

Guest Presentation by Keppel Pacific Oak US REIT (hosted by Phillip Securities)

3 April 2025

FY 2024 Key Highlights

*Bellevue Technology Center
Amenity Building Patio
Bellevue, Washington*



FY 2024 Key Highlights

Portfolio Committed Occupancy

90.0%



Portfolio committed occupancy was 88.7% as at 30 September 2024 and 90.3% as at 31 December 2023.

Leasing momentum

938,655 sf



leases signed in FY 2024

This was equivalent to 19.6% of the portfolio net lettable area (NLA). Leased a total of 217,263 sf of space in 4Q 2024, equivalent to 4.5% of portfolio NLA.

Portfolio Valuation

US\$1.33 billion



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

Aggregate Leverage

43.7%⁽²⁾



Within regulatory limits. Interest coverage ratio remains healthy at 2.6 times.

In 4Q 2024, KORE had refinanced a loan facility of US\$20.0 million that were due in 4Q 2024 and early refinanced a loan facility of US\$40.0 million that were originally due in 1Q 2025.

Adjusted Net Property Income (NPI)

US\$83.4 million



Excluding the non-cash adjustments such as amortisation of straight-line rent, lease incentives and amortisation of leasing commissions which have no impact on the income available for distribution, adjusted NPI was 4.7% lower y-o-y at US\$83.4 million mainly due to higher vacancies from The Plaza Buildings and Iron Point as well as increased repair and maintenance expenses. NPI decreased by 9.1% y-o-y to US\$78.3 million.

Income Available For Distribution

US\$47.6 million



Income available for distribution of US\$47.6 million for FY 2024 was 8.8% lower than FY 2023, mainly due to the higher financing costs and lower cash NPI.

No distribution declared for 2H 2024 arising from the recapitalisation plan.

Financial Position

As at 31 December 2024

Total Debt • US\$607.2 million of external loans

Available Facilities • US\$61.0 million of uncommitted revolving credit facility
• US\$36.8 million of committed revolving credit facility

Aggregate Leverage⁽¹⁾ 43.7%

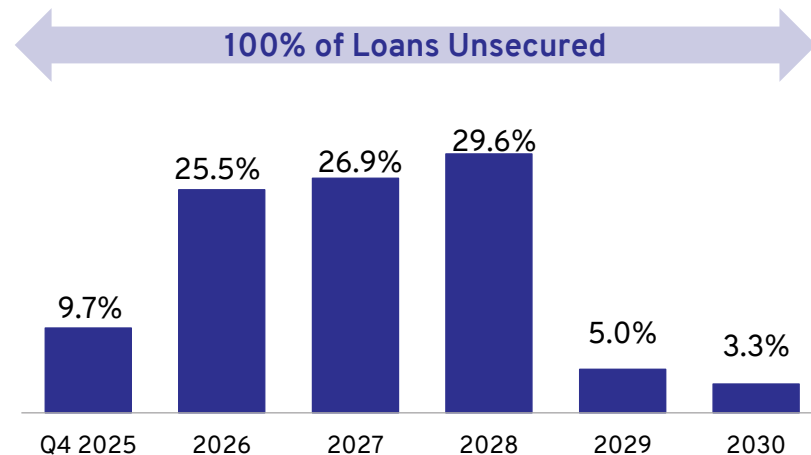
Average Cost of Debt
(Excludes amortisation of upfront debt financing costs) 4.33% p.a.

All-in Average Cost of Debt
(Includes amortisation of upfront debt financing costs) 4.45% p.a.

Interest Coverage⁽²⁾ 2.6 times

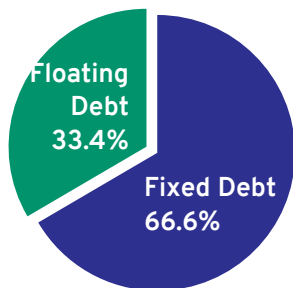
Weighted Average Term to Maturity 2.4 years

Debt Maturity Profile (as at 31 December 2024)



Financial Position (con't)

Interest Rate Exposure



Sensitivity to SOFR⁽¹⁾

Every +/- 50bps in SOFR translates to approx. +/- US\$1.0 million in income available for distribution p.a.

66.6%⁽²⁾ of the REIT's loans have been hedged through floating-to-fixed interest rate swaps.

Interest Coverage Ratio (ICR)⁽³⁾ Sensitivity

Following the revisions⁽⁴⁾ made to paragraphs 11.1 (i) and (j) of Appendix 6 on the Code on Collective Investment Schemes on 28 November 2024 to rationalise leverage requirements for the Singapore REIT sector, additional disclosures required for the effects of changes in the weighted average interest rate and EBITDA⁽⁵⁾ on ICR are set out below:

	ICR (times)
For the period ended 31 December 2024	2.6
<u>Scenario 1:</u> 100 basis point increase in the weighted average interest rate	2.1
<u>Scenario 2:</u> 10% decrease in the EBITDA ⁽⁵⁾	2.3

(1) Based on the floating debt of 33.4%.

(2) Excludes uncommitted revolving credit facilities.

(3) Interest Coverage Ratio (ICR) is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 28 November 2024.

(4) The stepped-up disclosures will apply for financial periods ending on or after 31 March 2025.

(5) EBITDA is computed as the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation) as defined in Appendix 6 of the Code on Collective Investment Schemes revised on 28 November 2024.

Proposed Trust Deed Amendment in Relation to Distributions

*The Plaza Buildings
Bellevue, Washington*



Background on KORE's Recapitalisation Plan

In February 2024, the Manager had announced plans to recapitalise via the suspension of distributions⁽¹⁾, which is expected to last through to the second half of 2025 in respect of distributions that would otherwise be paid in first half of 2026.

Existing terms of the Trust Deed:

- The Manager shall make regular distributions of 100% (or such lower percentage as determined by the Manager) of its Annual Distributable Income⁽²⁾ at quarterly, half-yearly, yearly intervals, or at such other intervals as the Manager shall decide in its absolute discretion.
- There is a distribution of a minimum 90% of Annual Distributable Income and;
- The Manager will endeavour to ensure that for each financial year there is at least one distribution and the last distribution covers the period up to the last day of the financial year.

- (1) The drop in valuation of KORE's assets at the end of 2023 created a loss pursuant to which any distribution would be in excess of the combination of profits and the US\$75 million loans due for refinancing by 4Q2024. Paragraph 7.3 of the Property Funds Appendix which states that if "the manager declares a distribution that is in excess of profits, the manager should certify, in consultation with the trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, the property fund will be able to fulfil, from the deposited property of the property fund, the liabilities of the property fund as they fall due". Accordingly, distributions were suspended.
- (2) "Annual Distributable Income" means the amount calculated by the Manager (based on the financial statements of KORE for that financial year) as representing the consolidated net profit after tax of KORE (which includes the net profits of the special purpose vehicles held by KORE for the financial year, to be pro-rated where applicable to the portion of KORE's interest in the relevant special purpose vehicle) for the financial year, as adjusted to eliminate the effects of adjustments. After eliminating the effects of these adjustments, the Annual Distributable Income may be different from the net profit recorded for the relevant financial year.

Proposed Trust Deed Amendment

In anticipation of the time when KORE re-commences distributions, originally planned to be 2H 2026 or possibly earlier if market conditions allow, and taking into account the necessary capital investments for KORE in relation to its portfolio, **the Manager proposes to amend the Trust Deed to allow the Manager greater flexibility in determining the frequency and the amount of distributions declared.**

- The amount may range from 0% to 100% of distributable income, in contrast to the existing trust deed where the amount of distribution is fixed at a minimum 90% of the annual distributable income, subject to applicable laws.
- The Manager will only halt distributions if not doing so may possibly affect the viability of KORE.
 - Such examples include KORE facing difficulties in refinancing its loans or financing its day-to-day operations.

The Manager is required to consider the interest of KORE and its Unitholders when determining the amount of distribution to declare.

Long-term Interest of KORE and Unitholders Aligned

Preserve capital to meet capital requirements for the United States (US) office

- US office market requires substantial capital injection from landlords as landlords are responsible for funding capital expenditure.
- Essential for KORE to retain and attract new tenants, thereby maintaining and improving net property income and valuations of properties.
- *Example:* KORE's portfolio committed occupancy stood at 90% as at end-2024, above the US average of 86.2% and the average of 83.4% across gateway cities⁽¹⁾.

Leverage considerations

- It is not sustainable for the Manager to fund 100% of its capital expenditure through debt.
- This reduces reliance on debt financing and would improve KORE's financial flexibility.
- Prudent to preserve a comfortable debt headroom with a stronger balance sheet, thereby reducing long term risks for Unitholders.
- *Example:* KORE had substantially refinanced its 2024 and 2025 debt obligations and have also kept leverage below 45%.

Sustainable long-term returns

- Funds not distributed can be channelled to capital expenditure needs that will yield stable recurring income for KORE.
- KORE will be better positioned with respect to urgent financing requirements.

Objective of Proposed Trust Deed Amendment
is to provide Unitholders with more certainty of a stable distribution level in the long run.

Seeking Unitholders' approval on the Proposed Trust Deed Amendment

SRS investors may appoint the Chairman as proxy to vote on his/her behalf at the EGM

7 April 2025 (Monday), 5.00 p.m.

Deadline for Relevant Intermediary Unitholders to approach their respective Relevant Intermediaries

7 April 2025 (Monday), 5.00 p.m.

Last date for Unitholders to submit their Proxy Form

14 April 2025 (Monday), 3.00 p.m.

Every vote counts ✓

Please vote by proxy or in person at the EGM on 17 April 2025 (Thursday)

Thank You

For more information,
please visit www.koreusreit.com

Connect with us on: 

*Westmoor Center
Denver, Colorado*



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