

Keppel Pacific Oak US REIT Presentation for Phillip Securities

1 June 2021

Important Notice

The past performance of Keppel Pacific Oak US REIT is not necessarily indicative of its future performance. Certain statements made in this release may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Keppel Pacific Oak US REIT (Unitholders) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel Pacific Oak US REIT Management Pte. Ltd., as manager of Keppel Pacific Oak US REIT (the Manager) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this release. None of the Manager, the trustee of Keppel Pacific Oak US REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this release or its contents or otherwise arising in connection with this release. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel Pacific Oak US REIT (Units) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including possible loss of principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (SGX-ST). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

Content Outline

Page 3	Overview
Page 8	1Q 2021 Key Business and Operational Updates
Page 14	Market Outlook
Page 23	Additional Information

Constituent of:



MSCI Singapore Small Cap Index



FTSE All World Small Cap Index
FTSE ST Singapore Shariah Index

Overview

Tenant lounge at
The Westpark Portfolio
Redmond, Seattle, Washington





Indoor courtyard, Great Hills Plaza, Austin, Texas

About Keppel Pacific Oak US REIT (KORE)

Distinctive US office REIT focused on key growth markets significantly driven by tech and innovation

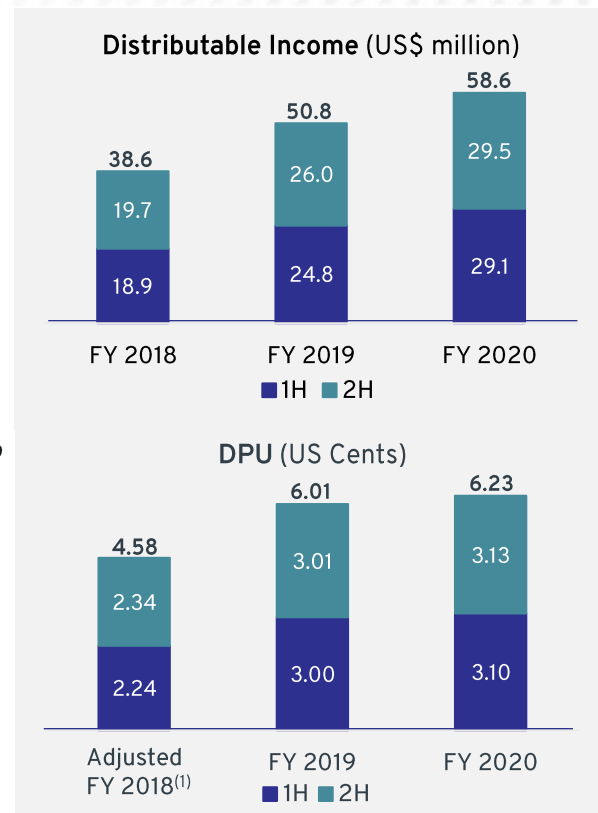
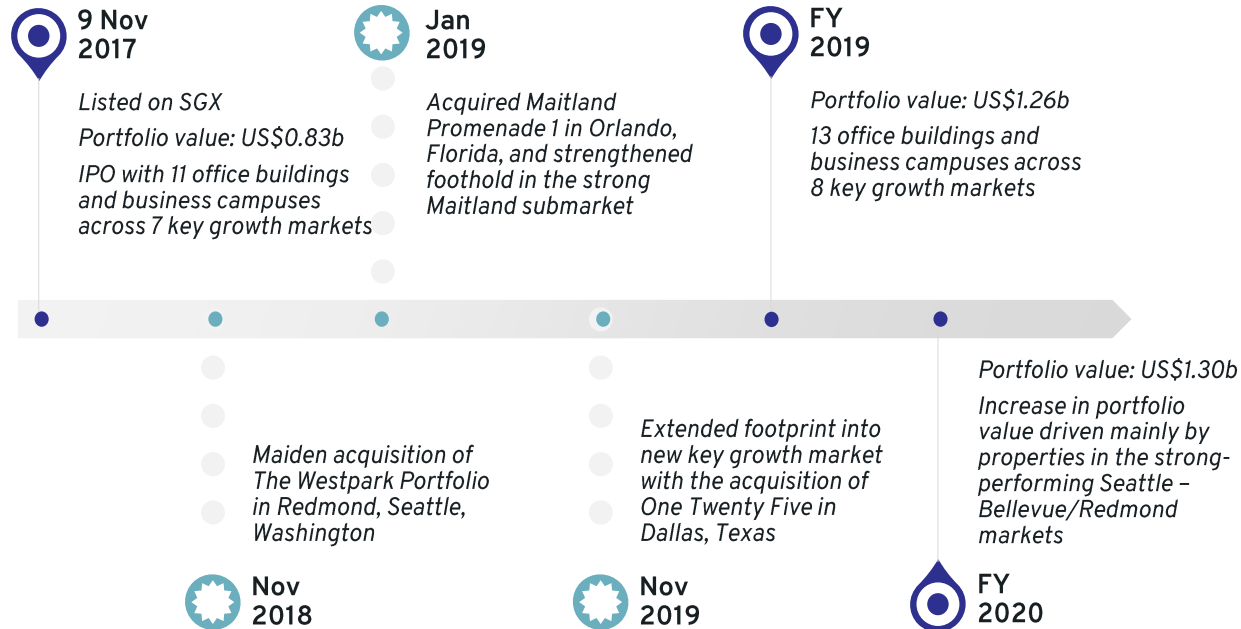
Unique exposure to key US growth markets

Benefitting from solid US office real estate fundamentals

Tax advantaged structure

Sponsors	<ul style="list-style-type: none"> Keppel Capital and KORE Pacific Advisors (“KPA”)
US Asset Manager	<ul style="list-style-type: none"> Pacific Oak Capital Advisors LLC, also advisor for Pacific Oak Strategic Opportunity REIT
Manager	<ul style="list-style-type: none"> Keppel Pacific Oak US REIT Management Pte. Ltd.
Investment mandate	<ul style="list-style-type: none"> To invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets of the US with favourable economic and office fundamentals
Distribution Policy & Distribution Currency	<ul style="list-style-type: none"> Semi-annual distributions Distributions declared in US dollars; Unitholders have the option to receive distributions in Singapore or US dollars (by submitting a ‘Currency Election Form’) and opting out of CDP’s Currency Conversion Service.

Successful Execution of Growth Strategy

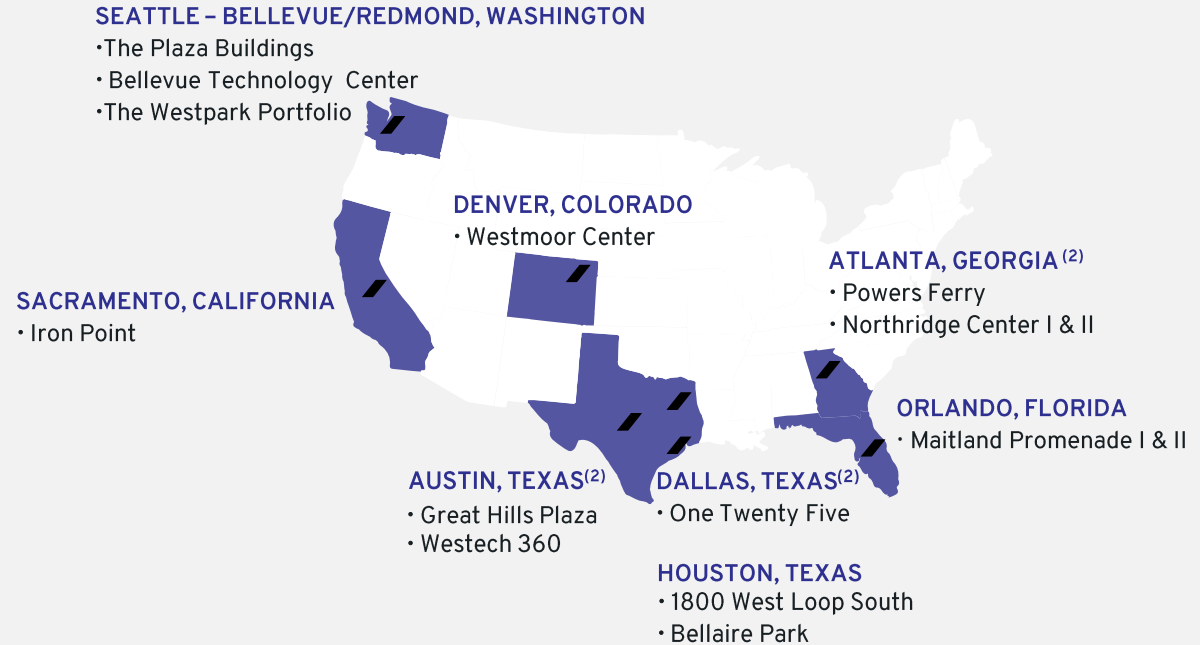


Magnet Cities for Businesses and Individuals

Popular in-migration destinations due to attractive lifestyle, culture and employment opportunities

- ✓ Low or no taxes in most markets
- ✓ GDP, employment and population growth above national average
- ✓ Highly-educated workforce
- ✓ Amenity-rich locations
- ✓ Good infrastructure with lower congestion
- ✓ COVID-accelerated suburban appeal

Majority of KORE's key growth markets are located in Super Sun Belt and 18-Hour cities⁽¹⁾



➤ KORE is well poised to capture growth from population migration and suburbanisation trends

Key Growth Markets Driven By Tech And Innovation

 **91.6%**
Portfolio Committed
Occupancy

Exposure to tech hubs and tech-tenancy will provide income resilience as businesses accelerate their digital transformation strategies.

SEATTLE - BELLEVUE/REDMOND, Washington



The Plaza Buildings
Occupancy: 93.1%



Bellevue Technology Center
Occupancy: 96.1%



The Westpark Portfolio
Occupancy: 94.6%

ATLANTA, Georgia



Powers Ferry
Occupancy: 80.1%



Northridge Center I & II
Occupancy: 77.9%

DENVER, Colorado



Westmoor Center
Occupancy: 96.8%

SACRAMENTO, California



Iron Point
Occupancy: 96.4%

AUSTIN, Texas



Great Hills Plaza
Occupancy: 100%



Westech 360
Occupancy: 72.2%

HOUSTON, Texas



1800 West Loop South
Occupancy: 77.8%



Bellaire Park
Occupancy: 91.6%

ORLANDO, Florida

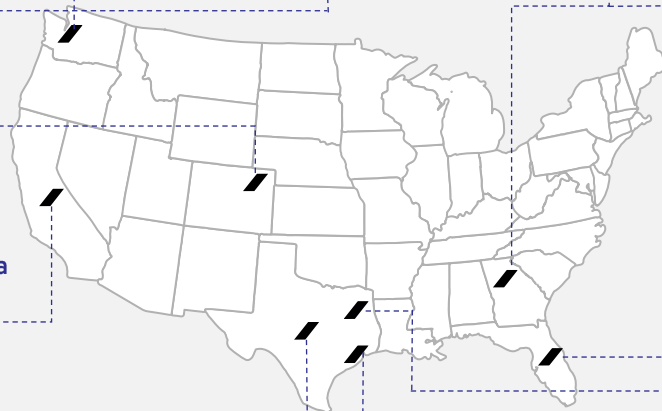


Maitland Promenade I & II
Occupancy: 94.5%

DALLAS, Texas



One Twenty Five
Occupancy: 96.0%



1Q 2021 Key Business and Operational Updates

*Tenant space at
The Westpark Portfolio
Redmond, Seattle, Washington*



Financial Performance

Distributable Income for 1Q 2021 was US\$14.9m, 3.6% above 1Q 2020, supported by:

- New and expansion leases from the tech hubs of Seattle – Bellevue/Redmond and Denver



Strong balance sheet with significant liquidity

- Low gearing of 37.5% with no long-term refinancing requirements until November 2022
- Cash and undrawn facilities of US\$93.5m as at 31 March 2021



Financial Highlights

	1Q 2021 (US\$ 'm)	1Q 2020 (US\$ 'm)	% Change
Gross Revenue	34.6	35.3	(2.1)
Net Property Income (NPI)	20.4	21.0	(2.8)
Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions)	20.5	20.0	2.7
Income Available for Distribution⁽¹⁾	14.9	14.4	3.6

Robust Financial Position and Healthy Aggregate Leverage

Low aggregate leverage and 100% unsecured loans provide greater financial flexibility

As at 31 March 2021

Total Debt

- US\$505.7m of external loans
- 100% unsecured

Available Facilities

- US\$50.0m of revolving credit facility
- US\$9.0m of uncommitted revolving credit facility

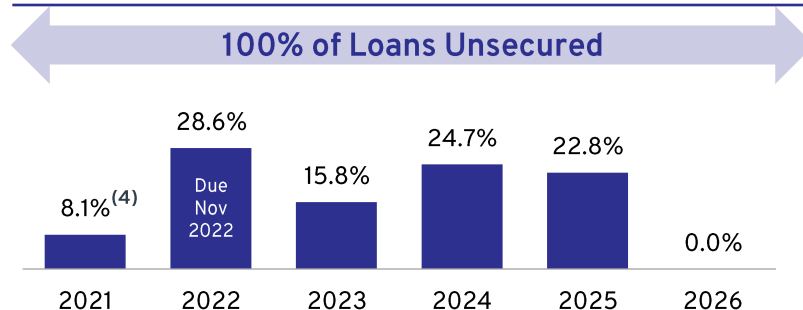
Aggregate Leverage⁽¹⁾ 37.5%

All-in Average Cost of Debt⁽²⁾ 2.82 % p.a.

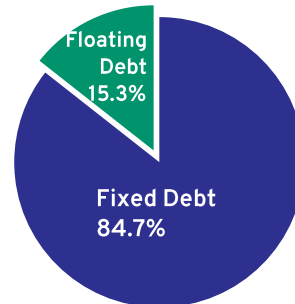
Interest Coverage⁽³⁾ 4.8 times

Average Term to Maturity 2.7 years

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁽⁵⁾

Every + 50bps in LIBOR translates to - 0.059 US cents in DPU p.a.

(1) Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.

(2) Includes amortisation of upfront debt financing costs.

(3) Interest Coverage Ratio (ICR) disclosed above is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020. After adjusting for management fees taken in Units, the ICR would be 5.3 times.

(4) Refers to the US\$41m uncommitted revolving credit facility drawn.

(5) Based on the 15.3% floating debt, US\$41m revolving credit facility drawn which are unhedged and the total number of Units in issue as at 31 March 2021.

Stable Income with Visible Organic Growth

~128,000 sf of space leased in 1Q 2021, equivalent to 2.7% of portfolio NLA



+5.7% positive rent reversion driven by rent growth in Seattle – Bellevue/Redmond and Austin



Leasing activities driven mainly by demand from professional services, finance and insurance, and tech



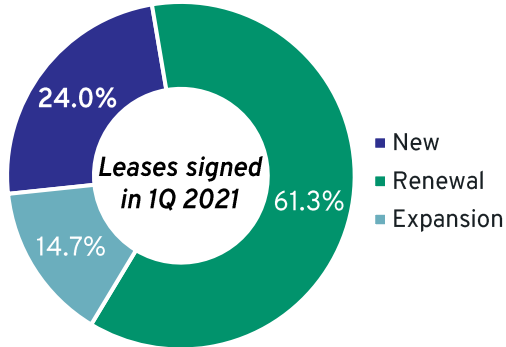
~98% of rent collected in 1Q 2021, and received limited rent deferment requests amounting to only ~0.5% of NLA



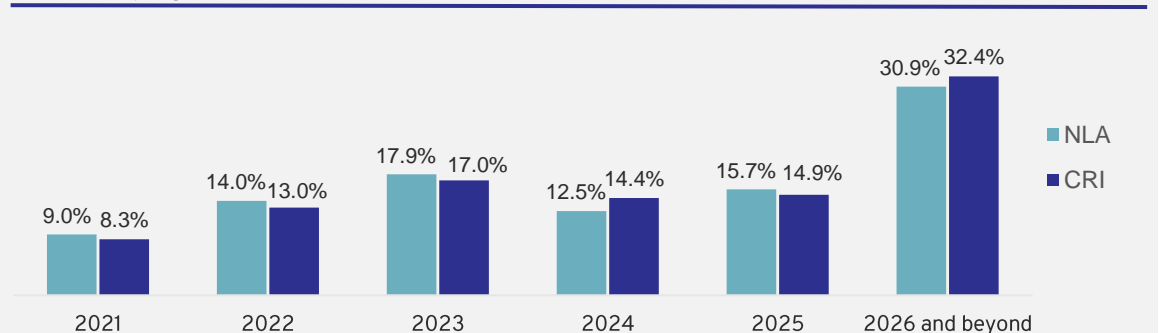
In-place rents are ~8% below asking rents, which provides an avenue for organic growth



3.7 years Portfolio WALE by CRI as at 31 March 2021⁽¹⁾



Lease Expiry Profile (as at 31 March 2021)



Tech Focused Tenant Composition and Industry Exposure

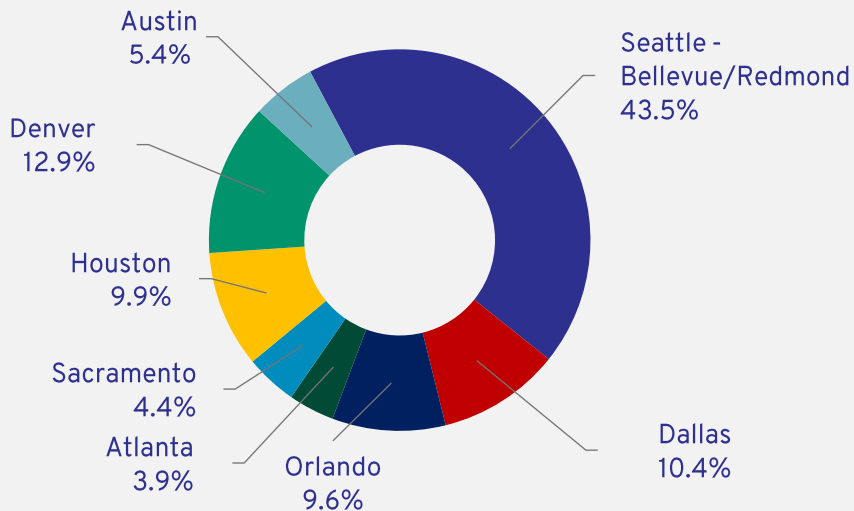


KORE's buildings and business campuses in the tech hubs of Seattle – Bellevue/Redmond, Austin and Denver contribute ~62% of NPI⁽¹⁾

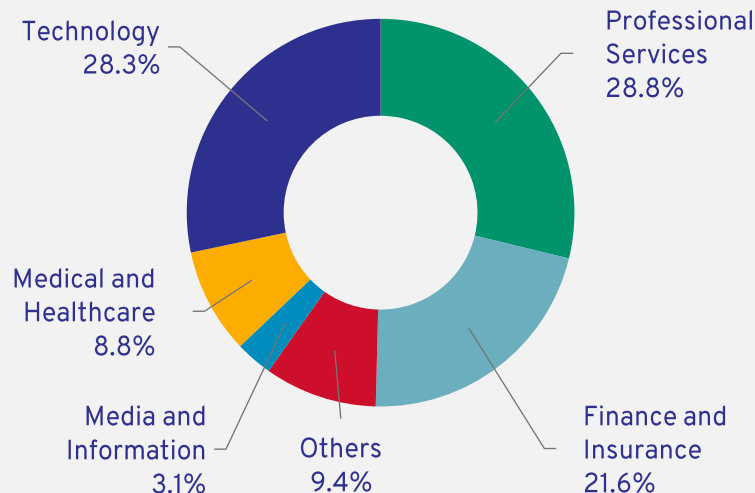


Over 37% of KORE's portfolio NLA is comprised of high quality tenants from the growing and defensive sectors of technology, and medical/healthcare

Geographic Diversification by NPI⁽¹⁾ contribution as at 31 March 2021



Industry Diversification by NLA as at 31 March 2021



Low Tenant Concentration Risk



Top 10 tenants contribute only 20.4% of CRI

Majority are established tech companies

As at 31 March 2021

Top 10 Tenants	Sector	Asset	% of CRI
Ball Aerospace	Technology	Westmoor Center	3.1
Lear	Technology	The Plaza Buildings	2.8
Oculus VR	Technology	The Westpark Portfolio	2.4
Zimmer Biomet Spine	Technology	Westmoor Center	2.0
Spectrum	Media & Information	Maitland Promenade I & II	1.9
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Center	1.7
Bio-Medical Applications	Medical & Healthcare	One Twenty Five	1.7
US Bank	Finance & Insurance	The Plaza Buildings	1.7
Auth0	Technology	The Plaza Buildings	1.7
Reed Group	Technology	Westmoor Center	1.4
Total			20.4
WALE by (NLA)			4.3 years
WALE by (CRI)			4.5 years

Market Outlook

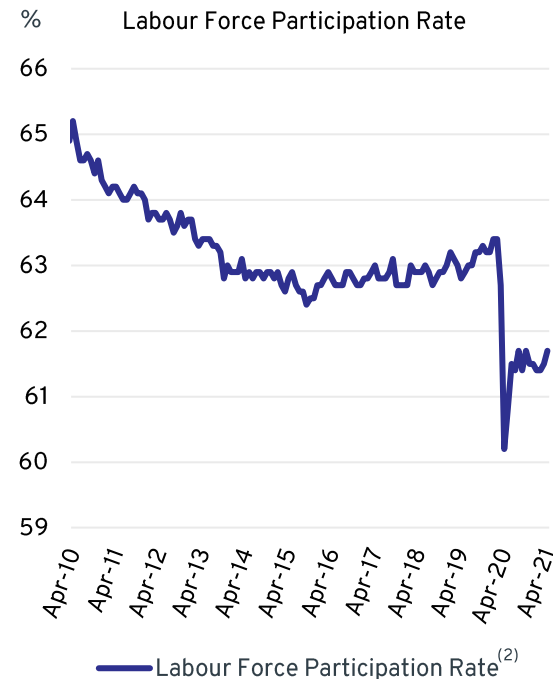
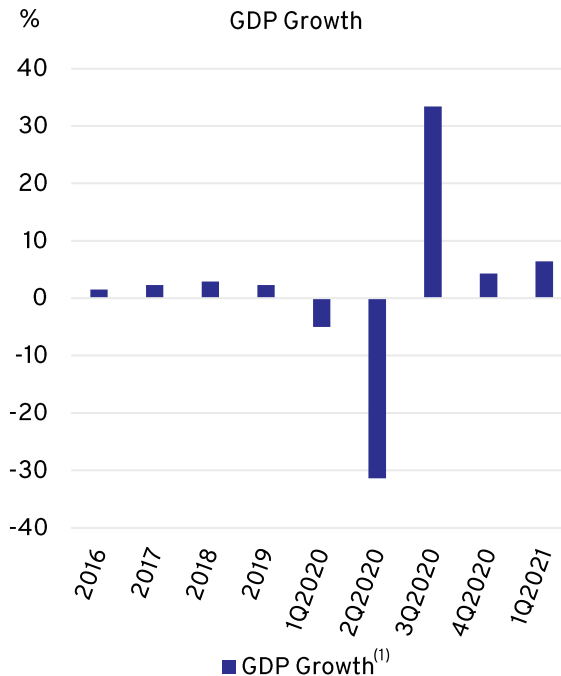
*Westmoor Center
Denver, Colorado*



US Economy: Recovery Apace

Continued resumption of economic activity in 1Q 2021

- US Real GDP increased 6.4% q-o-q in 1Q 2021 reflecting the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic⁽¹⁾.
- Unemployment rate was 6.1% in April 2021, down considerably from its high of 14.8% in April 2020⁽²⁾.
- Labour force participation rate was 61.7% in April 2021, with 6.6 million persons seeking jobs⁽²⁾.
- Economy will continue to benefit from the US government's support:
 - New US\$1.9 trillion COVID-19 stimulus package announced in March 2021⁽³⁾.



(1) Source: U.S. Bureau of Economic Analysis, April 2021.

(2) Source: U.S. Bureau of Labor Statistics, May 2021.

(3) Source: The White House, American Rescue Plan, March 2021.

Gradual Return to the Workplace

- Progress in vaccinations and the removal of COVID-19 restrictions are raising confidence and optimism.
- Select companies are accelerating their return-to-office plans.

People Vaccinated in the US (% of total Population)⁽¹⁾

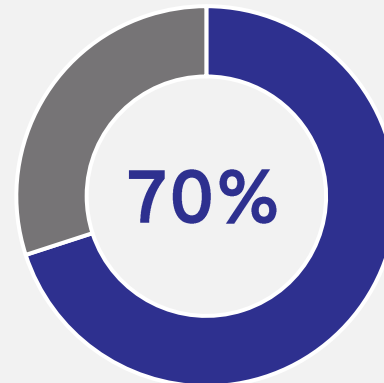
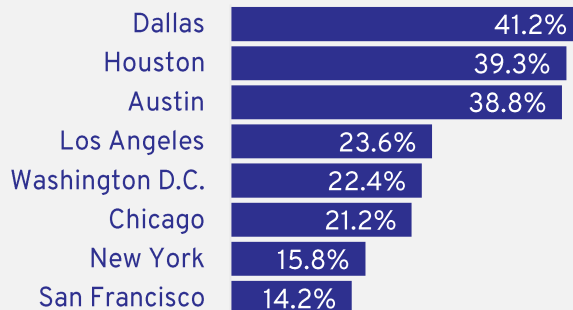
Fully Vaccinated
Population ≥ 18 yrs of Age

60%

At Least One Dose
Population ≥ 18 yrs of Age

85%

Employee Office Visits (week ending 21 April 2021)⁽²⁾



- The US has administered over 277m doses of COVID-19 vaccines, fully inoculating 60% of the adult population⁽¹⁾.

- Texas metro areas are leading in office visits.
- These cities rely mostly on cars, rather than mass transit, to get people to work.

- 70% of CEOs, human resources and finance leaders said they plan to have employees back in the office by the fall of 2021⁽³⁾.

The Great American Move

Demographic trends accelerated by COVID-19⁽¹⁾:

- Move to Sun Belt states and 18-Hour cities
- Suburban migration
- Public open spaces
- Building safety/health concerns
- Affordable housing

- **Less dense:** COVID-19 has caused people to move out of large metro areas at higher rates in 2020 than in 2019⁽²⁾
- **Bang for your buck:** People are leaving high-cost cities in exchange for lower cost of living⁽³⁾
- **Housing costs:** Amid the pandemic, people are flocking to cities with cheaper housing options⁽³⁾
- **Tax incentives:** States with low-or zero-income taxes are attracting the most people and companies⁽⁴⁾



In 2020 California reported a population loss of 70,000 residents - the first time ever recorded.

Increasing taxes, restrictive policies on businesses and ongoing lockdowns have led individuals and Silicon Valley companies to exit California⁽⁵⁾.



Despite the pandemic, Texas was the leading destination for companies relocating from other states.

In 2020, 154 companies announced plans to either relocate or expand in Austin. In 1Q 2021, 53 companies have announced relocations to or expansions in Austin⁽⁶⁾.

Increased Mobility is Driving Corporate Relocations

Corporates are increasingly relocating to states such as Texas and Florida for their tax and lifestyle advantages



- Hewlett Packard Enterprise is moving its HQ from Silicon Valley, California to Springwood, Houston

ORACLE

- Oracle moved its HQ to Austin, Texas from Silicon Valley



- Goldman Sachs is weighing plans for a new South Florida hub to house its asset management division, joining firms such as Blackstone and Citadel

CBRE

- CBRE has moved its HQ from Los Angeles to Dallas



TESLA

- Elon Musk, the founder of Tesla, has left Silicon Valley for Texas. Tesla is building its new 4m sf Gigafactory in East Austin. Musk is also expanding the Austin operations for Boring Co. and SpaceX.



- Digital Realty Trust, the world's second-largest data center provider announced its relocation of its global HQ to Austin, Texas in January 2021



Hewlett Packard Enterprise is the latest tech company to leave Silicon Valley, and is moving to Houston

Bloomberg

Oracle Moves Headquarters to Texas, Joining Valley Exodus

Goldman Sachs Seeks Volunteers for Move to West Palm Beach Digs

The Dallas Morning News

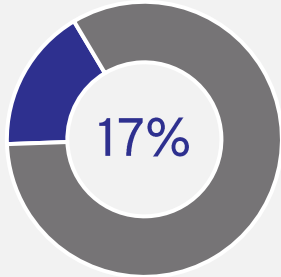
Commercial property giant CBRE is shifting its headquarters to Dallas

AUSTIN
BUSINESS JOURNAL

Elon Musk: Tesla will need over 10,000 people in Austin
Global data center company Digital Realty relocates HQ to Austin from San Francisco

Big Tech Led Office Leasing in 2020

KORE's focus on the historically fast-expanding tech sector will benefit the REIT



The **tech** sector took ~26m sf of office space in 2020, accounting for 17% of total office leasing - more than any other industry

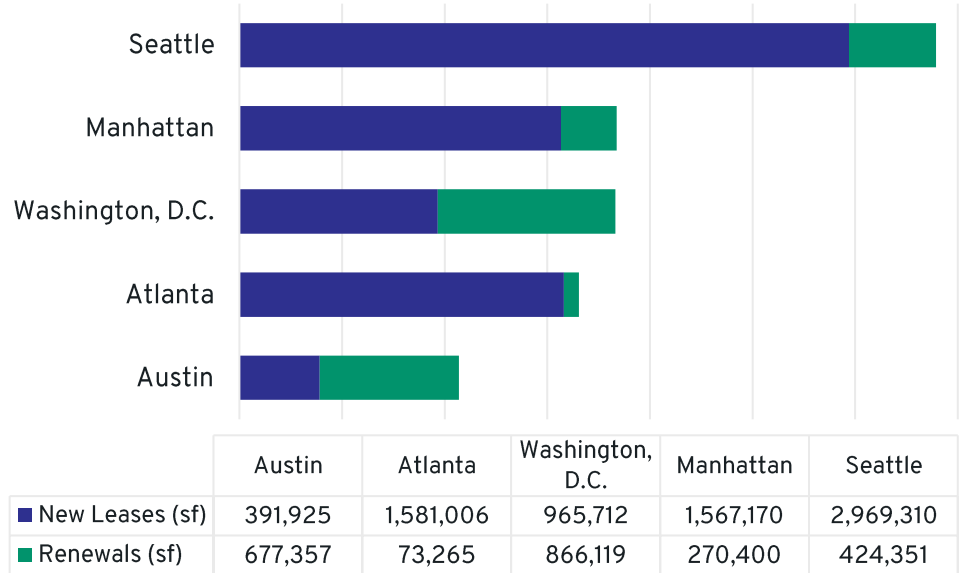


Tech has dominated as the top sector for office leasing since 2013



Seattle was the top location for tech firms in 2020

100 Largest U.S. Office Leases by Tech Firms in 2020
Markets with Most Square Footage Leased



Tech Firms Signed Some of the Largest Leases in 2020

- facebook** • Bought REI's 400,000 sf HQ in Sep 2020, expanding its Bellevue, Seattle area footprint to over 3m sf⁽¹⁾
- Signed a 730,000 sf lease at the James A. Farley Building in Midtown Manhattan, New York⁽²⁾

- amazon** • Pre-leased 555 Tower and West Main, totaling 2m sf in downtown Bellevue, Seattle⁽³⁾
- Purchased the 630,000 sf Lord & Taylor Fifth Avenue Building in Midtown Manhattan, New York⁽⁴⁾

- Microsoft** • Leased over 300,000 sf in Redmond, Seattle in 2020, including a 245,000 sf building in Esterra Park; as part of its massive campus redevelopment, which includes 17 new four- and five-story buildings that will total approximately 3m square feet⁽⁵⁾

- Google** • In November 2020, Google increased its footprint in the Eastside Seattle with a purchase of 400,000 sf of office space in Kirkland, adding to the 200,000 sf it purchased earlier in August 2020⁽⁶⁾

(1) <https://www.geekwire.com/2020/facebook-buys-reis-new-hq-367m-expanding-seattle-area-footprint-3m-square-feet/>
(2) <https://www.nytimes.com/2020/08/03/nyregion/facebook-nyc-office-farley-building.html>
(3) Amazon announcement, 25 September 2020

(4) Amazon announcement, 18 August 2020
(5) <https://news.theregistry.com/microsoft-solidifies-300000-sqft-plus-of-leases-in-redmond/>
(6) <https://www.geekwire.com/2020/google-keeps-growing-seattle-area-agrees-buy-10-acres-car-dealership-site-kirkland/>

Technology Facebook Buys REI Headquarters, Showing Life for Offices

By [Noah Buhayar](#)
September 15, 2020, 11:09 PM GMT+8
Updated on September 16, 2020, 2:04 AM GMT+8

- ▶ Property in Seattle suburb was never used by outdoor retailer
- ▶ Social media company still wants places for workers to gather



REI Bellevue campus rendering

Committed to Deliver Long-Term Value



Exposure to growth and defensive sectors of technology, as well as medical and healthcare.



Highly diversified portfolio with low tenant concentration risk.



100% unsecured debt, low aggregate leverage of 37.5% with no long-term refinancing requirements until November 2022.



Positive average rental reversion of 5.7%, driven mainly by rent growth in Seattle - Bellevue/Redmond and Austin.



Healthy committed occupancy of 91.6% and WALE of 3.7 years by CRI. Visible organic growth from 2.6% built-in average annual rental escalations.



Trading liquidity with index inclusion - Constituents to the FTSE All World Small Cap, MSCI Singapore Small Cap and FTSE ST Singapore Shariah Indices.

Thank You

For more information,
please visit www.koreusreit.com

Connect with us on: 

OUR SUSTAINABILITY COMMITMENT

We place sustainability at the heart of our strategy and are committed to delivering sustainable distributions and strong total returns for Unitholders.



ENVIRONMENTAL STEWARDSHIP

In line with Keppel's Vision 2030, we will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.



RESPONSIBLE BUSINESS

The long-term sustainability of our business is driven at the highest level of the organisation through good corporate governance and prudent risk management.



PEOPLE AND COMMUNITY

People are the cornerstone of our business. We are committed to providing a safe and healthy workplace, investing in training and developing our people to help them reach their full potential, as well as uplifting communities wherever we operate.

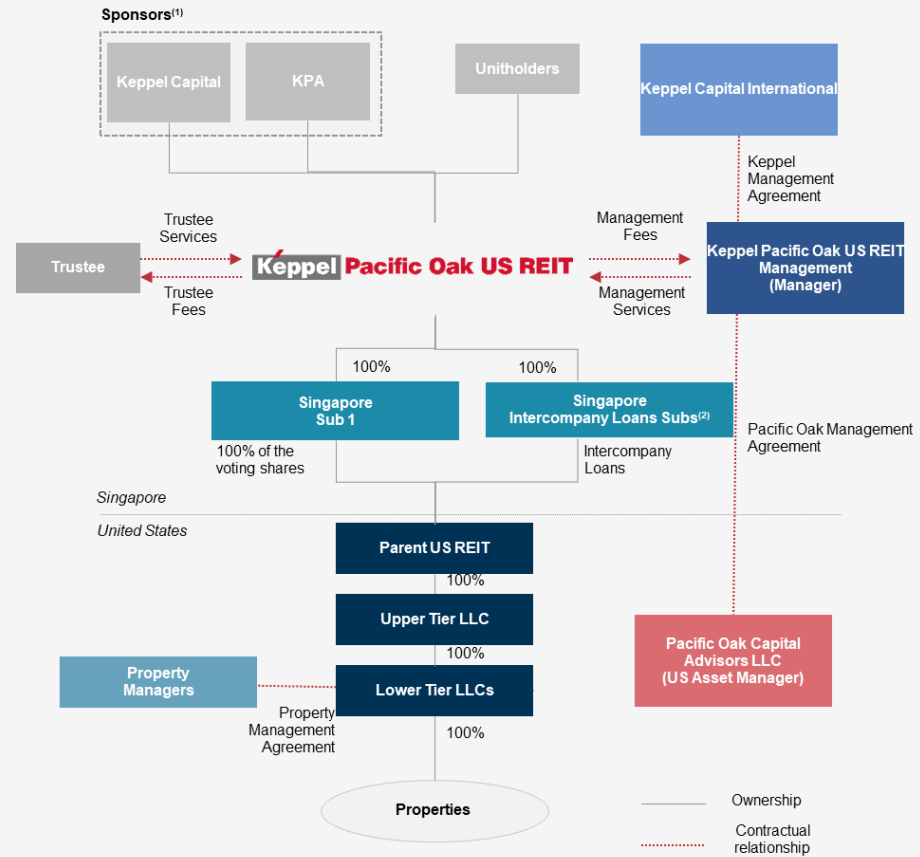
Additional Information

*Westech 360
Austin, Texas*



Trust Structure

- ✓ Tax-efficient structure for holding US properties
 - No US corporate tax (21%) and US withholding tax (30%)
 - No Singapore corporate tax (17%) and Singapore withholding tax (10%)
 - Subject to limited tax
- ✓ Leverage Sponsors' expertise and resources to optimise returns for Unitholders
- ✓ Alignment of interests among Sponsors, Manager and Unitholders



(1) Keppel Capital holds a deemed 7.3% stake in Keppel Pacific Oak US REIT (KORE). Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a 6.8% stake in KORE. KPA holds a deemed interest of 0.5% in KORE, for a total of 7.3%.
 (2) There are three wholly-owned Singapore Intercompany Loan Subsidiaries extending intercompany loans to the Parent US REIT.

Strong Sponsors: Keppel Capital and KORE Pacific Advisors



- **Asset management arm of Keppel Corporation** and a premier manager in Asia
- **US\$28 billion⁽¹⁾**
Global assets under management as at end-2020
- **~40 cities across key global markets**
Diversified portfolio of real estate, infrastructure, data centres and alternative assets
- **17 Funds**
Over 200 professionals managing five listed REITs and business trust and 12 private funds



- Established **commercial real estate investment manager** in the US
- **US\$4.0 billion**
Assets under management as at end-2020
- **Over 20 markets**
High quality commercial, single-family, multi-family, hospitality real estate portfolio across the US
- **6 Funds**
Proven expertise in managing two public REITs and four private funds