

MEDIA RELEASE**Unaudited Results of Keppel Pacific Oak US REIT for Half Year ended 30 June 2024****31 July 2024**

The Directors of Keppel Pacific Oak US REIT Management Pte. Ltd., as Manager of Keppel Pacific Oak US REIT, are pleased to announce the unaudited results of Keppel Pacific Oak US REIT for the half year ended 30 June 2024.

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

Keppel Pacific Oak US REIT (KORE) achieved steady leasing momentum for 1H 2024

Highlights

- Leased 534,931 sf or 11.1% of portfolio net lettable area (NLA) of office space in 1H 2024.
- Portfolio committed occupancy remained healthy at 90.7% as at 30 June 2024 against 90.3% as at 31 December 2023.
- Aggregate leverage at 42.7% as at 30 June 2024 against 43.2% as at 31 December 2023.
- As part of KORE's Recapitalisation Plan goals, the REIT successfully refinanced/ extended loan facilities that were originally due in 4Q 2024 and 3Q 2025, amounting to a total of US\$170.0 million on 19 July 2024 and 29 July 2024.

Summary of Results

(US\$,000)	2Q 2024	2Q 2023	% Change	1H 2024	1H 2023	% Change
Gross Revenue	37,290	38,858	(4.0)	74,372	75,911	(2.0)
Net Property Income (NPI)	21,031	22,717	(7.4)	42,015	43,870	(4.2)
Adjusted NPI (excludes non-cash straight-line rent, lease incentives and amortisation of leasing commissions)	21,820	22,627	(3.6)	43,426	44,151	(1.6)
Income Available for Distribution	11,909	13,055	(8.8)	23,814	26,112	(8.8)
Other information: Finance and other trust expenses	(7,835)	(7,043)	11.2	(15,568)	(13,776)	13.0
Amount distributed to Unitholders⁽¹⁾	-	13,055	(100.0)	-	26,112	(100.0)
DPU (US cents) for the period⁽²⁾	-	1.25	(100.0)	-	2.50	(100.0)

(1) No distribution declared for 1H 2024.

(2) No distribution declared for 1H 2024. DPU for 1H 2023 was calculated based on 1,044,450,254 issued Units as at 30 June 2023.

Financial Performance

Net property income of US\$42.0 million for 1H 2024 was lower than 1H 2023 by 4.2%. Excluding the non-cash adjustments such as amortisation of straight-line rent, lease incentives and amortisation of leasing commissions which have no impact on the income available for distribution, adjusted net property income was 1.6% lower year-on-year. Recoveries income was lower due to lower recoverable property expenses as a result of higher vacancies in 1H 2024. Additionally, carpark income decreased from lower usage by construction workers from neighbouring developments at The Plaza Buildings in 1H 2024.

Income available for distribution was US\$23.8 million for 1H 2024, 8.8% lower than 1H 2023. The drop was mainly due to higher financing costs as a result of rising interest rates. No distribution declared for 1H 2024 arising from the Recapitalisation Plan.

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

Capital Management

As at 30 June 2024, KORE's aggregate leverage and interest coverage ratio was 42.7% and 2.9 times, respectively. All-in average cost of debt was 4.47%. The weighted average term to maturity of KORE's debt was 2.3 years.

All of KORE's borrowings are US dollar-denominated and 100% unsecured. The Manager has implemented proactive measures to alleviate the effects of the prevailing inflationary environment. 69.0%¹ of KORE's loans has been hedged with floating-to-fixed interest rate swaps, reducing near-term exposure to rising interest rates.

Subsequent to 30 June 2024, KORE had early refinanced loan facilities of US\$55.0 million that were originally due in 4Q 2024 and extended a loan facility of US\$115.0 million that was originally due in 3Q 2025, amounting to a total of US\$170.0 million. The refinancing and loan extension was completed on 19 July 2024 and 29 July 2024. On a pro-forma basis, assuming the refinancing and loan extension occurred on 1 January 2024, the all-in average cost of debt would increase slightly to 4.56% and the weighted average term to maturity would extend to 2.6 years.

Portfolio Review

In 2Q 2024, 199,494 sf of office space, equivalent to 4.2% of portfolio NLA was leased. This translated into 534,931 sf of space leased in 1H 2024, equivalent to 11.1% of portfolio NLA. KORE's portfolio committed occupancy remained healthy at 90.7% as at 30 June 2024, with 6.7% of leases by cash rental income (CRI) expiring in the second half of 2024. Expansions and renewals comprised 12.7% and 63.5% respectively of all leases signed for the first half of 2024. Rental reversion for 1H 2024 was negative 0.3% mainly affected by renewals at Bellevue Technology Center, Maitland Promenade I & II and Westmoor Center. Rental reversion for 2Q 2024 was positive 1.2%.

The weighted average lease expiry by CRI for KORE's portfolio and its top 10 tenants was 3.8 years and 4.5 years, respectively. A low tenant concentration risk continues to be a key unique value proposition of KORE, with its top 10 tenants accounting for only 28.2% of CRI.

In its June 2024 Office National Report, CoStar reported an average office rental growth of 0.7% for the last 12 months. For KORE, the average office rental growth for its key growth markets was 0.3%, whilst the gateway cities recorded a 0.1% increase on average.

Market Outlook

The U.S. economy added far more jobs than expected in May, countering fears of a slowdown in the labour market. 2Q 2024 saw GDP growth of 2.8%². Annual inflation rate fell for a third straight month to 3.0% in June 2024³, the lowest since June 2023, compared to 3.3% in May 2024 and below forecasts of 3.1%. Compared to May, the June Consumer Price Index unexpectedly declined 0.1%, the first fall since May 2020, following expectations of a 0.1% increase. Rates were left unchanged for the seventh consecutive meeting in June, however policy makers stated that the U.S. central bank is closer to cutting rates, with the first reduction expected in September 2024⁴.

In the U.S., gateway cities such as San Francisco and Los Angeles continue to experience physical occupancy rates below 50%⁵. Meanwhile, in Manhattan, the return of office employees appears to have stabilised⁶. The Financial Industry Regulatory Authority is poised to revise workplace monitoring rules, potentially heralding

¹ Excludes uncommitted revolving credit facilities.

² U.S. Bureau of Economic Analysis, July 2024.

³ Trading Economics, July 2024.

⁴ Reuters, Top Fed officials say they are 'closer' to cutting interest rates, July 2024.

⁵ Edge Prop, APAC office occupancy climbs in 1Q 2024 beating EU and North America, June 2024.

⁶ Globest, Manhattan's office attendance stats have stabilized, May 2024.

a significant shift away from remote work, especially among bank traders. Notably, office-using job growth in the first quarter of 2024 showed remarkable strength in Sun Belt markets such as Raleigh, Las Vegas, Houston and Charlotte⁷.

According to Savills, the TAMI⁸ sector led in leasing activity despite pullback from large tech firms in 2023⁹. This reinforces KORE's investment thesis of focusing on the TAMI and medical and healthcare sectors. Close to 51% of KORE's tenants operate in the growing and defensive sectors of TAMI, medical and healthcare. Seattle – Bellevue/Redmond, Denver and Orlando, which constitute 66.4% of KORE's portfolio NPI, contributed the majority of the leasing carried out in 1H 2024.

Looking Ahead

With the Recapitalisation Plan in place, the Manager will continue to invest in its properties, balancing the capital needs of the REIT and the desire to distribute income to Unitholders. Concurrently, the Manager remains focused on improving leasing and capital management, so as to maintain healthy occupancy levels and refinance loans prior to their maturity, which will allow KORE to achieve its objectives under its Recapitalisation Plan.

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

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⁷ CBRE Research, U.S. office figures, May 2024.

⁸ TAMI stands for technology, advertising, media and information.

⁹ Savills, State of the U.S. office market 1Q 2024, May 2024.

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

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

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

As at 30 June 2024, KORE's portfolio comprised a balanced mix of 13 freehold office buildings and business campuses across eight key growth markets driven by technology and innovation in the US. With a combined asset value of US\$1.36 billion and an aggregate net lettable area of approximately 4.8 million sf, these properties encompass a diversified high-quality tenant base in the growing and defensive sectors of TAMI, as well as medical and healthcare, which make up 51.1% of KORE's portfolio by cash rental income.

KORE is managed by Keppel Pacific Oak US REIT Management Pte. Ltd., which is jointly owned by two Sponsors, Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity, and KORE Pacific Advisors, an established commercial real estate investment manager in the US.

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

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

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