

Decoding KORE's Strategy to Navigate the Volatile US Market (Hosted by REITAS)

19 OCTOBER 2023

Important Notice

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

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1. Keppel Pacific Oak US REIT Management Pte. Ltd. is a signatory to the United Nations-supported Principles for Responsible Investment, under the membership of Keppel Capital.

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Constituent of:



FTSE ST REIT Index,
FTSE EPRA Nareit
Developed Index and
FTSE Global Small Cap Index

Signatory of:



iEdge SG ESG Indices



CarbonCare Asia Pacific
Green REIT Index



Overview of KORE

Keppel Pacific Oak US REIT (KORE)

First choice US office SREIT focused on the fast-growing tech sector across key growth markets in the US

Unique exposure to key US growth markets

Benefitting from the defensive sectors of tech and healthcare

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 distributionsDistributions 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

9M 2023 Key Highlights

Net Property Income (NPI)

US\$65.9 million



Despite the disposal of the two Atlanta assets in 2H 2022, NPI was higher year-on-year (y-o-y) due to better performance from the remaining portfolio.

Adjusted Distributable Income (DI)

US\$39.2 million

9M 2023 actual DI was 15.2% lower than 9M 2022 actual DI, mainly due to higher financing cost as well as the impact from 1Q to 3Q 2023 management base fees taken in cash than in Units. Actual DI for 9M 2023 would have been 12.0% lower y-o-y compared against 9M 2022 adjusted DI of US\$44.5 million, assuming 1Q 2022 management base fees were paid 100% in cash.

Leasing momentum

~539,179 sf



leased in the first nine months of 2023

This was equivalent to 11.3% of the portfolio net lettable area. Built-in average rental escalations of ~2.5% across the portfolio.

Healthy Aggregate Leverage

39.1%⁽²⁾

Healthy leverage and 100% unsecured loans provide financial flexibility to continue pursuing opportunities in key growth markets with a tech focus.

Portfolio Committed Occupancy

91.4%



KORE's strategic presence in key growth markets and its focus on the fast-growing TAMI⁽¹⁾, medical and healthcare sector provides income resilience.

Ample Headroom To 50% Aggregate Leverage and 1.5x Interest Coverage Ratio

Capacity to borrow ~US\$330 million additional debt or alternatively, portfolio valuation would need to fall by ~23% to reach the 50% leverage limit. KORE's interest coverage ratio is at 3.3 times.



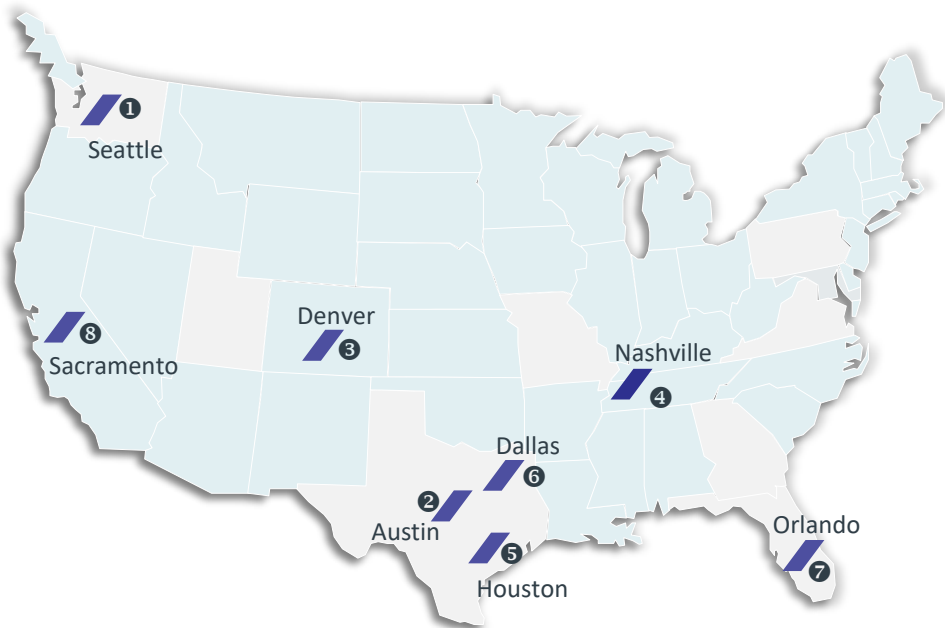
Insights into KORE's portfolio

Key Focuses and Strengths

1. Investing in the right locations
2. Building strong relationships with the right teams both internally and externally to navigate the complexities of the real estate market
3. Developing a strong and successful tenant base
4. Creating strategically and thoughtfully designed properties with the right amenities and tenant space



KORE's Presence in Key Growth Markets



- Low or no taxes
- Better cost of living
- Employment opportunities
- Attractive lifestyle and culture

1	Seattle, Washington	<ul style="list-style-type: none"> ❖ The Plaza Buildings ❖ Bellevue Technology Center ❖ The Westpark Portfolio 		#17
2	Austin, Texas	<ul style="list-style-type: none"> ❖ Westtech 360 ❖ Great Hills Plaza 		#4
3	Denver, Colorado	<ul style="list-style-type: none"> ❖ Westmoor Center ❖ 105 Edgeview 		#16
4	Nashville, Tennessee	<ul style="list-style-type: none"> ❖ Bridge Crossing 		#1
5	Houston, Texas	<ul style="list-style-type: none"> ❖ 1800 West Loop South ❖ Bellaire Park 		#14
6	Dallas, Texas	<ul style="list-style-type: none"> ❖ One Twenty Five 		#2
7	Orlando, Florida	<ul style="list-style-type: none"> ❖ Maitland Promenade I & II 		#13
8	Sacramento, California	<ul style="list-style-type: none"> ❖ Iron Point 		

KORE's Proper Magnet Cities⁽¹⁾
 Super Sun-Belt Cities⁽¹⁾
 18-Hour Cities⁽¹⁾
 Supernovas⁽¹⁾

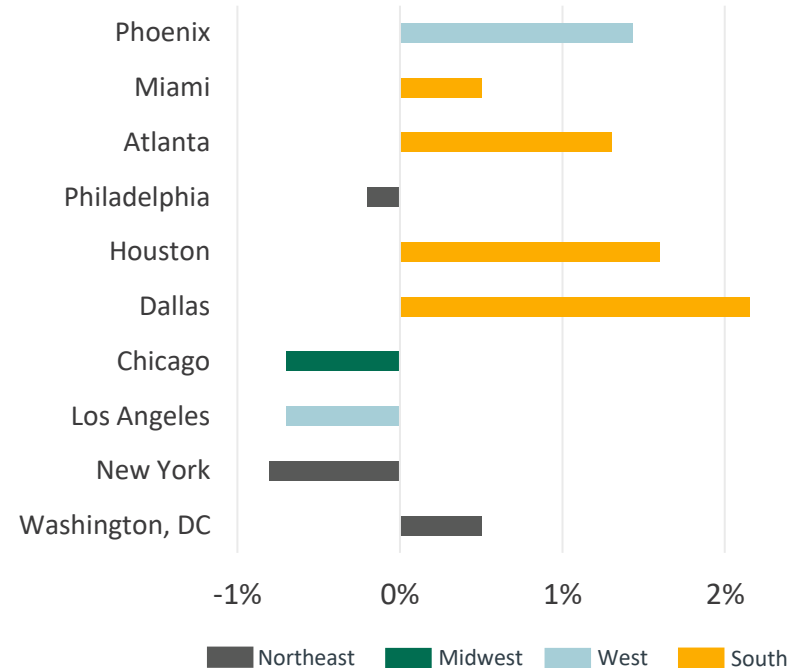
Multitalented Producers⁽¹⁾
 #x Top 20 US Markets to Watch, 2023⁽¹⁾⁽²⁾

(1) Emerging trends in Real Estate 2023 by PwC and the Urban Land Institute (ULI).
 (2) Ranking based on overall real estate prospects.

Continued Exodus From America's Gateway Cities

- Most of the gateway cities continue to face a tough future.
 - New York continues to lead the country in population loss and outmigration⁽¹⁾ with more than 400,000 people relocated in the last two years.
 - California lost 352 companies from 2018 to 2021 with 207 moving to states that KORE invests in.⁽²⁾
 - Over the last five years, Chicago lost at least 249,000 people with only New York and San Francisco seeing bigger population declines.⁽³⁾
 - From 2020 to 2021, gross income losses stemming from people leaving the state were 29.1 billion in California, 24.5 billion in New York and 10.5 billion in Illinois.⁽⁴⁾
- Beneficiaries of outmigration of these gateway cities are key growth markets including those where KORE is present.

2021-2022 POPULATION CHANGE AMONG THE TOP 10 LARGEST METRO AREAS AND WASHINGTON, DC⁽¹⁾



(1) Census Bureau, December 2022.

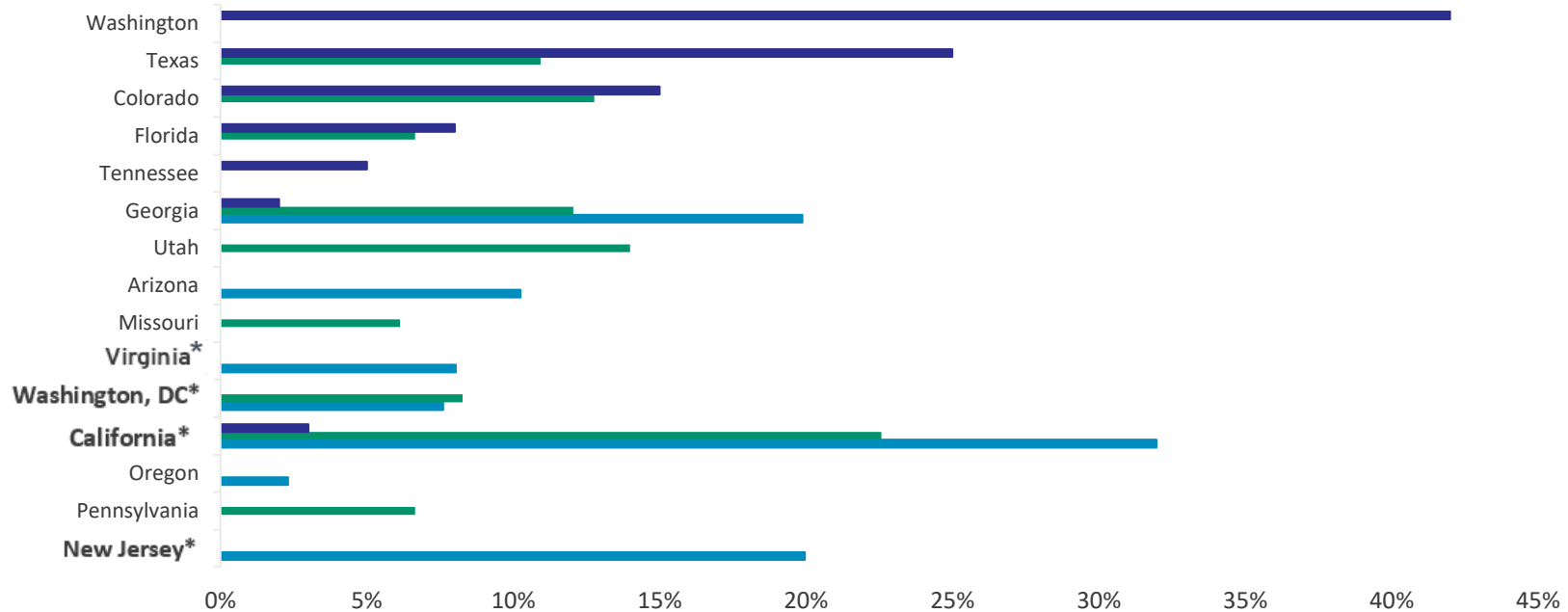
(2) Hoover Institution, Why Company Headquarters Are Leaving California in Unprecedented Numbers, September 2022.

(3) ABC News, Chicago metropolitan area population decline being addressed through revitalization projects, May 2023.

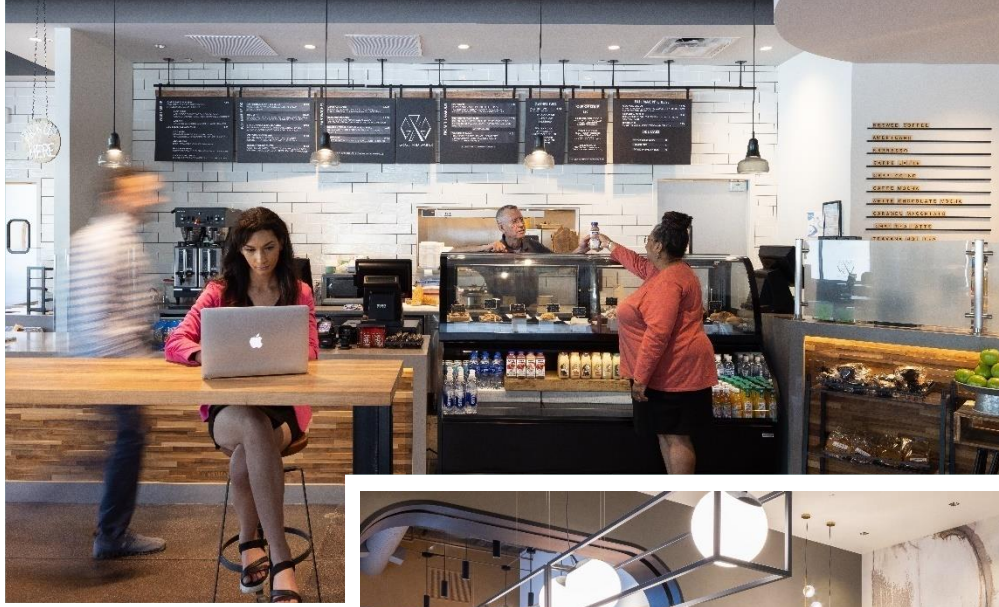
(4) WSJ, The Blue State Exodus Accelerates, April 2023.

Geographic Diversification by Net Property Income

■ KORE ■ PRIME ■ MUST



	KORE	PRIME	MUST
% in Gateway and Gateway Adjacent States	3%	31%	60%



**How to build
strong
relationships
that create value
and
drive results**

The Importance of Relationships

Internal Working Team

- Asset management team to oversee the on-ground teams in various markets and create and drive consistent products and objectives

External Working Team

- Leasing teams
- Property management and Construction Management teams
- Maintenance teams
- Design Consultant/Architectural teams



Value of skilled and experienced Asset Management team

- Extensive expertise in key growth markets across the United States
- Multi-billion dollar transaction volume with local capital markets professionals
- Long-standing relationships with top third-party management, leasing and sales teams in key growth markets, maintaining a valuable network that enhances market presence and access to opportunities

CBRE



TRANSWESTERN[®]



**CUSHMAN &
WAKEFIELD**



JLL

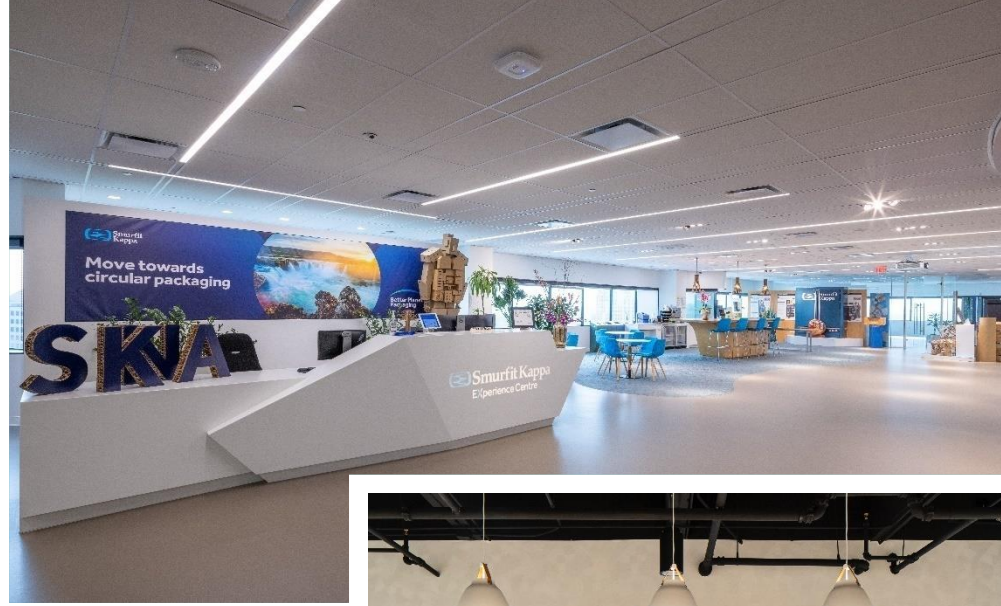
Property/Construction/Maintenance Management Team

- Best-in-class companies with depth of professionals in our target markets
- Proactive on-site maintenance with regular inspections and preventive maintenance
- Negotiating favorable contracts, implementing energy-efficient solutions, and streamlining maintenance processes
- Collaborate with asset management team to develop strategy for building improvements and spec suites

Design Team

An experienced design team will be able to assist the REIT to:

- Enhance property value by improving the visual aesthetics and functionality of the space, making them more attractive to potential tenants.
- To provide cost-effective design solutions and innovative materials to optimize project's budget without compromising quality
- Gain insights into the latest design trends and preferences of the target market, assisting to make an informed decision on asset enhancement works
- Significantly improve tenant satisfaction, creating spaces that are more comfortable, functional, and visually appealing, ultimately leading to higher tenant retention rates and reduced vacancy rates



Prioritizing the right types of tenants and providing the right spaces

Prioritizing the right type of tenants

- **Diverse Tenant Mix:** For a commercial landlord, KORE has an atypical concentration of tenants from the TAMII (*Technology, Advertising, Media, and Information*) sectors, alongside a significant presence of medical and healthcare tenants.
- **Limited Professional Services:** There's limited large professional services firms in KORE's portfolio, such as accounting, legal, and consulting companies.
- **Small Tenant Focus:** KORE has a high concentration of small tenants which ranges from startups to niche service providers.
- **Flexible Leasing for Start-Ups:** KORE offers small office spaces and flexible lease terms, attracting high-growth startups companies.

Industry Diversification by Cash Rental Income (CRI)

KORE

TAMI	40.1%
Professional Services	22.4%
Finance and Insurance	18.2%
Medical and Healthcare	9.0%
Others	10.3%

PRIME

Finance	19.6%
Communication and Information	14.0%
Legal and Services	12.2%
Medical, Biotech and Healthcare	12.1%
Real Estate Services	7.6%
Accommodation and Food Services	6.7%
Oil and Gas	5.4%
Government	4.5%
Accounting, Tax Preparation, Bookkeeping and Payroll Services	2.9%
Others	15.0%

MUST (by gross rental income)

Finance & Insurance	21.5%
Legal	17.2%
Retail Trade	9.9%
Information	9.1%
Real Estate	7.7%
Public Administration	5.2%
Consulting	4.5%
Healthcare	4.1%
Grant Giving	3.3%
Administrative & Support Services	2.7%
Accounting	2.5%
Transporting and Warehousing	2.3%
Advertising	2.1%
Arts, Entertainment and Recreation	2.0%
Manufacturing	1.5%
Others	4.5%

Comparison of Tenants

(Year-on-year change)	KORE	PRIME	MUST
Total Portfolio NLA (SF)	4.8 million	4.4 million	5.5 million
Total number of tenants	400	249	184
Top tenant contribution by cash rental income (CRI)	3.6%	8.4%	5.7% (by gross rental income)
Top 10 tenants' contribution by CRI	24.3%	39.8%	33.4% (by gross rental income)

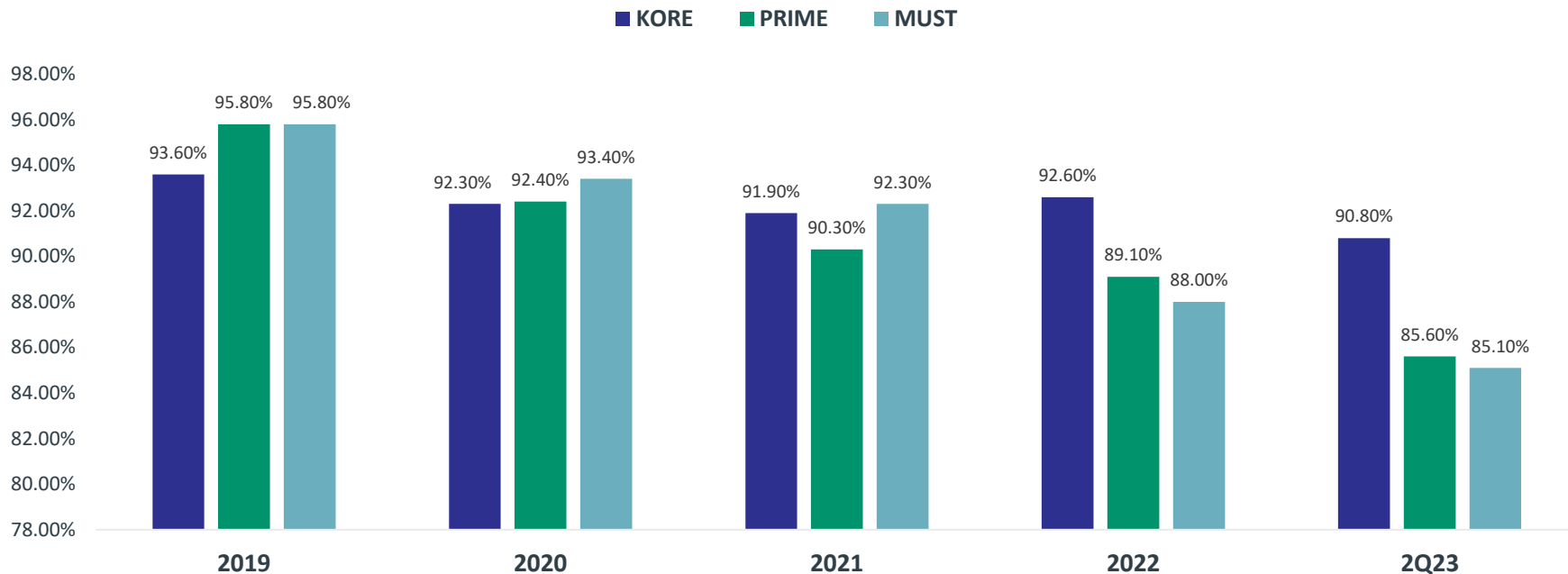
US Office S-REITs Asset Under Management (AUM) and Capex Comparison

	KORE	PRIME	MUST
Total Capital expenditure (Capex) spent for the past 3 years ⁽¹⁾ (in US\$ mil)	97.4	52.9	87.6
Average AUM ⁽¹⁾ ⁽²⁾ (in US\$ mil)	1,373.9	1,610.6	2,288.1
% of Capex spent over Average AUM	7.1%	3.3%	3.8%
% of Capex spent per year	2.4% per year	1.1% per year	1.3% per year
% of Capex Spending and Average AUM compared to KORE		Spent 84.2% less Capex	Spent 11.2% less Capex
		AUM is 17.2% larger	AUM is 66.5% larger

(1) The total capital expenditure data have been obtained from the Investment Properties notes to the financial statements of Keppel Pacific Oak US REIT, Prime US REIT and Manulife US REIT, as reported in their respective FY2022, FY2021 and FY2020 Annual report.

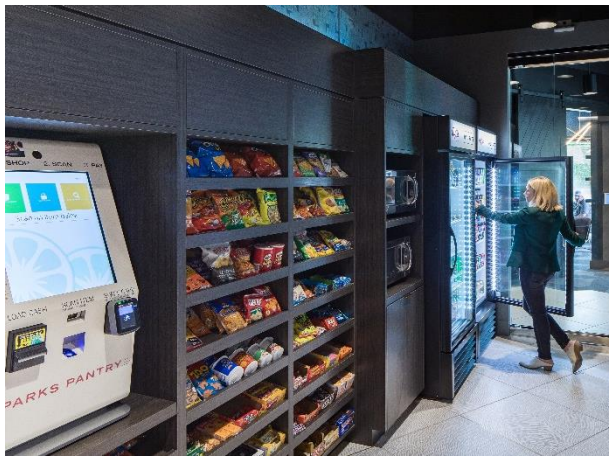
(2) Average AUM refers to the average AUM for each REIT for the past 3 years (excluding any fair value gains/losses recorded since FY2020). The AUM numbers have been obtained from the Investment Properties notes to the financial statements of Keppel Pacific Oak US REIT, Prime US REIT and Manulife US REIT, as reported in their respective FY2022, FY2021 and FY2020 Annual report.

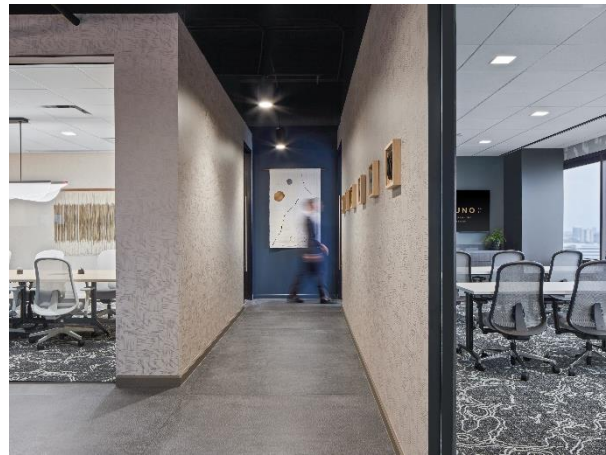
Comparison of Committed Occupancy across the US Office S-REITs





**Responding
to the living
workplace**







Responding to the Living Workplace

OUR CAPITAL DESIGN PROGRAM

BELLAIRE PARK • HOUSTON

1.

DEFINING A BRAND BUILT FOR CONNECTION

Every acquisition goes through a strategic brand development process to determine the guiding visual strategy that will weave through every planned digital and tangible experience.



Responding to the Living Workplace

OUR CAPITAL DESIGN PROGRAM

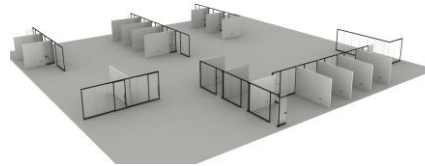
SAMPLING OF 2023 SPEC SUITES

2.

SMARTLY PROGRAMMED MOVE-IN-READY TENANT SPACES

Above-market finishes, turn-key appliances and cabling and design distinction.

Contextual Imagery

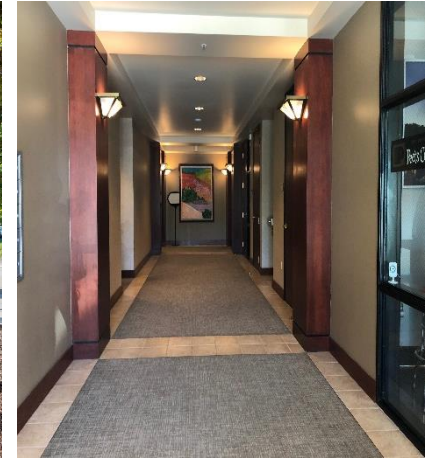


Suite Palette | Suite 1132



Responding to the Living Workplace

IRON POINT BUSINESS PARK
SACRAMENTO, CALIFORNIA



Responding to the Living Workplace

AS-BUILT CONDITIONS

IRON POINT • SACRAMENTO



Responding to the Living Workplace

CONCEPTUAL DESIGN

IRON POINT • SACRAMENTO

Contextual Imagery

BALANCED MOODY NEUTRALS X PLAYFUL WARMTH
VISUAL CALM X CONCENTRATED ENERGY
OPEN SPACE X ENLIVENED NOOKS



Responding to the Living Workplace

PROGRAMMING EXPLORATION

IRON POINT • SACRAMENTO

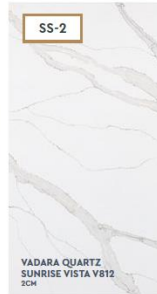
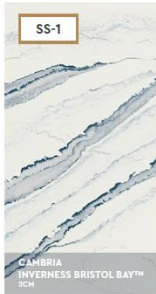
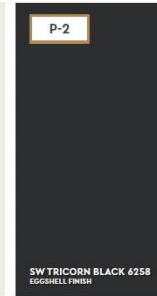
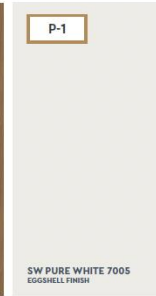


Responding to the Living Workplace

/ DISTINGUISHED AND VERSATILE

IRON POINT • SACRAMENTO

Spec Suites Finish Palette



Responding to the Living Workplace

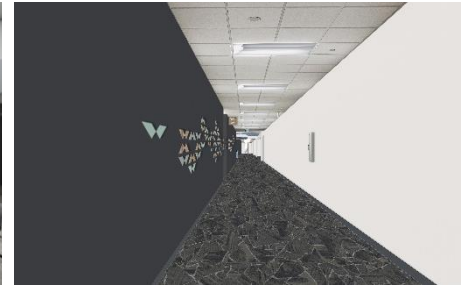
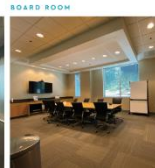
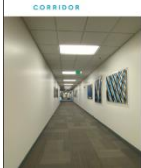
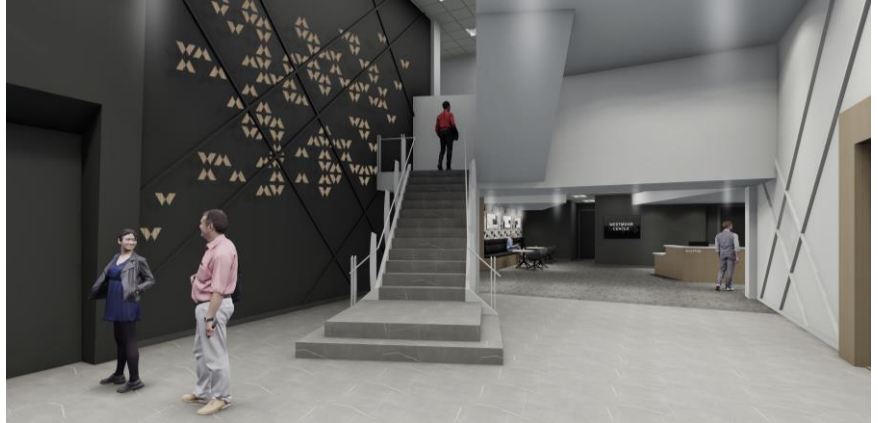
OUR CAPITAL DESIGN PROGRAM

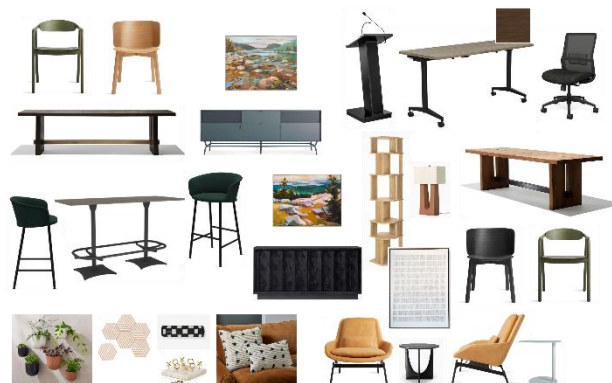
WESTMOOR 3 • DENVER

3.

COMMON AREA AND AMENITY SPACES THAT ENGAGE AND INSPIRE

Every capital project is considered as a brand extension, with user experience at the center of decision making.





FF&E DEMONSTRATION

WESTMOOR CENTER 

Thank you

For more information,
please visit www.koreusreit.com

Connect with us on: 

Keppel Pacific Oak US REIT

Additional Information

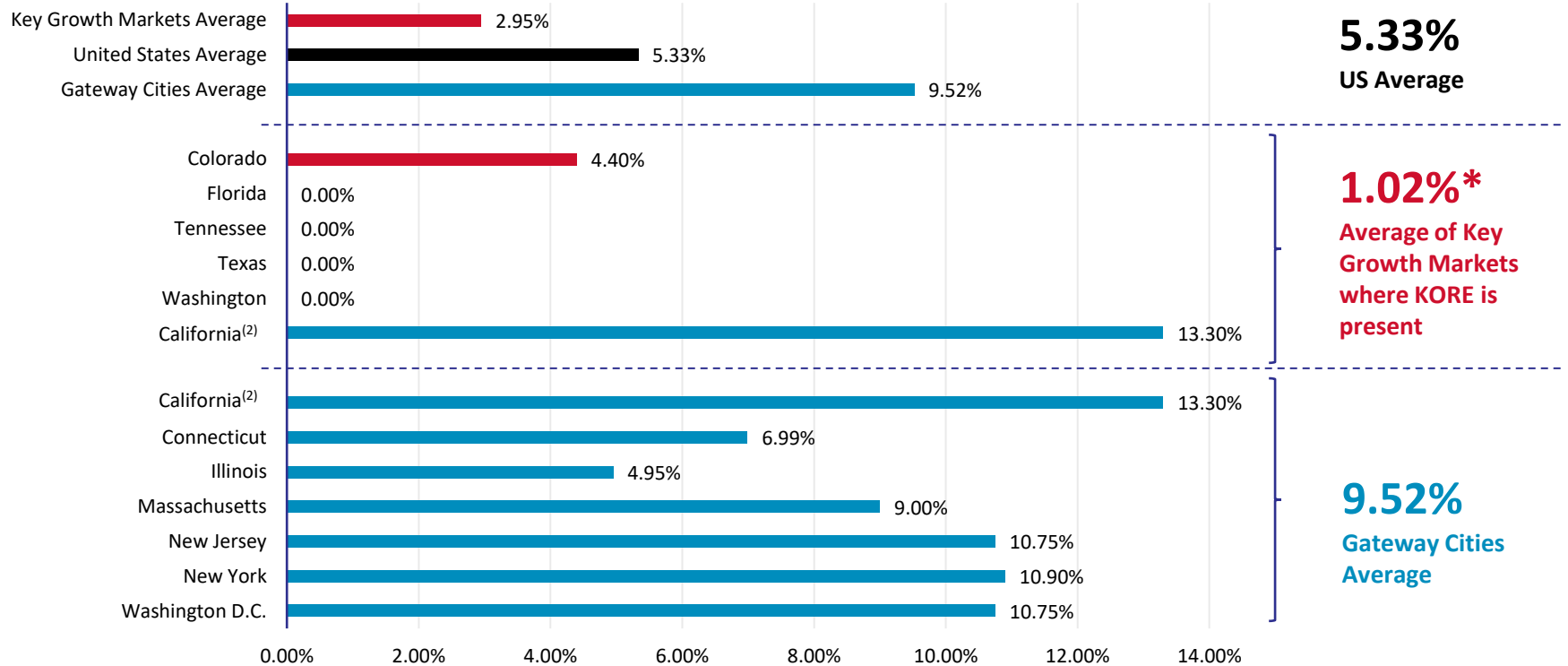
*The Plaza Buildings
Seattle, Washington*



Low State Personal Income Taxes

Individuals are moving to states with zero or low personal income taxes, accelerating population growth

State Individual Tax Rates (as at January 1, 2023)⁽¹⁾



(1) Tax Foundation's State Corporate Income Tax Rates and Brackets for 2023, based on top marginal individual income tax rates.

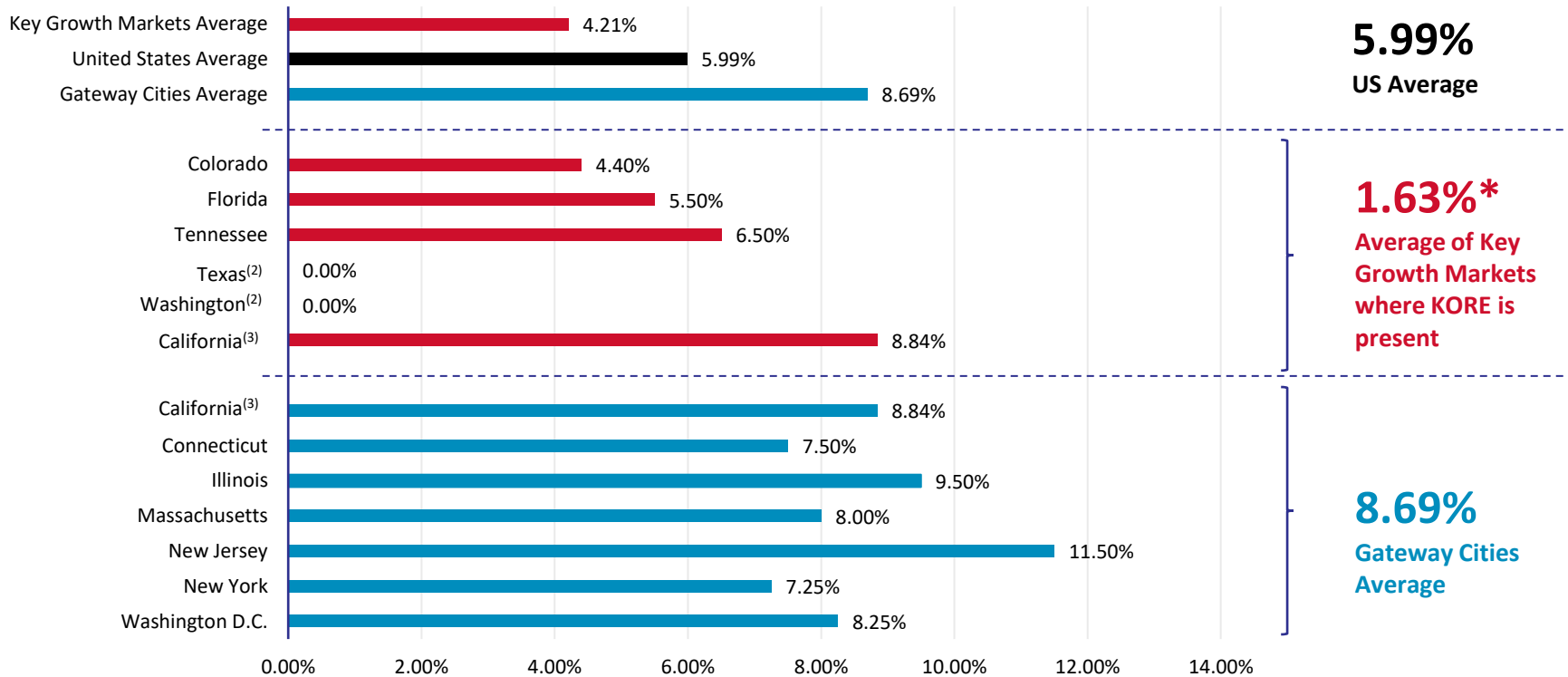
(2) The state of California encompasses the key growth city of Sacramento and the gateway cities of Los Angeles and San Francisco.

* Weighted by Net Property Income

Low State Corporate Income Taxes

Companies are moving to states with zero or low corporate taxes, accelerating population growth

State Corporate Income Tax Rates (as at January 1, 2023)⁽¹⁾



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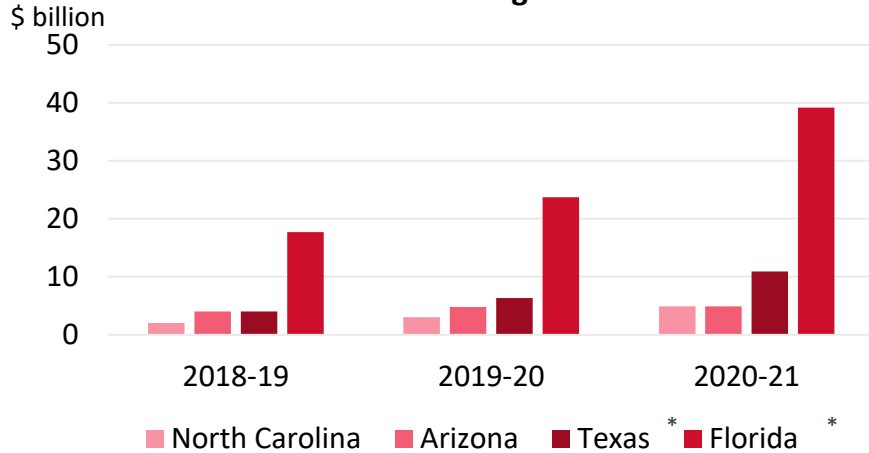
(2) Texas and Washington do not have a corporate income tax but do have a gross receipts tax.

(3) The state of California encompasses the key growth city of Sacramento and the gateway cities of Los Angeles and San Francisco.

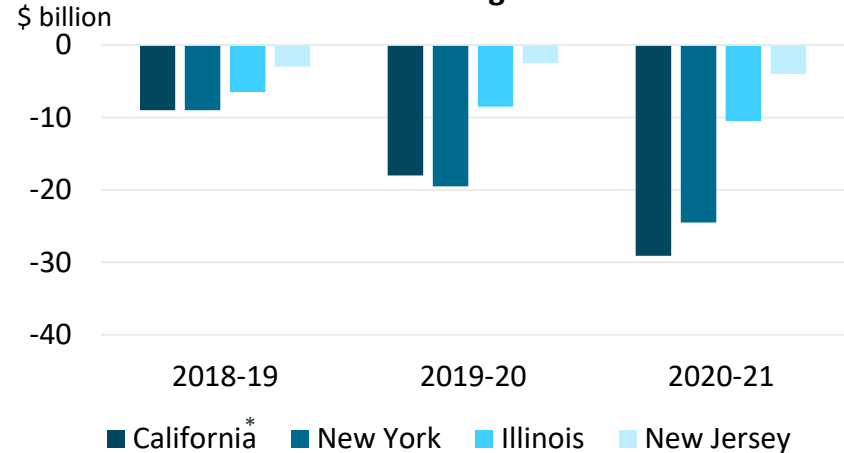
* Weighted by Net Property Income.

Blue States Losing Taxpayers and Income

Net Gain in State Adjusted Gross Income Due to Domestic Migration⁽¹⁾



Net Loss in State Adjusted Gross Income Due to Domestic Migration⁽¹⁾



- Average private hourly earnings between Mar 2022 and Mar 2023 outpaced inflation in Texas (6%) and Florida (6.4%), but not in Illinois (1.4%), New York (2.7%) and California (3.2%).
- Real wages in blue states declined 2% to 3%.

Trust Structure

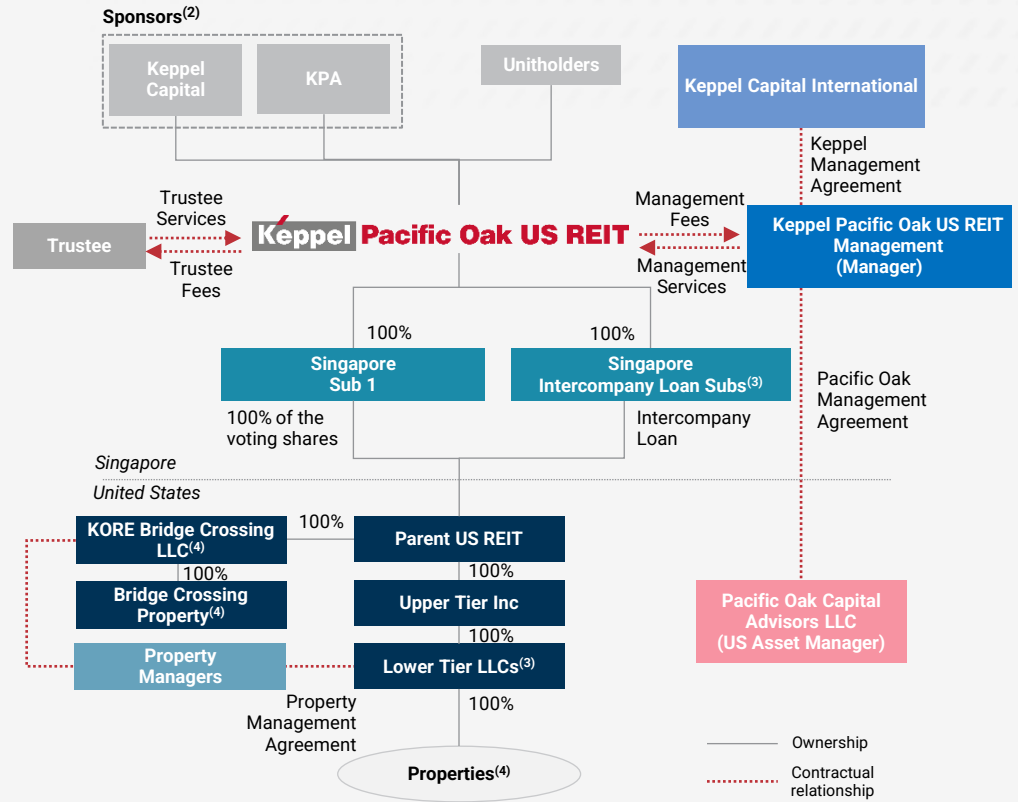
✓ No withholding tax in relation to Section 1446(f)⁽¹⁾

✓ 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 Pacific Oak US REIT (KORE) announced that the US withholding tax under Section 1446(f) of United States Internal Revenue Code should not apply to non-US Unitholders of KORE. For more details, please refer to the announcement dated [1 January 2023](#).

(2) Keppel Capital holds a deemed 7.2% stake in KORE. Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a 6.1% stake in KORE. KPA holds a deemed interest of 1.1% in KORE, for a total of 7.2%.

(3) There are four wholly-owned Singapore Intercompany Loan Subsidiaries extending intercompany loans to the Parent US REIT.

(4) Bridge Crossing Property is held under KORE Bridge Crossing LLC, which in turn is held directly under Parent US REIT. The other properties in the portfolio are held under the various Lower Tier LLCs respectively.

Strong Sponsors: Keppel and KORE Pacific Advisors



- A **global asset manager and operator** with strong expertise in **sustainability-related solutions** spanning the areas of **infrastructure, real estate and connectivity**
- Operates in **more than 20 countries**, providing critical infrastructure and services for renewables, clean energy, decarbonization, sustainable urban renewal and digital connectivity
- **US\$36.6 billion⁽¹⁾**
Global assets under management as at end-2022



- Established **commercial real estate investment manager** in the US
- **Over 20 markets**
High quality commercial, single-family, multi-family, hospitality real estate portfolio across the US
- **US\$4.0 billion**
Assets under management as at end-2022

(1) Gross asset value of investments and uninvested capital commitments on leveraged basis to project fully-invested AUM.

(2) The co-founding partners of Pacific Oak Capital Advisors are Peter McMillan and Keith Hall, who are partners of KORE Pacific Advisors.