outperforming national demographics in every category. Dallas-Fort Worth competes favorably with other world-class metros across the United States. The CBSA’s population supports high-wage industries and raises the median income levels of the region. Another factor that will encourage corporate relocations and expansions is the deep pool of well-trained labor. The proportions of the population with college experience and bachelor’s degrees are higher than the national averages and growing. Among the largest southern metro areas, only Austin ranks higher in both categories and Atlanta in the graduate category. The resulting in-migration to take new jobs should keep population growth well above the U.S. average.

Population

The Dallas-Fort Worth-Arlington CBSA, with about 7.5 million residents, has consistently outpaced the United States in population growth over the past thirty years. The region’s rapid population expansion is due, in part, to the popularity of its northern suburbs including Frisco and McKinney and the growth of its “edge cities” where office towers are sprouting across suburban landscapes, according to Forbes. In the near term, Dallas’ rapidly expanding business and live, work, play environments will continue to encourage in-migration. American City Business Journals estimates that the Dallas-Fort Worth’s population will grow 19.7% through 2025. They also predict population will rise 53.5% in the next 25 years, the seventh largest increase in the country. The rapid expansion of the region’s population will feed its business growth, housing demand and GMP increases in the near term. The arrival of well-paid employees resulting from corporate relocations has lifted demand, contributing to population growth triple the national average.

Below is a table showing annualized population growth for the Dallas-Fort Worth CBSA relative to the United States:

Annualized Population Growth by County
Dallas-Fort Worth CBSA
2008-2023

Population (000's)	2008	2018	Forecast 2019	Forecast 2023	Compound Annual Growth Rate 08-18	Compound Annual Growth Rate 19-23
United States	304,094.0	327,167.4	329,159.4	337,033.3	0.7%	0.6%
Dallas-Fort Worth-Arlington CBSA	**6,211.1**	**7,525.1**	**7,653.4**	**8,208.1**	**1.9%**	**1.8%**
Dallas-Plano-Irving MD	**4,087.4**	**4,994.3**	**5,079.3**	**5,446.9**	**2.0%**	**1.8%**
Collin County	741.3	1,002.6	1,027.6	1,137.6	3.1%	2.6%
Dallas County	2,314.0	2,631.0	2,657.9	2,766.6	1.3%	1.0%
Denton County	630.1	856.8	879.6	977.7	3.1%	2.7%
Ellis County	144.4	179.0	182.4	199.7	2.2%	2.3%
Hunt County	84.4	96.2	97.4	103.9	1.3%	1.6%
Kaufman County	99.3	128.3	131.3	146.5	2.6%	2.8%
Rockwall County	73.9	100.4	103.0	114.9	3.1%	2.8%
Fort Worth-Arlington MD	**2,123.7**	**2,530.8**	**2,574.1**	**2,761.2**	**1.8%**	**1.8%**
Hood County	50.1	60.5	61.8	68.1	1.9%	2.4%
Johnson County	148.6	171.2	174.1	187.9	1.4%	1.9%
Parker County	112.9	138.3	141.2	155.9	2.0%	2.5%
Somervell County	8.2	9.0	9.1	9.5	0.9%	1.1%
Tarrant County	1,745.6	2,083.5	2,118.4	2,264.2	1.8%	1.7%
Wise County	58.2	68.3	69.5	75.6	1.6%	2.1%

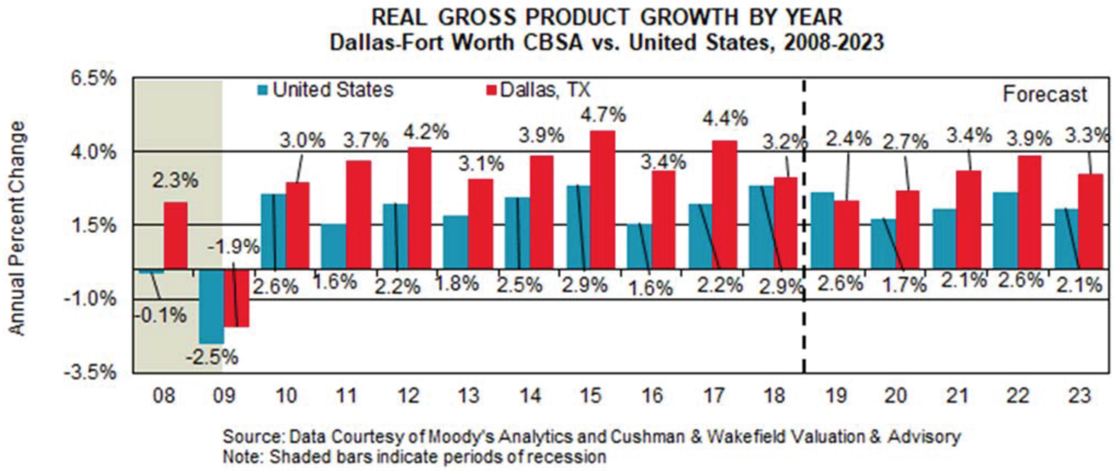
Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Economic Trends

Gross Metro Product

Bolstered by its well-diversified economy, the Dallas-Fort Worth-Arlington CBSA's GMP growth has consistently outpaced national expansion over the past several decades. The Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area. The region's consistent economic growth can be attributed to stable demand for professional services generated by the high concentration of corporate headquarters in the area as well as the population's increasing income levels and consumer confidence. The good producing industry has picked up from a lull in 2010 to become a key contributing factor to local gains. Construction in both the residential and commercial real estate markets will lead the metropolitan area in growth in the coming year.

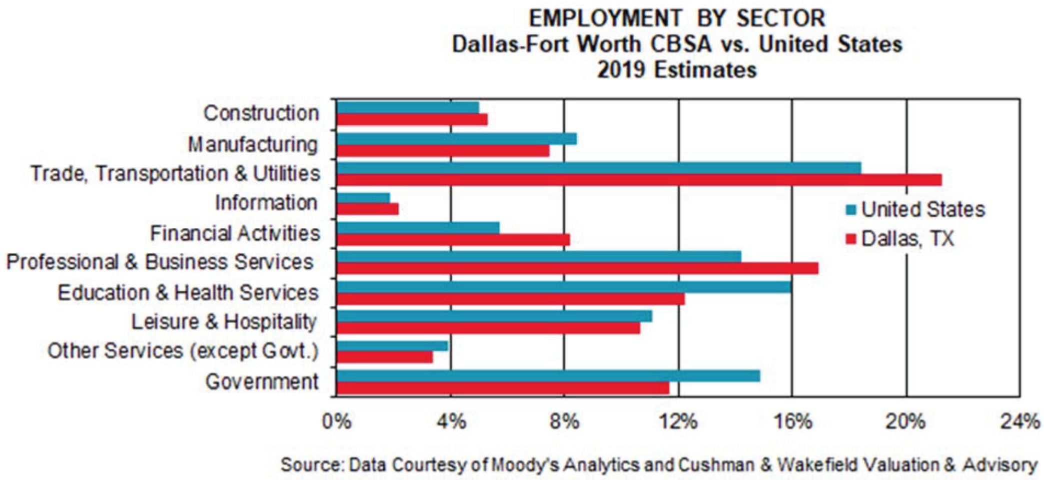
The following graph details GMP growth within the Dallas-Fort Worth-Arlington's as comparted the United States:



Employment Distribution

The Dallas CBSA's diverse industry mix is led by the trade, transportation & utilities, professional & business services and education & health services employment sectors, which hold a combined 50.1% share of total nonfarm payrolls. The region's concentration of corporate headquarters as well as its sizeable professional & business services and education & health services payrolls, support high-wage employment opportunities and a continual influx of large companies. Commercial real estate development will remain elevated in 2019, though growth is likely to continue to decelerate. Employment in professional and business services, despite the recent slowing, rose 4% over the course of 2018, faster than the national average. The gains reflected a stream of corporate relocations and expansions that generate the need for accounting, legal, financial, IT and architecture services. Now that the blockbuster arrivals of Toyota, State Farm and Liberty Mutual have concluded, IT firms account for the largest share of new demand for office space, followed by financial services, retail, and other business services. In 2019, food distributor Core-Mark and healthcare products distributor McKesson will be among the largest new arrivals. These two chose Dallas in part because of lower costs of doing business and living than in San Francisco, home to their existing headquarters. This attribute is a magnet for companies in the high-cost Northeast and West Coast, but it is not the only one. Enterprises from lower-cost states such as Arkansas, Nebraska, Alabama and Missouri have chosen Dallas to tap its large, experienced labor force and substantial transportation facilities, including DFW Airport.

The following graph shows Dallas-Fort Worth-Arlington's employment by sector compared to the U.S.:



Employment Growth

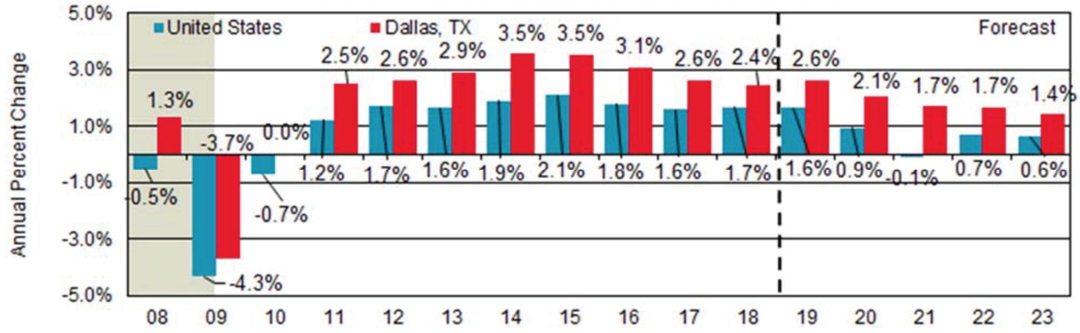
Total nonfarm employment in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at 3,730,600 in February 2019 up 102,500 over the year, according to the U.S. Bureau of Labor Statistics (BLS). From February 2018 to February 2019, local nonfarm employment rose 2.8% compared to the national rate of 1.7%. Among the 12 largest metropolitan areas in the country. Dallas ranked second in both the number of jobs added over the year and the annual rate of job growth among. The Dallas-Fort Worth-Arlington Metropolitan Statistical Area consists of two metropolitan divisions – separately identifiable employment centers within the larger metropolitan area. The Dallas-Plano-Irving Metropolitan Division, which accounted for 72% of the area's workforce, added 84,900 jobs from February a year ago, an increase of 3.3%. The Fort Worth-Arlington Metropolitan Division, which accounted for the remaining 28% of the area's workforce, added 17,600 jobs during the 12-month period, a gain of 1.7%.

Professional and business services added 22,800 jobs in the area from February 2018 to February 2019, the largest gain of any local super-sector. The Dallas-Fort Worth-Arlington area's 3.8% annual rate of job growth compared to the U.S. increase of 2.6%. All the area's sector growth occurred in the Dallas-Plano-Irving metropolitan division which added 23,000 jobs. Dallas-Fort Worth-Arlington was 1 of the nation's 12 largest metropolitan statistical areas in February 2019. All 12 areas had over-the-year job growth during the period, with the rates of job growth in 6 areas exceeding the national average of 1.7%. In contrast with other parts of Texas and the nation, the public sector will support growth in 2019. Local government employment rose 1.7% over the course of 2018, more than triple the U.S. average, and state employment was up nearly 5%. Demographics are the explanation. Population growth has remained above 2% per year in recent years, lifting demand for public schooling, the largest segment of local government employment.

From 2008 to 2018, employment growth occurred in the Dallas-Ft Worth CBSA, averaging 1.8 percent, increasing at an average annual rate that was 1.2 basis points higher than the average national employment growth rate of 0.6 percent.

The following graph compares employment growth per year for the Dallas-Fort Worth-Arlington CBSA and the United States:

TOTAL EMPLOYMENT GROWTH BY YEAR
Dallas-Fort Worth CBSA vs. United States, 2008-2023



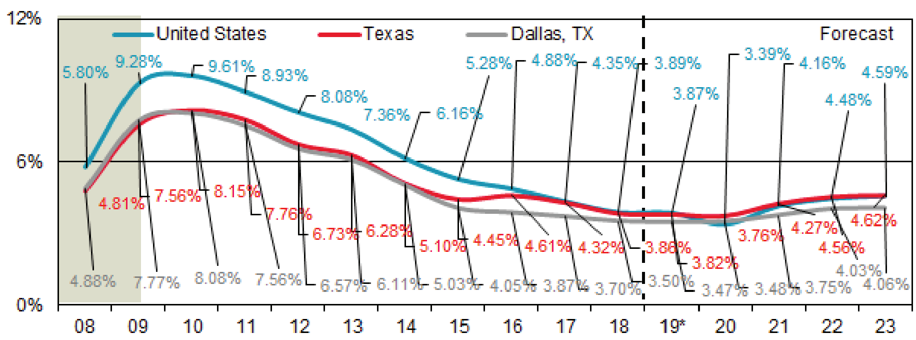
Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Unemployment

The Dallas-Fort Worth-Arlington CBSA outperformed the United States in unemployment throughout the 1990s. In the mid-2000s, the unemployment rate began to rise sharply and remained elevated through much of 2010. Since then, unemployment has trended downward, with the Dallas-Fort Worth-Arlington CBSA once again outperforming the nation. Although it outperformed that of the State over the past few years, it is now pairing closely. As of April 2019, the Bureau of Labor Statistics (BLS) reported the unemployment rate for the Dallas-Fort Worth-Arlington CBSA at 2.8%, down 50 basis points from a year-ago. The CBSA's April 2019 unemployment rate was 90 basis points below the unemployment rate of Texas and 80 basis points below the rate of the United States.

The graph below compares unemployment for the Dallas-Fort Worth-Arlington CBSA, the state of Texas, and the U.S.:

UNEMPLOYMENT RATE BY YEAR
Dallas-Fort Worth CBSA vs. Texas vs. United States, 2008-2023



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession
*First Quarter 2019

Conclusion

Dallas-Fort Worth-Arlington’s location in the growing southwestern region of the United States provides excellent access to both the east and west coasts via its comprehensive transportation network of major interstate highways, rail lines, and air routes. Dallas' costs of living and doing business offer an advantage over competing U.S. metros, particularly on the northeast and west coasts. The combination of low taxes, reasonable real estate costs and low gas prices maintain reasonable living and business costs that support in-migration and business relocations will grow at an above-average pace in 2019, led by construction and professional services. Longer term, the concentration of corporate headquarters, technology businesses and financial services as well as above-average population growth will contribute to performance well above average.

Dallas Office Market Analysis

Introduction

Current Trends

The Dallas metropolitan area, which ranks among the top 10 markets nationally in total office inventory, contains over 216.7 million square feet of office space concentrated within the counties of Dallas, Collin, Denton, and Tarrant. Dallas' office inventory is geographically segmented into 17 submarkets. The submarkets provide great regional access to the workforce due to the well-established infrastructure.

North Texas economic and market fundamentals remain incredibly strong as of second quarter 2019. The Dallas region continues to record some of the highest job growth in the nation, which in turn contributed to a strong start to 2019. Expansion in industries such as tech, trade, transportation & utilities, business & professional services, and health care continue to drive an improving market. Dallas has also experienced sizable population growth, securing business expansion and corporate relocation to the Dallas area. Both have resulted from a variety of factors including the lack of a Texas state income tax, relatively low cost of living, a highly educated workforce, central location with one of the largest international airports, and economic incentives provided by state and municipal entities.

Listed below are highlights of the Dallas office market through second quarter 2019:

- Overall average asking rental rates across all classes recorded $26.99 per square foot, decreasing $0.08 quarter-to-quarter but an increase of $0.54, compared to second quarter 2018.
- In second quarter 2019, positive absorption measured almost 1.3 million square feet, significantly more than second quarter 2018 with 715,306 square feet.

Market Characteristics

The table below denotes the current statistics of the Dallas office market by submarket:

Office Market Statistics by Submarket
Dallas Region
Second Quarter 2019

Market/Submarket	Inventory	Overall Vacancy	Direct Vacancy	YTD Construction Completions	YTD Overall Net Absorption	Under Construction	Direct Wtd. Avg Class A Rent	Overall Wtd. Avg Rent
CBD	28,502,534	25.9%	23.7%	102,315	314,622	35,710	$31.24	$28.08
NON-CBD								
North Central Expressway	12,709,300	17.1%	16.6%	0	27,642	0	$30.56	$28.58
Preston Center/Near N Dallas	3,925,769	9.9%	9.3%	0	(8,972)	85,000	$41.88	$39.30
Turtle Creek	4,062,996	14.4%	13.5%	19,760	5,782	0	$42.41	$41.62
West Love Field	10,130,263	25.1%	25.1%	0	(1,830)	0	$20.47	$17.39
LBJ Freeway	18,848,981	25.9%	24.7%	0	3,044	0	$26.72	$22.52
Freeport	11,944,252	13.3%	12.0%	216,400	238,565	1,010,282	$25.88	$22.51
Far North Dallas	20,018,295	23.4%	22.2%	0	(108,267)	0	$32.30	$26.84
Richardson/Plano	25,274,979	18.0%	16.8%	0	258,750	0	$28.42	$24.73
Mid Cities	9,788,507	14.1%	14.0%	0	(90,019)	0	$21.01	$17.86
Lewisville/Carrollton	5,054,762	9.3%	9.1%	0	33,007	0	N/A	$21.81
Southwest Dallas County	1,763,003	6.4%	6.4%	0	8,108	0	$24.93	$18.90
Legacy/Frisco	26,105,066	12.8%	11.3%	300,000	849,114	430,579	$37.98	$33.21
Southlake/Westlake	5,277,089	26.3%	26.2%	0	36,743	0	$28.15	$27.81
East Dallas	2,930,300	18.0%	18.0%	251,354	(1,455)	0	$44.03	$27.31
Uptown	9,174,708	20.4%	17.5%	236,243	(23,829)	0	$52.27	$47.42
Urban Center	6,579,764	15.4%	13.0%	0	148,102	0	$29.82	$28.59
Office Center	14,629,912	20.8%	19.9%	0	(425,192)	35,430	$28.22	$25.37
NON-CBD TOTALS	188,217,946	18.3%	17.3%	1,023,757	949,293	1,561,291	$31.80	$26.76
DALLAS TOTALS	216,720,480	19.3%	18.1%	1,126,072	1,263,915	1,597,001	$31.67	$26.99

Source: Cushman & Wakefield Research; compiled by C&W V&A

Vacancy

The Dallas office market has recorded several million square feet of positive absorption every year since 2011. Accordingly, the vacancy rate declined from the highs of the Great Recession era due to steady economic and population growth. During second quarter 2019, vacancy rates ticked up by approximately 20 basis points to 19.3% from first quarter 2018, primarily due to the addition of several million square feet of new inventory over the past twelve months. Currently, there is over 1.6 million square feet under construction, less than the year-ago total of 4.1 million square feet. With the rate of expansion slowing, the market should have time to absorb the new space, resulting in a continuation of the declining vacancy rate.

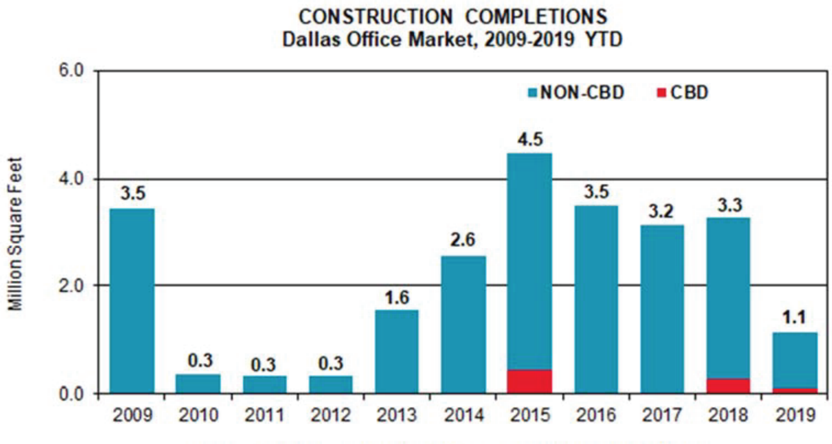
More specifically, vacancy rates continue to decline in most submarkets, particularly those with supply constraints. For those with available land, new speculative construction has caused rates to increase, although so far much of the new space has been leased and overbuilding has been largely avoided to this point.

Construction

As of second quarter 2019, over 1.1 million square feet of space was delivered to the market with 1.6 million square feet currently under construction. From 2015 through 2018, the Dallas office market recorded a declining trend in new supply; 4.5, 3.5, 3.2, and 3.3 million square feet of new construction delivered, respectively. Thus, it is expected that the deceleration in new supply on the horizon for 2019 should dampen the threat of new oversupply in most submarkets.

A large part of the 2015 construction occurred in the Richardson/Plano submarket in the form of the CityLine project anchored by State Farm and Raytheon. This was the first suburban live-work-play development in the Central Expressway area, and it has been very well received. The Legacy/Frisco submarket has also recorded some of the highest levels of new supply over the last few years, in the form of new office campuses for Toyota, Liberty Mutual, JPMorgan Chase, and the Dallas Cowboys. These campuses have contributed to surrounding amenity development and speculative office construction looking to draft on momentum from these marquee projects. These submarkets were attractive due to of available land, excellent freeway access, and proximity to employee talent, major corporate headquarters, and some of the best demographics in the region.

The following chart highlights construction trends by year:

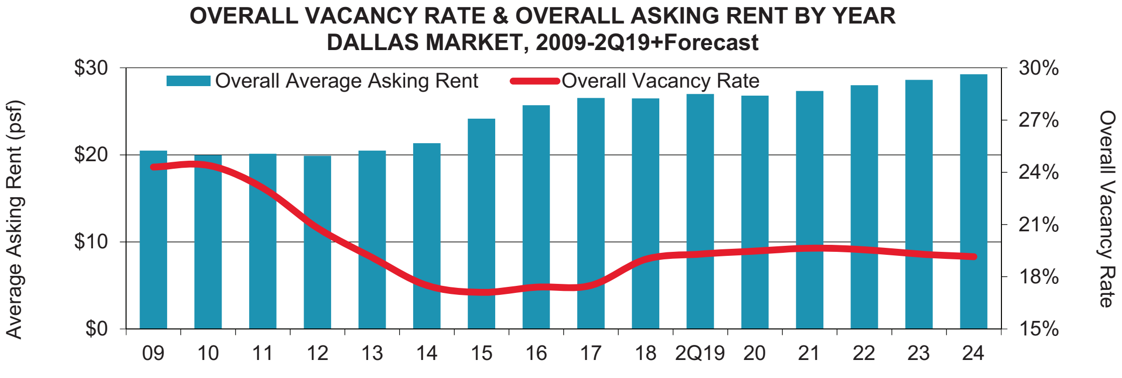


Source: Cushman & Wakefield Research; compiled by C&W V&A

Asking Rents

Asking rental rates across all classes recorded $26.99 per square foot in second quarter 2019, an increase of $0.54, when compared to second quarter 2018, down $0.08 quarter-to-quarter. A few submarkets saw their asking rents increase by close to $1.00 per square foot over the past year. For most properties market-wide, average contract rents are increasing substantially as tenants roll from cheaper leases signed 5 to 10 years ago.

The following graphs highlight the relationship between the overall vacancy rate and overall average asking rents for the Dallas market since 2009:



Source: Cushman & Wakefield Research; compiled by C&W V&A

Leasing Activity

Since the last economic downturn, Dallas has shown drastic improvement. As of second quarter 2019, over 6.2 million square feet of leasing activity was recorded, up from the three million square feet of leasing activity recorded a year ago. The submarkets with the greatest leasing activity were Far North Dallas and LBJ Freeway. Submarkets such as Southlake/Westlake, Southwest Dallas County, East Dallas, Lewisville/Carrollton and Mid Cities submarkets, showed smaller volume in leasing activity in the first quarter.

The table below lists the most significant leases signed in the second quarter 2019:

Significant Office Market Lease Transactions
Dallas Region
Second Quarter 2019

Building Address	Submarket	Tenant	Size (sf)
International Plaza I	Far North Dallas	Tenet Healthcare	392,201
3200 Olympus Blvd/Cypress Waters	Freeport	Blucora	149,637
Legacy Tower*	Legacy/Frisco	Hilti	84,081
Lake Vista One	Lewisville/Carrollton	Nationstar Mortgage	77,648

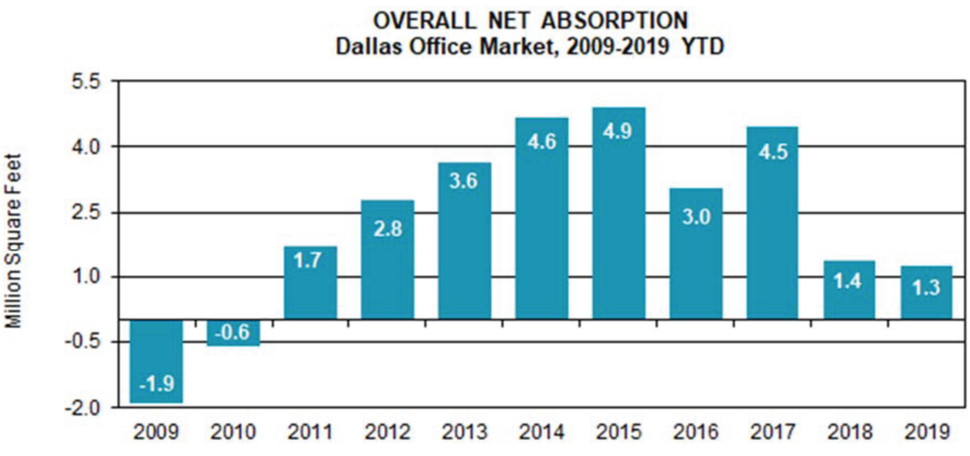
*Renewal: Not included in leasing acitivity statistics

Source: Cushman & Wakefield Research; compiled by C&W V&A

Absorption

Overall absorption measured about 1.3 million square feet at the end of second quarter 2019. Comparatively, overall absorption (which includes losses due to sublease space) measured almost 715,306 square feet at the end of second quarter 2018. Corporations continue to look at North Texas during their site selection process. The competitive advantages that companies such as Toyota, Charles Schwab, Liberty Mutual and State Farm identified by choosing to invest in DFW have sent positive signals throughout the market that are drawing more attention to North Texas. This was evidenced by Amazon's reported inclusion of Dallas in the final few destinations of its HQ2 selection process, although it was ultimately not selected for the headquarters. Most recently, Core-Mark, a Fortune 500 company based in San Francisco, announced plans to relocate its corporate headquarters to Westlake in 2019.

The following chart highlights overall net absorption by year:



Source: Cushman & Wakefield Research; compiled by C&W V&A

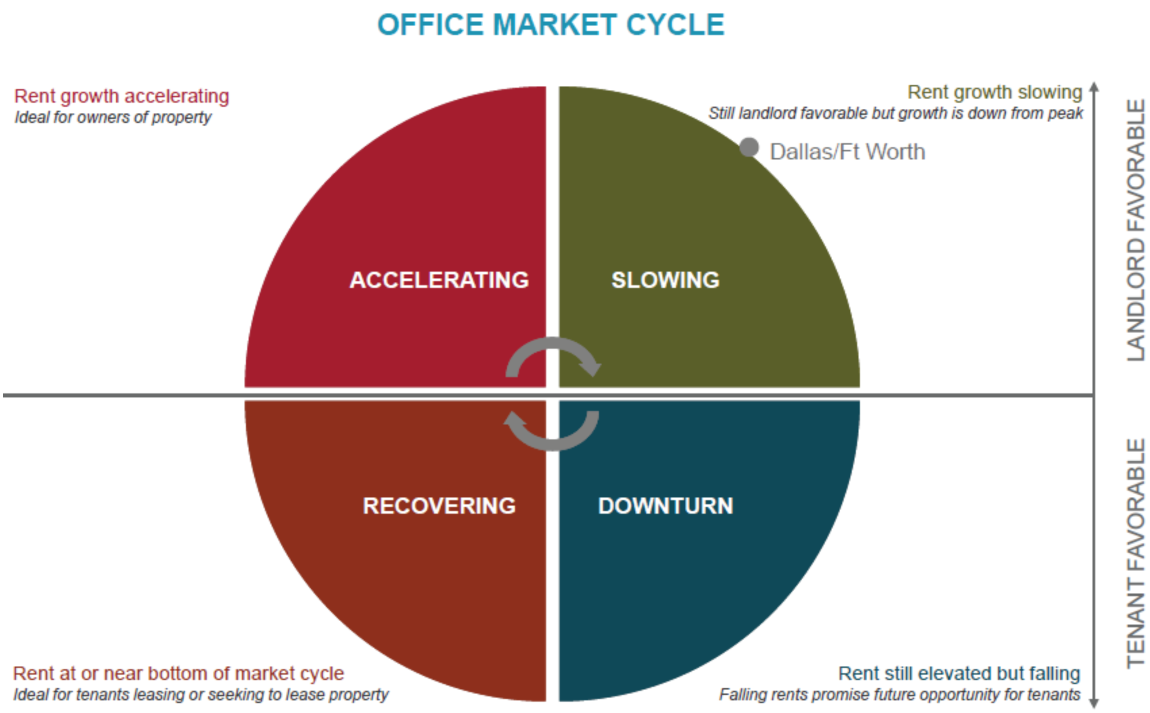
Demand Forecast

Cushman & Wakefield's office market forecasts are derived using a regression model developed by our Research staff. The model is based on trends in historical occupancy and rental rate movements as well as factors such as employment growth, new construction and absorption tendencies.

Highlights of the demand analysis are as follows:

- Economic data suggests that office-using employment in the Dallas CBSA will increase an average 2.2% per year between 2019 and 2021. Forecasts predict that the metro area annual employment growth rate will decrease over the next few years, reaching a low of 1.8% in 2021.
- The overall Dallas office market vacancy rate is expected to increase to a rate of 19.1% in 2019 and continuing to increase to 20.1% through 2021. This is primarily driven by new supply being delivered to the market over the next three years.
- The CBD sector of the Dallas office market reached a low vacancy rate of 23.6% in 2015. The vacancy rate is expected to increase over the next five years, reaching a high of 25.2% in 2019 before falling to 24.6% in 2021.
- The non-CBD sector of the Dallas office market reached a low vacancy rate of 16% in 2015. The vacancy rate is expected to increase over the next five years, reaching a high of 19.4% in 2021; driven by delivery of new product currently under construction.

The following chart depicts the relative position of the Dallas market in the office market cycle. As shown, Dallas is considered to be in a slowing but still favorable to the landlord trend.



Source: Cushman & Wakefield Research and Cushman & Wakefield Western, Inc.

Conclusion

North Texas economic fundamentals remain incredibly strong, and Dallas is now a fixture on the radar of institutional and international office investors. Texas remains one of the leading job-producing states in the nation. With population growth also at a high level, the office market is expected to continue to trend positively. The pro-business environment, lack of personal income tax, major international airport, and highly educated workforce are contributing to the personal and corporate in-migration. This is reflected in the trend of relocations to the Dallas area. This in turn has allowed landlords to increase rents to keep up with demand and has spurred the continual construction, not only in office space but also in complementary residential, amenity, and commercial sectors. This trend is expected to continue with the current economic expansion. As a result, Dallas' office market fundamentals remain positive, with record rent levels, positive absorption, and strong levels of leasing activity in most submarkets. There is also a concentrated effort underway to improve the CBD and other infill areas with new parks, bridges, amenities, infrastructure expansions, and public transit options, which should ultimately facilitate office absorption.

As lenders become more cautious due to the extended length of the economic expansion, and construction costs continue to rise, speculative construction is slowing. Most of this cycle's first big wave of new supply (completed in 2015 through 2016) is completely leased, but the latest wave of buildings has contributed to higher vacancy in some submarkets while initial lease-up is still underway. Rental rate growth is expected to decelerate after double digit growth over the last 5 years in most submarkets. But the diverse local economy is among the leaders in the nation, and it has shown no signs of slowing. In fact, the data suggests that there is low probability for any significant economic slowdown in the near term, as financial, professional and technology are projected to be strong leaders of growth. As a result, the Dallas office market is expected to continue to trend positively over the short- and long-term.

Urban Center Office Submarket

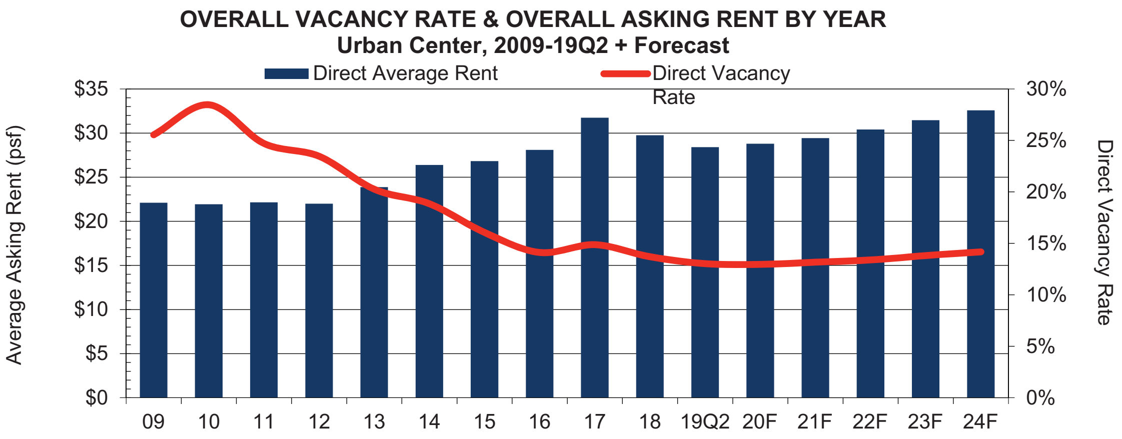
Market Characteristics

The subject property is in the Urban Center submarket as delineated by the Cushman & Wakefield. This submarket is in Irving and extends primarily in an area between along John Carpenter Freeway at Oconnor Boulevard, concentrated on the office node surrounding Lake Carolyn in the southeast quadrant of that intersection. This mixed-use development area called the Urban Center and includes the Las Colinas area.

Historical statistics for all classes are presented below:

Urban Center Submarket									
Year	Annual/Qtr.	Total Inventory	Direct Available SF	Direct Vacancy Rate	Overall Absorption	Leasing Activity	Space Completed	Direct Average Rent	Annual % Chg. In Rate
09	Annual	6,325,823	1,615,949	25.5%	-75,717	N/A	0	$22.10	-7.4%
10	Annual	6,325,823	1,800,742	28.5%	-184,793	N/A	0	$21.93	-0.8%
11	Annual	6,325,823	1,562,882	24.7%	273,860	N/A	0	$22.15	1.0%
12	Annual	6,325,823	1,484,053	23.5%	42,829	N/A	0	$21.98	-0.8%
13	Annual	6,325,823	1,281,288	20.3%	202,765	N/A	0	$23.86	8.6%
14	Annual	6,325,823	1,192,375	18.8%	88,913	N/A	0	$26.38	10.6%
15	Annual	6,325,823	1,015,576	16.1%	176,799	N/A	0	$26.82	1.7%
16	Annual	6,325,823	892,874	14.1%	122,702	N/A	0	$28.08	4.7%
17	Annual	6,325,823	940,832	14.9%	-47,958	N/A	0	$31.74	18.3%
18	Annual	6,579,764	901,308	13.7%	14,786	263,565	100,000	$29.74	5.9%
19Q2	Q2	6,579,764	857,257	13.0%	148,102	343,062	0	$28.40	-10.5%
20F	Forecast			13.0%				$28.79	
21F	Forecast			13.2%				$29.41	
22F	Forecast			13.4%				$30.41	
23F	Forecast			13.8%				$31.45	
24F	Forecast			14.2%				$32.57	

Source: Cushman & Wakefield Research; compiled by C&W V&A



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

As of second quarter 2019, the Urban Center submarket contained almost 6.6 million square feet of office space between 33 buildings.

In 2018, one project was delivered to the submarket in the first quarter, as ARK Group completed the Music Factory at 300 West Las Colinas Boulevard. The 100,000 square foot Class A Office space was planned speculatively but was fully leased by a single tenant before it was finished in April 2018. As of mid-year 2019, there is one office project under construction. Pioneer Natural Resources is under construction with a 1.2 million square-foot, Class A build-to-suit office campus at 777 Hidden Ridge Drive that was started in 2017 and is expected to be completed in Fall 2019.

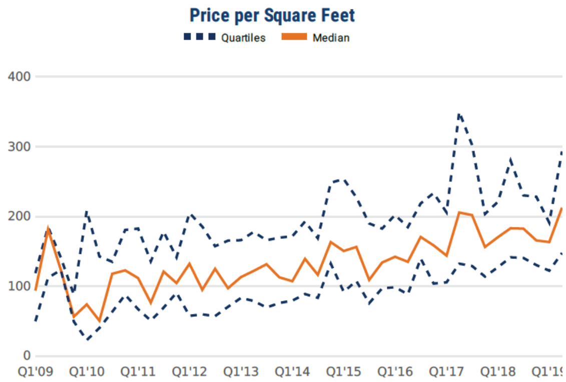
Conclusion

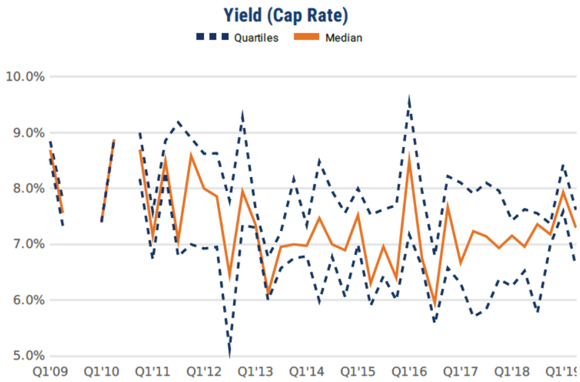
The submarket has generally improved in terms of occupancy since 2010. The location offers positive features that will sustain demand over the long term, such as airport proximity, abundant freeways, and high quality, Class A development. This submarkets proximity to DFW International Airport, as well as the rest of North Texas, is one of the reasons of the success for the area.

The population base stands to increase and potentially attract more corporate office users as employers seek locations near where employees live. Moving forward, the Urban Center submarket is expected to perform at levels at or above the overall market due to its strategic location and strong demand for this type of office space.

Dallas Office Investment Sales Market

According to Real Capital Analytics, 207 office sale transactions closed in the 12 months ending August 2018, with a total volume of $4.6 billion, averaging a price of approximately $181 per square foot. The 207 buildings total 25.2 million square feet. Cap rates for this period averaged 7.0 percent, with an average of 6.9 percent reported for the second quarter of 2019. As shown in the following graphic, prices for the selected filters (Dallas Metro Market) have generally trended upward since 2009. Capitalization rates have generally trended downward during this period.





Source: *Real Capital Analytics*

Subject Property

Location and Description

One Twenty Five is located at 125 E John Carpenter Freeway, Irving, Dallas County, TX. The property is situated in the Urban Center submarket of the Dallas Office Market, which includes the Las Colinas area. This submarket is part of the Las Colinas master planned development which recorded most of its construction in the late 80s through the early 90s, with a resurgence of late in the multi-family sector.

The subject is a 18-story, Class A, multi-tenant office building that contains 445,317 square feet of rentable area situated on a 275,504 square foot site. The improvements were completed in 1982 and are in good condition. Parking is provided via an on-site garage. Access is provided from the northbound lanes of TX 114 (E John Carpenter Freeway) or southbound from Las Colinas Boulevard. The property is situated along Lake Carolyn, a manmade reservoir surrounded by similar office buildings and multi-family developments developed largely in the 1980s to present.

The property is currently 95.5 percent leased by 20 tenants. Major tenants include US Homeland Security (14.2 percent of NLA), US Secret Service (10.3 percent of NLA), and United Cap Financial Advisors (8.7 percent of NLA). Expiration exposure is considered average for the market with less than 20 percent of the leased area expiring in the first five years.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local: The major north/south traffic arteries serving the area include Belt Line Road, Walnut Hill Lane, MacArthur Boulevard, Story Road and O'Connor Boulevard. Irving's accessible system of major thoroughfares has helped to facilitate growth.

Regional: Located near TX 114 (John Carpenter Freeway), the subject is three miles south of that freeway's intersection with SH 161 (President George Bush Turnpike) and less than one mile south Northwest Highway (Loop 12). Farther north of the subject, the major east/west traffic artery serving the area is LBJ Freeway (IH 635).

Access through parts of the local market area has been enhanced by the construction of State Highway 161/George Bush Tollway in the last decade. This multi-lane, limited access tollway has multi-lane frontage roads and extends from Airport Freeway (State Highway 183) northward past John W. Carpenter Freeway (State Highway 114) to LBJ Freeway (IH 635). It extends past LBJ Freeway (IH 635) to intersect with Stemmons Freeway (IH 35E) and ties into State Highway 190/George Bush Tollway, forming part of an outer loop around Dallas County.

Another primary route of access is the DART (Dallas Area Rapid Transit) light rail line. The $1.3-billion, 14-mile expansion of the DART Light Rail Orange Line now connects passengers from downtown Dallas to DFW Airport through five stations in Las Colinas. The City of Irving has created transit oriented development zones around the planned stations along this light-rail line in order to create the vibrancy and high-density of a true urban area.

The Las Colinas Monorail is a limited service elevated rail vehicle that travels in an oval through the Urban Center and connects to the DART Orange line.

Competitive Market Survey – Micro Market

In order to gain a better understanding of the market conditions specific to the subject property, we conducted a survey of those buildings that would be considered competitive to the subject. Please note that due to the number of properties in the market this is a sampling of properties rather than the complete set.

Micro Market Snapshot

We have identified office and flex buildings with the following characteristics as the being competitive with the subject's.

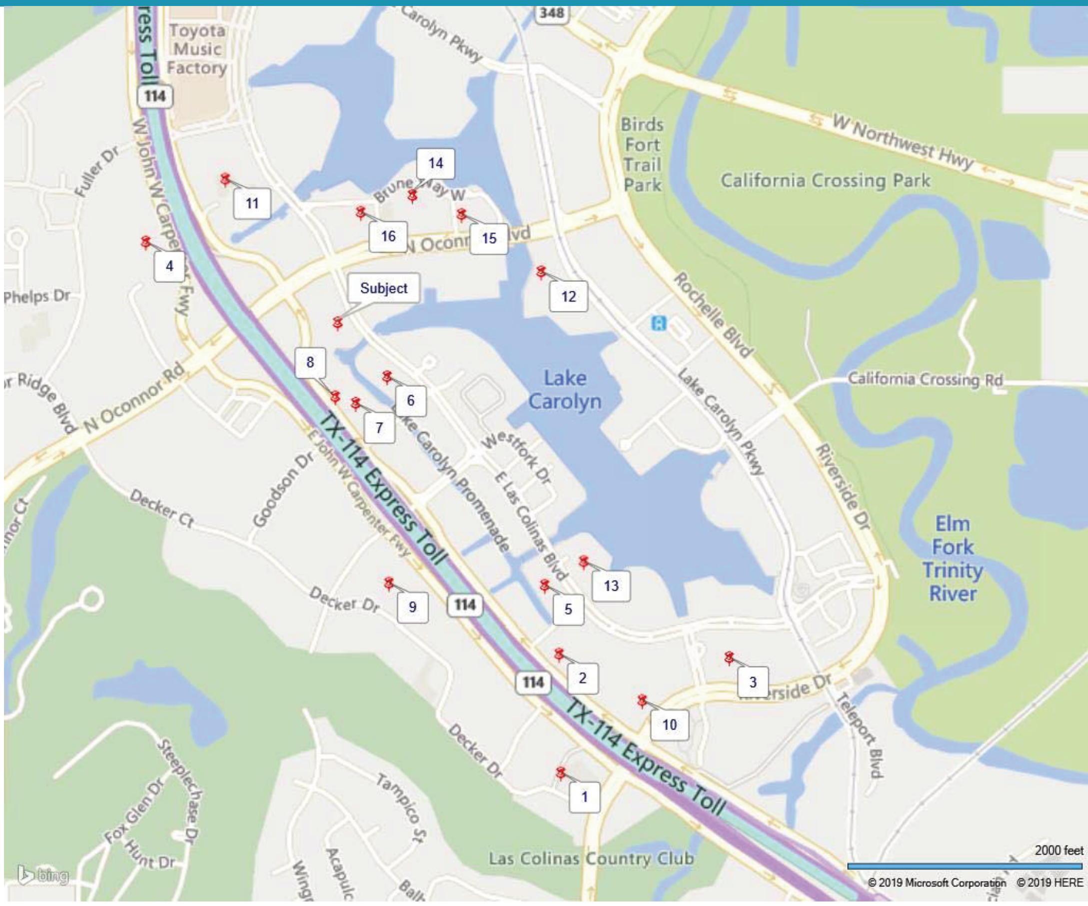
- Mid-rise to high-rise office product in or immediately bordering the Urban Center

The following table contains the results of a CoStar Group and Cushman & Wakefield survey of competitive business parks in the Redmond submarket. These properties are similar in terms of location, physical attributes, and access to amenities.

Competitive Micro Market - Existing Buildings

No.	Name	Address	Park Ratio	Year Built	Stories	RBA	Direct Vacant	Leased	Ask Rate	Exp.	FS+E Equivalent
S	**One Twenty Five**	**125 E John Carpenter Freeway**	**3.17**	**1982 and 1983**	**6 and 18**	**448,932**	**20,202**	**95.5%**	**$30.50**	**FS+E**	**$30.50**
1	500 E John Carpenter Fwy	500 E John Carpenter Fwy	4.50	1986	8	204,665	38,625	81%	$26.00	FS+E	$26.00
2	511 E John Carpenter Fwy	511 E John Carpenter Fwy	4.00	1983	7	160,782	45,259	72%	$27.75	FS+E	$27.75
3	600 E Las Colinas Blvd	600 E Las Colinas Blvd	3.00	1984	22	510,841	105,231	79%	$26.00	FS+E	$26.00
4	122 West	122 W John Carpenter Fwy	5.00	1981	6	218,446	31,888	85%	$26.00	FS+E	$26.00
5	Canal Centre	400 E Las Colinas Blvd	3.67	1983	10	237,894	57,174	78%	$26.08	FS+E	$26.08
6	Mandalay Tower 1	220 E Las Colinas Blvd	4.00	1982	12	325,219	7,381	98%	$28.50	FS+E	$28.50
7	Mandalay Tower 2	225 E John Carpenter Fwy	3.00	1979	16	349,436	23,647	93%	$28.50	FS+E	$28.50
8	Mandalay Tower 3	201 E John Carpenter Fwy	4.20	1979	9	134,592	43,814	67%	$28.50	FS+E	$28.50
9	The Point at Las Colinas	300 E John Carpenter Fwy	4.00	1983	18	403,429	29,851	96%	$27.87	FS+E	$27.87
10	The Summit at Las Colinas	545 E John Carpenter Fwy	3.00	1984	19	375,706	112,724	76%	$22.00	NNN	$32.00
11	The Urban Towers	222 W Las Colinas Blvd	3.30	1982	22	848,939	116,280	86%	$33.92	FS+E	$33.92
12	Tower 909	909 Lake Carolyn Pky	3.50	1988	19	374,251	42,980	92%	$32.54	FS+E	$32.54
13	Waterway Tower	433 E Las Colinas Blvd	3.50	1982	13	221,941	50,566	86%	$28.44	FS+E	$28.44
14	Williams Square - Central Tower	5215 N O'Connor Blvd	3.00	1984	26	720,400	6,759	99%	$28.45	NNN	$38.45
15	Williams Square - East Tower	5221 N O'Connor Blvd	3.00	1985	14	363,536	15,104	96%	$27.13	NNN	$37.13
16	Williams Square - West Tower	5205 N O'Connor Blvd	3.00	1983	14	390,534	0	100%	$27.00	NNN	$37.00
Low:			3.00	1979	6	134,592	0	67%	$22.00		$26.00
High:			5.00	1988	26	848,939	116,280	100%	$33.92		$38.45
Average/Total:			**3.60**	**1983**	**15**	**5,840,611**	**727,283**	**88%**	**$27.79**		**$30.29**

COMPETITION MAP



We surveyed 16 competitive office buildings within the submarket, excluding the subject property, containing approximately 5.8 million square feet. The average vacancy is approximately 12 percent, which is below the regional Dallas All Non CBD Submarkets average of 17.3 percent. Rents are shown on an equivalent "full service plus E" basis. This lease structure is defined by market participants as tenants responsible for any increases in operating expenses over base year levels for all operating expenses including real estate taxes, insurance, common area maintenance, excluding only electricity, for which the tenant pays its pro-rata share.

The range in average asking rental rates is primarily based on the property location, the quality and amount of tenant buildout, and other property characteristics. Average asking rates for competitive office space range from $26.00 to $38.00 per square foot, with Williams Square and Urban Towers setting the top of the market. Those properties are of higher quality, and in the case of Urban Towers, superior access to Highway 114 and the new Music Factory amenity. The subject property falls in the next tier of this set in terms of access to amenities, overall quality/condition, appeal, access, visibility and parking facilities. Accordingly, it commands rents in line with those assumptions in the low $30s per square foot.

Lease rates include a tenant improvement package ranging from $4.00 to $6.00 per square foot per year of the lease term for new leases, and none (As Is) to $3.00 per square foot per year of the lease term for renewal leases. Leases typically have $0.50 per square foot annual escalations.

As reflected by the following table, market trends reflect increasing rental rates and a general tightening in occupancy since the peak of the Great Recession.

COMPETITIVE MICRO MARKET TRENDS - INCLUDING SUBJECT

Period	No. of Buildings	Inventory Square Feet	Vacant Available Sq. Ft.	Percent Vacant Available	Net Absorption Sq. Ft.	Average Asking FS+E Rent PSF	Deliveries No. of Bldgs.	Deliveries Rentable Sq. Ft.	Under Construction No. of Bldgs.	Under Construction Rentable Sq. Ft.
YTD	17	6,242,346	757,940	12.10%	137,052	$27.97	0	0	0	0
2018	17	6,242,346	892,950	14.30%	(21,050)	$28.20	0	0	0	0
2017	17	6,242,346	843,044	13.50%	(90,005)	$27.38	0	0	0	0
2016	17	6,242,346	816,478	13.10%	85,226	$27.14	0	0	0	0
2015	17	6,242,346	927,101	14.90%	140,378	$26.20	0	0	0	0
2014	17	6,242,346	1,041,070	16.70%	158,682	$25.47	0	0	0	0

FS+E = Full Service Net of Electricity
Compiled from CoStar and Cushman & Wakefield of Texas, Inc.

There are abundant amenities (Toyota Music Factory, Convention Center and hotel, retail and restaurant amenities) and multi-family housing in the immediate area, with more under construction. The economic boom in Dallas has continue to increase office-using employment, and office product throughout this corporate node has benefitted in terms of positive absorption.

Subject's Competitive Market Position

The subject is considered a Class A office complex by market participants based on its quality, condition and tenancy. Most of the local inventory was developed in the 1980s. In some cases, tenants have expressed a flight to quality and left the Urban Center for nearby areas in Irving. The newest completed construction was a speculative multi-tenant building at the Toyota Music Factory that was fully leased by a single tenant prior to completion, which is a testament to the demand that these additional developments are creating. Furthermore, Pioneer Natural Resources vacated over 600,000 square feet in Williams Square (in the subject's competitive set) for a 1.2 million square-foot build-to-suit office campus nearby at 777 Hidden Ridge Drive that was started in 2017 and is expected to be completed in Fall 2019.

However, the subject benefits from being located within a well-established corporate headquarters destination. It also greatly benefits from a recent renovation as well as excellent positioning near the northern end of the Urban Center. It is located near major thoroughfares and public transportation with good accessibility from surrounding markets and excellent proximity to DFW Airport, another demand generator. Based on the subject's locational characteristics, interior quality, and current tenancy, the subject has an excellent competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

The Urban Center micro market is supported by a variety of existing and future demand generators, such as desirable "lifestyle" amenities, easy freeway access, and proximity to DFW Airport. The abundance of new multi-family housing will contribute to the ability to work-life-play in the subject's immediate area. There is some new office supply, but it is has been restrained thus far in the cycle. This lack of new supply will keep the market relatively tight over the long term, although there will be some movement to the limited new product that does get built (such as Pioneer moving to Hidden Ridge). Occupancy and rental rates should continue to slightly outperform Dallas averages. Considering these factors, the overall outlook for the submarket, as well as the subject property within the competitive set, is good on both long and short-term horizons.

SWOT ANALYSIS

Strengths

- The Dallas-Fort Worth region has been among the nation's fastest growing areas, resulting in significant job and population growth. The office market has absorbed several million square feet of space over each of the last 5 years. This trend continues today for both the region and for Irving specifically. This positively impacts demand for office buildings in the region on a macro basis.
- The primary market area has recorded significant rent spikes in recent years with growth or stability projected.
- The Urban Center and local area are in a renewed growth phase with multi-family, amenity, and hospitality construction underway.
- The submarket benefits from high-income demographics in the immediate area.
- The local area is proximate to DFW Airport, a major demand generator.
- The property is of good quality and is in good condition owing to a recent renovation to common areas.
- On-site amenities including conference room, fitness center, deli, and garage parking are appealing to tenants.
- There is very limited new speculative office construction in the immediate area.
- A large portion of the tenant roster is leased to GSA tenants (US Homeland and Secret Service) which are considered investment grade.
- Near-term lease expiration risk is low.

Weaknesses

- The property has a heavy tax burden because of its location in DCURD.
- A significant portion of the subject's rent roll is leased below market and some of the occupied spaces has not been updated.
- The parking ratio is slightly below average for the competitive set.

Opportunities

- The property has significant upside through renewing below-market rents to market.
- The subject is located in Urban Center, a transit-oriented office complex in an affluent area of Irving, Texas
- The location is near the new Toyota Music Factory and Water Street mixed-use developments
- The local area is proximate to DFW Airport, a major demand generator
- The Urban Center and local area are in a renewed growth phase with multi-family, amenity, and hospitality construction underway.

Threats

- There is abundant competitive supply in the Micro market.
- There is new speculative construction several miles away, although it is primarily inferior quality, being of tilt-wall, low- and mid-rise variety.

Respectfully submitted,

CUSHMAN & WAKEFIELD WESTERN, INC.

Judson H. Cline, MAI, MRICS
Senior Director
judson.cline@cushwake.com
916-473-7396 Office Direct

Addenda Contents

Addendum A:
Assumptions and Limiting Conditions

Assumptions and Limiting Conditions

"Report" means the consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Report.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- Subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) its sole and exclusive remedy for any and all losses or damages relating to this agreement or the report shall be limited to two millions dollars ($2.0 million). In the event that the Client, or any other party entitled to do so, makes a claim against Cushman & Wakefield or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the report, the maximum damages recoverable from Cushman & Wakefield or any of its affiliates or their respective officers or employees shall be subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) limited to two million dollars ($2.0 million) and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil’s load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site’s use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Addendum B:
Terms & Definitions

Terms and Definitions

Office

Existing Office inventory- In general, includes existing competitive buildings but does not include 85% or greater owner-occupied, government, retail, industrial, medical or, educational buildings. Inventory base square footage includes all competitive buildings that are classified as office. In the case of medical, note that medical tenants in an office building do not preclude the building's inclusion in statistics. The rule is that a medical building is built for the purpose of housing solely medical occupants and is often in an area dominated by medical uses such as hospitals or clinics. On average, the national minimum standard for inclusion in statistics is 20,000 square feet and while this may vary slightly by market, each market is required to incorporate a minimum threshold.

Class A- most prestigious buildings competing for premier office users with above average rents. High quality standards, well-located. Typically steel and concrete construction, built or renovated after 1980, quality tenants, excellent amenities & premium rents

Class B- buildings competing for wide range of office users with average rents. These buildings do not compete with Class A space. Typically built or renovated after 1960, with fair to good finishes & for a wide range of tenants.

Class C- buildings competing for tenants requiring functional space at below market rents.

CBD- Central Business District – typically a geographical area which includes the downtown office core of a metropolitan area or division.

Non-CBD/Suburbs- Everything in a market that is outside the CBD. Should always be referred to as suburban or suburbs.

Trophy Buildings- Building set distinguished by quality and location that merits its own rating superior to standard Class A properties. Internationally, these may also be referred to as "prime assets" and rents in such buildings may be referred to as "prime rents." In cases where trophy assets are not tracked separately, the Class A inventory in the functional CBD is the next best proxy for such trends.

General Statistical Terminology and Definitions

Asking rental rate (annual or monthly, gross or triple net, depending upon space use type) – The annual or monthly cost per square foot offered by the landlord or sub-landlord for leasing space, weighted by the amount of available space. Reported quarterly, gross, for all classes or subtypes.

Direct asking rent- rents quoted through the building landlord

Sublet asking rent- rents quoted through the master tenant

Direct vacant space- Space that is offered directly through the landlord that is free and clear of any current lease obligations. In order for inclusion in statistics, this space must be vacant or will be vacant by the end of the current reporting quarter. If the space does not meet that criteria, the space may be available, but should be out of statistics. Examples of such space include the leasing office, conference areas, or retail space that is available within the building such as sundry shops or dry cleaners.

Sublease vacant space- The same statistical rules apply to sublease space as to direct space. The difference is that sublease space is encumbered by a lease obligation. Sublease space may be offered through the tenant with the lease obligation, through the tenant's broker, or even through the landlord. It should be noted that even though space may be offered as a sublease, the space may actually be re-leased as direct space because the landlord decides to forgive the current lease obligation and draw up a new lease instead. For this reason, when sublease space is marked as "leased," one should find out if the space was actually leased as a sublease.

Available space- Space that is considered "on the market" whether vacant or not. See Availability Rate below.

Overall vacant space- The sum of direct available space and space available for sublease and new space.

Overall vacancy rate- The calculation used to determine the percent of overall space (direct + sublease + new) that is vacant:

Vacancy (%) = Overall vacant space divided by Inventory

Direct vacancy rate- The calculation used to determine the percent of direct space that is vacant:

Direct Vacancy (%) = Direct vacant space divided by Inventory

Sublet vacancy rate- The calculation used to determine the percent of sublease space that is vacant:

Sublease Vacancy (%) = Sublease vacant space divided by Inventory

Availability rate* - percent available on market regardless whether vacant or AIF (Available in the Future) - indicate timeframe available, i.e. 6 months.

Direct absorption- The net change in direct occupied space over a given period of time (excludes sublease space by definition) and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Sublet absorption- The net change in sublease occupied space over a given period of time and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Overall absorption- The net change in direct + sublease (overall) occupied space over a given period of time and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Leasing activity- The sum of all square footage underlying any leases over a period of time. This includes pre- leasing activity as well as expansions. It does not include renewals. Like absorption, leasing activity is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Pre-Leasing activity- The sum of all square footage underlying leases over a period of time for buildings that are under construction, under renovation or that have been proposed.

Lease renewal- Occurs when a lease on space expires and the tenant decides to stay in that space and extend the term either by using a new lease document or addendum to the tenant's prior lease agreement. It is C&W's policy to exclude renewals from leasing activity and from net absorption. If a tenant remains in the building but moves to another space within the building, this is leasing activity. If the tenant chooses to remain in the space, but takes additional space (expands), the expansion portion is considered leasing activity and should be counted separately from the total renewal (which should include the original space plus the expansion).

Under construction- Industrial and office square footage that are being built and have not received certificates of occupancy (C of O). Projects which are beyond site preparation (concrete slab poured and construction is actively progressing). For C&W statistical purposes, these buildings will not be completed by the last day of the reporting quarter.

Under renovation- Office and industrial buildings that are undergoing renovation, rehabilitation or conversion and require a certificate of occupancy to be habitable.

Construction completions- Commercial properties that have received certificates of occupancy for the first time in the building's history. Tenancy may not have taken place.

Build to Suit: a method of leasing property whereby the landlord builds to suit the tenant (according to tenant's specifications). The cost of construction is figured in to the rental amount of the lease, which is usually for a long term.

Speculative: a building constructed for lease or sale but without having a tenant or buyer before construction begins

Renovation completions- Commercial properties that have received their certificates of occupancy after undergoing renovation, rehabilitation or conversion.

Proposed construction- Industrial and office square footage that is planned for development at a future date and will not begin construction by the last day of the current reporting quarter. In order for a building to qualify as being proposed, a site plan must be in place and the building must be actively marketed by the landlord or landlord's agent.

Sales activity- Includes both user and investment sales of existing buildings. In other words, user office buildings that aren't in our statistics in the first place, are not tracked. However, leased buildings that become sold to a single occupant remain in statistics until after the end of the year and are taken out at the beginning of the next year. Investment sales are sales to entities that will lease or sell the building to others and are income-producing assets. Contrary to office building user sales, industrial building user sales are considered part of the inventory.

Cap Rate- A rate used to convert income to value. The percentage used to determine the value of income property through capitalization. The rate reflects the relationship between one years' income or an annual average of several years' income and the corresponding capital value over the same timeframe.

The calculation for calculating direct capitalization rates is:

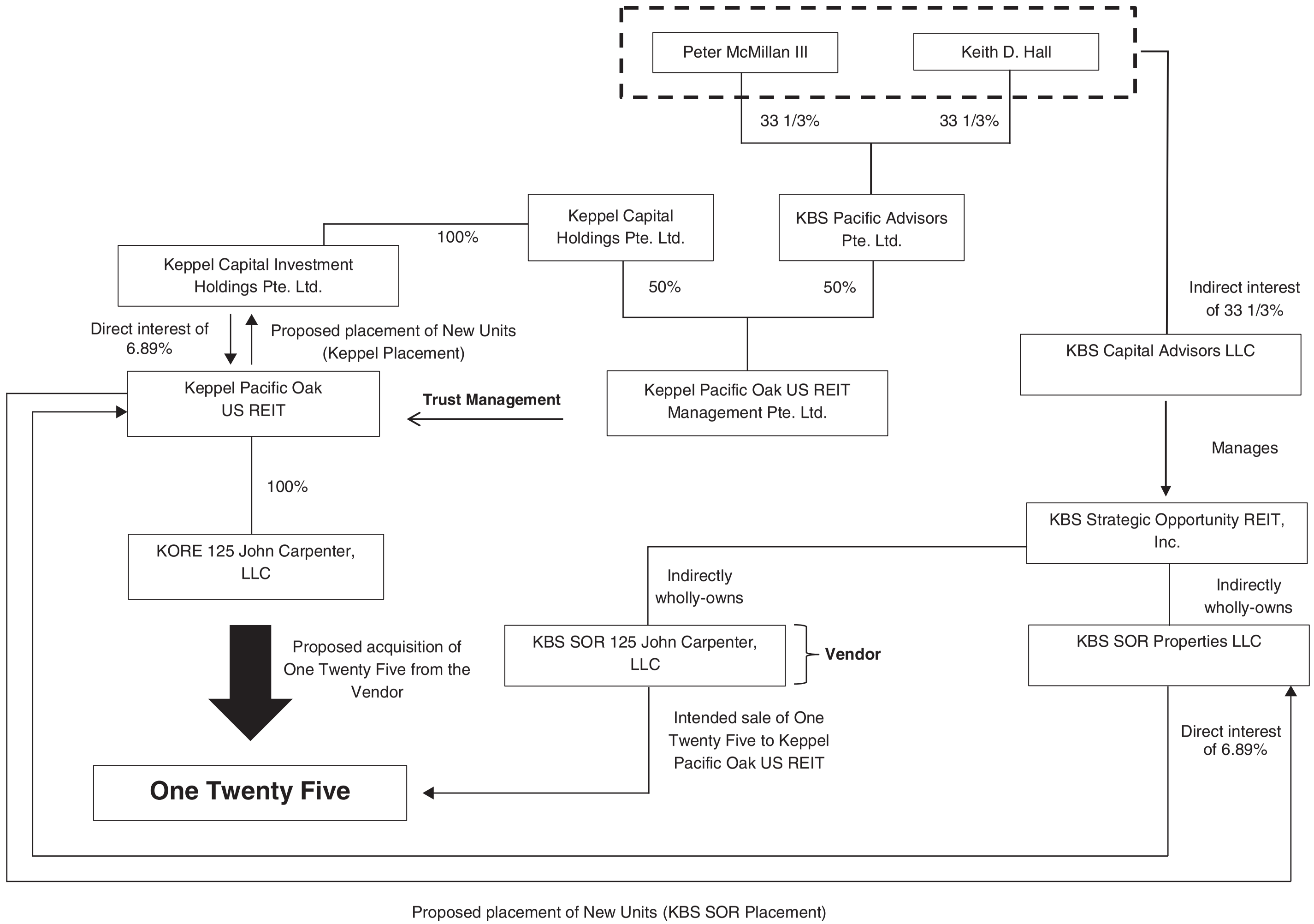
$$\frac{\text{Income}}{\text{Rate}} = \text{Value} \quad \text{or} \quad \frac{\text{Income}}{\text{Value}} = \text{Rate}$$

A low direct capitalization rate usually denotes a lower risk property, and the higher the direct capitalization rate usually denotes a higher risk property, which usually brings a higher rate of return, if managed properly. Higher capitalization rates can also lead to lower rates of return in certain circumstances. Typically, a lower quality building has a higher capitalization rate than a Class A building.

This page has been intentionally left blank.

APPENDIX E

RELATIONSHIP BETWEEN INTERESTED PERSONS AND KEPPEL PACIFIC OAK US REIT



This page has been intentionally left blank.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of the Unitholders of Keppel Pacific Oak US REIT will be held at Level 3, Rooms 324 – 326, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Tuesday, 15 October 2019 at 2.30 p.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 30 September 2019 to Unitholders (the "**Circular**")):

1. THE PROPOSED ACQUISITION OF THE PROPERTY (ORDINARY RESOLUTION 1)

RESOLVED THAT:

(a) approval be and is hereby given for the acquisition of the Property, which consists of 2 buildings, namely 125 East John Carpenter and 5100 North O'Connor, for a purchase consideration of US$101.5 million, on the terms and conditions set out in the Purchase and Sale Agreement dated 6 September 2019;

(b) the entry into of the Purchase and Sale Agreement be and is hereby approved and ratified;

(c) approval be and is hereby given for the payment of all fees and expenses relating to the Acquisition; and

(d) Keppel Pacific Oak US REIT Management Pte. Ltd. (as manager of Keppel Pacific Oak US REIT) (the "**Manager**"), any Director or Chief Executive Officer or Chief Financial Officer of the Manager, and Perpetual (Asia) Limited (in its capacity as trustee of Keppel Pacific Oak US REIT) (the "**Trustee**") be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or Chief Executive Officer or Chief Financial Officer of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel Pacific Oak US REIT to give effect to the Acquisition and all transactions in connection therewith).

2. THE PROPOSED KEPPEL PLACEMENT (ORDINARY RESOLUTION 2)

RESOLVED that, subject to and contingent upon the passing of Resolution 1:

(a) approval be and is hereby given for the issue and placement of up to such number of New Units to KCIH as part of the Private Placement, in the manner described in the Circular; and

(b) the Manager, any Director or Chief Executive Officer or Chief Financial Officer of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or Chief Executive Officer or Chief Financial Officer of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel Pacific Oak US REIT to give effect to the Keppel Placement and all transactions in connection therewith).

3. THE PROPOSED KBS SOR PLACEMENT (ORDINARY RESOLUTION 3)

RESOLVED that, subject to and contingent upon the passing of Resolution 1:

(a) approval be and is hereby given for the issue and placement of up to such number of New Units to KBS SOR Properties LLC as part of the Private Placement, in the manner described in the Circular; and

(b) the Manager, any Director or Chief Executive Officer or Chief Financial Officer of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or Chief Executive Officer or Chief Financial Officer of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel Pacific Oak US REIT to give effect to the KBS SOR Placement and all transactions in connection therewith).

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
30 September 2019

Notes:

1. A Unitholder entitled to attend and vote at the EGM and who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.

2. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its authorised officer or attorney.

3. The instrument appointing a proxy must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than Saturday, 12 October 2019 at 2.30 p.m. being not less than seventy-two (72) hours before the time appointed for the EGM.

4. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for EGM in order for the Depositor to be entitled to attend and vote at the EGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

This page has been intentionally left blank.

Keppel Pacific Oak US REIT

(Constituted in the Republic of Singapore
pursuant to a trust deed dated
22 September 2017)

IMPORTANT:

1. A relevant intermediary may appoint more than one proxy to attend the Extraordinary General Meeting and vote (please see Note 2 for the definition of "**relevant intermediary**").

PERSONAL DATA PRIVACY:

2. By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 30 September 2019.

PROXY FORM
EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

*I/We ____ (Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number) of ____

____ (Address)
being a unitholder/unitholders of Keppel Pacific Oak US REIT, hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting (the "**Meeting**") of Keppel Pacific Oak US REIT to be held at Level 3, Rooms 324 – 326, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Tuesday, 15 October 2019 at 2.30 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolutions	No. of Votes For**	No. of Votes Against**
1	To approve the Acquisition		
2	To approve the Keppel Placement		
3	To approve the KBS SOR Placement		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of _______________ 2019

Total number of Units held

____
Signature(s) of Unitholder(s)/Common Seal of
Corporate Unitholder

FOLD THIS FLAP FOR SEALING

Affix
Postage
Stamp

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

FOLD HERE

FOLD HERE

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of Keppel Pacific Oak US REIT ("**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting ("**EGM**") and who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. Completion and return of this instrument appointing a proxy ("**Proxy Form**") shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
4. The Proxy Form must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 72 hours before the time set for EGM.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Keppel Pacific Oak US REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a Unitholder.
7. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.

Keppel Pacific Oak US REIT

KEPPEL PACIFIC OAK US REIT MANAGEMENT PTE. LTD.
1 HarbourFront Avenue Level 2 Keppel Bay Tower Singapore 098632
Phone: (65) 6803 1818 Fax: (65) 6803 1717
www.koreusreit.com