



ANNUAL REPORT 2023

# INVESTING IN THE FUTURE OF WORK

## VISION

To be the preferred real estate investment trust offering Unitholders the opportunity to invest in a distinctive portfolio of office properties in the United States.

## MISSION

To deliver sustainable distributions and strong total returns to our Unitholders through investments in high quality office buildings with a strategic focus on key growth markets in the United States.

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## **INVESTING IN THE FUTURE OF WORK**

Allocating resources strategically to foster innovation and adaptability in the workforce is essential.

At Keppel Pacific Oak US REIT, we are investing in the future of work through driving strategic enhancements across our highly diversified portfolio of quality assets spanning key growth markets in the United States.

# KEY HIGHLIGHTS

## Stable Portfolio Committed Occupancy

# 90.3%

Strong leasing momentum with 704,191 sf of office space leased in 2023, mainly in Seattle – Bellevue/Redmond and Orlando.

## Net Property Income (NPI)

# US\$86.1m

Despite the disposal of the two assets in Atlanta in 2H 2022, NPI increased by 2.2% year-on-year (y-o-y) due to the better performance of the remaining assets in the portfolio.

## Low Tenant Concentration Risk

# 26.3%

Tenant concentration risk remains low with the top 10 tenants comprising only 23.0% of portfolio net lettable area, accounting for 26.3% of portfolio cash rental income (CRI).

## Income Available for Distribution

# US\$52.2m

Income available for distribution of US\$52.2 million was 13.8% lower than FY2022, mainly due to the higher financing costs. No distribution declared for 2H 2023 arising from the recapitalisation plan.

## Exposure to Fast-Growing TAMI, Medical and Healthcare Sectors

# 50.9%

Growth in the number of tenants by CRI from the fast-growing and defensive sectors of technology, advertising, media and information (TAMI), medical and healthcare.

## Portfolio Valuation

# US\$1.33b

Portfolio valuation decreased by 6.8% or US\$97.1 million y-o-y. Taking into consideration capital expenditure and tenant improvements for 2023, there was a fair value loss of US\$142.3 million.

## Aggregate Leverage

# 43.2%<sup>1</sup>

All-in average cost of debt was 4.1% per annum, with interest coverage ratio at 3.2 times<sup>2</sup>.

<sup>1</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

<sup>2</sup> Interest Coverage Ratio (ICR) and adjusted ICR is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020. Adjusted ICR of 3.1 times includes the dividends on preferred units.





OVERVIEW

## Corporate Profile and Strategic Direction

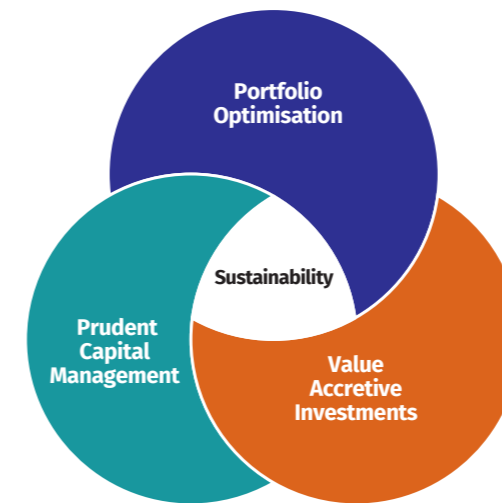
Keppel Pacific Oak US REIT (KORE) is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017. KORE aims to be the first choice United States (US) office S-REIT with a focus on the fast-growing technology, advertising, media and information (TAMI), medical and healthcare sectors across key growth markets in the US, providing sustainable distributions and 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, 18-Hour Cities

and Supernovas<sup>1</sup>, which continue to be the preferred relocation destinations by companies as part of the Great American Move.

As at 31 December 2023, 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\$1.33 billion and an aggregate net lettable area of over 4.8 million sf, these properties comprise a diversified high-quality tenant base in the growing and defensive TAMI, medical and healthcare sector.

KORE is managed by Keppel Pacific Oak US REIT Management Pte. Ltd., which is jointly owned by two Sponsors, Keppel and KORE Pacific Advisors.



Keppel Pacific Oak US REIT seeks to be the first choice US office S-REIT offering Unitholders the opportunity to invest in a distinctive portfolio of office properties in key growth markets across the US.

PORTFOLIO OPTIMISATION	VALUE ACCRETIVE INVESTMENTS	PRUDENT CAPITAL MANAGEMENT
<ul style="list-style-type: none"> <li>• Focused leasing strategy targeting growth and defensive sectors</li> <li>• Proactive and effective asset management</li> <li>• Maximise rental rates and capture positive rental reversions</li> </ul>	<ul style="list-style-type: none"> <li>• Pursue growth opportunities to create long-term value</li> <li>• Target key growth markets, including Super Sun Belt, 18-Hour Cities and Supernovas<sup>1</sup>, with strong macroeconomic growth indicators and positive office fundamentals</li> <li>• Focus on first-choice submarkets, including those significantly driven by TAMI, medical and healthcare sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Effective hedging to mitigate impact of unfavourable interest rate movements</li> <li>• Seek funding at optimal costs</li> <li>• Fortify balance sheet and maintain an optimal capital structure</li> </ul>

<sup>1</sup> Source: Emerging Trends in Real Estate 2023 – US & Canada by PwC and the Urban Land Institute. Super Sun Belt Cities include Dallas/Fort Worth and Houston; 18-Hour Cities include Denver; Supernovas include Austin and Nashville.

# Quality Portfolio in Key Growth Markets

Distinctive portfolio of 13 quality freehold office buildings and business campuses across eight key growth markets in the US.

**SEATTLE – BELLEVUE/  
REDMOND, WASHINGTON**

- The Plaza Buildings
- Bellevue Technology Center
- The Westpark Portfolio



**SACRAMENTO, CALIFORNIA**

- Iron Point

**DENVER, COLORADO**

- Westmoor Center
- 105 Edgeview



**DALLAS, TEXAS**

- One Twenty Five



**AUSTIN, TEXAS**

- Great Hills Plaza
- Westech 360



**HOUSTON, TEXAS**

- 1800 West Loop South
- Bellaire Park



**NASHVILLE, TENNESSEE**

- Bridge Crossing



**ORLANDO, FLORIDA**

- Maitland Promenade I & II



Magnet Cities <sup>1</sup>	18-Hour Cities <sup>1</sup>	Multitalented Producers <sup>1</sup>
Super Sun Belt Cities <sup>1</sup>	Supernovas <sup>1</sup>	Top 20 US Markets to Watch 2023 <sup>1</sup>

<sup>1</sup> Source: Emerging Trends in Real Estate 2023 – PwC and the Urban Land Institute.

## Portfolio Characteristics

Key growth markets with positive economic and office fundamentals

Proximity to prestigious universities and educated talent pools

High quality lease and financing structures that offer stability

Attractive location and on-site amenities that decision-makers and talent desire

Exposure to the fast-growing TAMI, medical and healthcare sectors

Accessibility to alternative transit options

# Financial Highlights and Quarterly Results

## RESULTS HIGHLIGHTS AND RATIOS

for the financial year ended 31 December

	2023 US\$'000	2022 US\$'000	Change %
Gross Revenue	150,757	147,976	1.9
Net Property Income	86,100	84,275	2.2
Income available for distribution to Unitholders	52,223	60,578	(13.8)
Amount distributed to Unitholders <sup>1</sup>	26,112	60,578	(56.9)
Distribution per Unit (DPU) (US cents) <sup>2</sup>	2.50	5.80	(56.9)
Adjusted Income available for distribution to Unitholders <sup>3</sup>	52,223	58,921	(11.4)
Weighted average all-in interest rate (% per annum) <sup>4</sup>	4.12	3.20	92 bps
Interest coverage ratio (times) <sup>5</sup>	3.20	4.00	(20.0)
Adjusted Interest coverage ratio (times) <sup>6</sup>	3.10	4.00	(22.5)

## BALANCE SHEET HIGHLIGHTS AND RATIOS

as at 31 December

	2023 US\$'000	2022 US\$'000	Change %
Investment properties	1,326,310	1,423,370	(6.8)
Total assets <sup>7</sup>	1,393,676	1,519,502	(8.3)
Gross borrowings <sup>7,8</sup>	601,920	580,220	3.7
Total liabilities	670,472	673,425	(0.4)
Unitholders' funds	723,204	846,077	(14.5)
Units in issue as at balance sheet date ('000)	1,044,450	1,044,450	-
Net Asset Value (NAV) per Unit (US\$)	0.69	0.81	(14.8)
Adjusted NAV per unit, excluding distribution (US\$) <sup>1</sup>	0.69	0.78	(11.5)
Unit price as at balance sheet date (US\$)	0.375	0.460	(18.5)
Discount to NAV (%) <sup>9</sup>	(45.7)	(43.2)	(2.5 pp)
Aggregate leverage (%) <sup>7</sup>	43.2	38.2	500 bps

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Full Year	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	
<b>Gross Revenue</b>										
<b>2023</b>	<b>37,053</b>	<b>25</b>	<b>38,858</b>	<b>26</b>	<b>38,385</b>	<b>25</b>	<b>36,461</b>	<b>24</b>	<b>150,757</b>	
2022	36,981	25	37,128	25	37,170	25	36,697	25	147,976	
<b>Net Property Income</b>										
<b>2023</b>	<b>21,153</b>	<b>25</b>	<b>22,717</b>	<b>26</b>	<b>22,061</b>	<b>26</b>	<b>20,169</b>	<b>23</b>	<b>86,100</b>	
2022	21,729	26	21,272	25	21,284	25	19,990	24	84,275	
<b>Income Available for Distribution</b>										
<b>2023<sup>10</sup></b>	<b>13,057</b>	<b>25</b>	<b>13,055</b>	<b>25</b>	<b>13,055</b>	<b>25</b>	<b>13,056</b>	<b>25</b>	<b>52,223</b>	
2022 <sup>11</sup>	16,570	27	14,972	25	14,622	24	14,414	24	60,578	

<sup>1</sup> No distribution declared for the financial period from 1 July 2023 to 31 December 2023.

<sup>2</sup> No distribution declared for the financial period from 1 July 2023 to 31 December 2023. DPU for 1H 2023 and FY2022 was calculated based on 1,044,450,254 issued Units as at 30 June 2023 and 31 December 2022 respectively.

<sup>3</sup> The Manager has elected to receive 100% of its base fee for FY2023 amounting to US\$5,802,619 in cash. Accordingly, FY2022 adjusted income available for distribution to Unitholders have been restated to assume 1Q 2022 base fee of US\$1,657,009 were paid in cash instead of Units to provide a like-for-like comparison to FY2023 actual results.

<sup>4</sup> Weighted average all-in interest rate includes amortisation of upfront debt financing costs.

<sup>5</sup> Defined in the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") as trailing 12 months earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense and borrowing-related fees.

<sup>6</sup> Defined in the CIS Code issued by MAS as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expenses, borrowing-related fees and distributions on hybrid securities.

<sup>7</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the CIS Code issued by MAS.

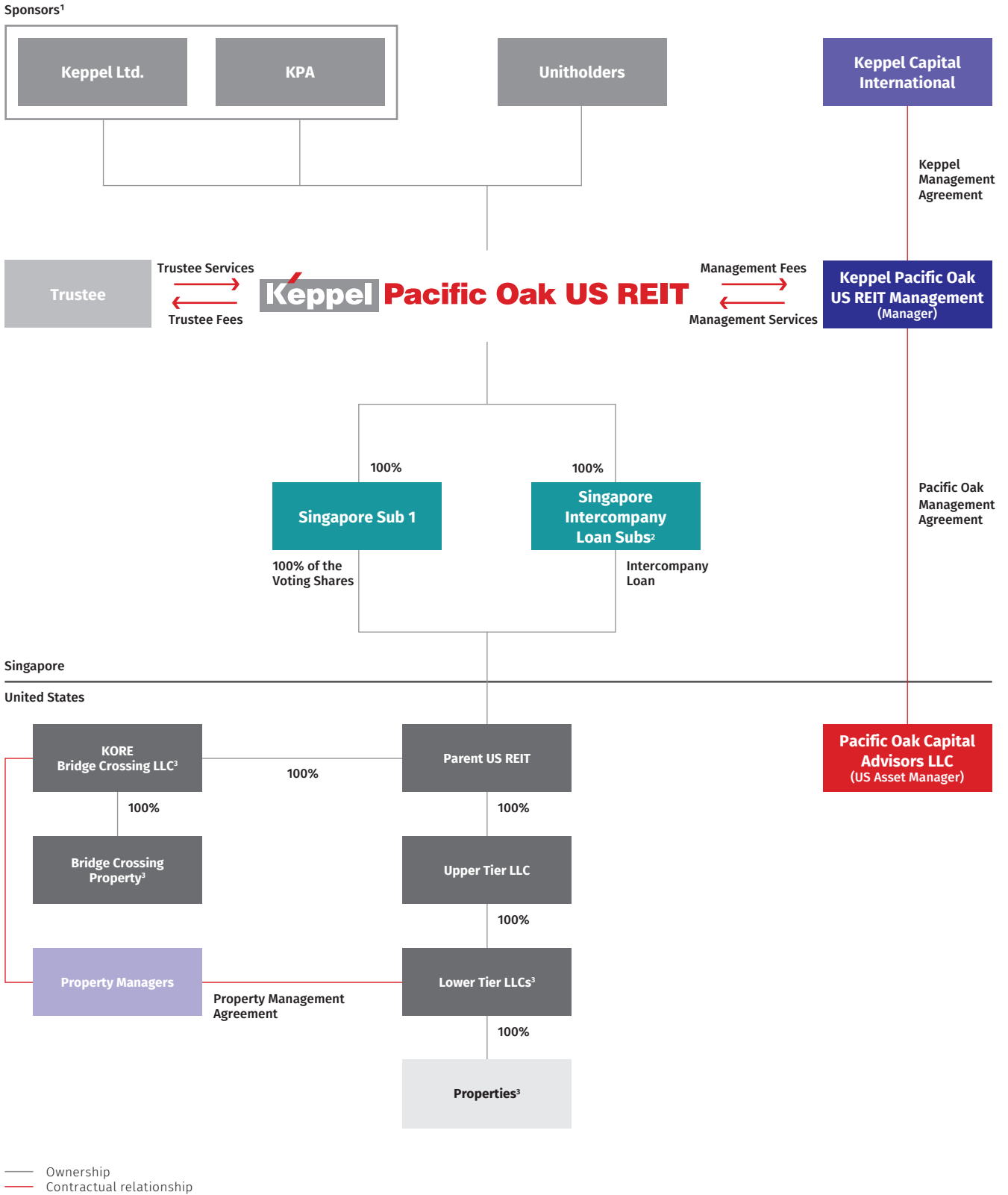
<sup>8</sup> Gross borrowings relates to bank borrowings drawn down from loan facilities.

<sup>9</sup> Based on NAV as at 31 December 2023 and 31 December 2022.

<sup>10</sup> The Manager has elected to receive 100% of its base fee for FY2023 amounting to US\$5,802,619 in cash.

<sup>11</sup> The Manager has elected to receive 100% of its base fee for 1Q 2022 in the form of Units and 100% of its base fee for 2Q 2022 to 4Q 2022 in cash.

# Trust Structure



— Ownership  
 — Contractual relationship

<sup>1</sup> Keppel Ltd., through Keppel Capital International, holds a deemed 7.2% stake in Keppel Pacific Oak US REIT (KORE). Pacific Oak Strategic Opportunity REIT, Inc. (KPA entity) holds a 6.2% stake in KORE. KPA holds a deemed interest of 1.0% in KORE, for a total of 7.2%.  
<sup>2</sup> There are four wholly-owned Singapore Intercompany Loan Subsidiaries extending intercompany loans to the Parent US REIT.  
<sup>3</sup> 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.

Information as at 31 December 2023. Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.



# INVESTING IN THE FUTURE OF WORK

PETER MCMILLAN III  
Chairman



## DEAR UNITHOLDERS,

Keppel Pacific Oak US REIT (KORE) announced on 15 February 2024 its recapitalisation plan that includes suspending distributions beginning with the distributions relating to 2H 2023.

Monetary Authority of Singapore's limits and bank debt covenants, though there is always the risk that our asset valuations could change enough to cause us to breach the bank debt covenants. We are planning to invest capital strategically in order to mitigate the risks of this possibility as best we can.

The announcements published on 15 February 2024 detailed the options we considered, the rationale for making this decision, our plans for investing in the portfolio and our goal of re-commencing distributions by FY2026.

## 2023 – YEAR IN REVIEW

2023 continued to be another challenging year. Inflation, supply chain disruptions, geopolitics and labour shortages undermined economic stability, leading to slower rental growth and the sharp rise in interest rates, which have affected the growth of the office market.

The United States (US) Federal Reserve raised its Fed funds target rate 11 times since March 2022 for a total of 500 basis points. Despite the rise in interest rates, it is becoming increasingly likely that the US will avoid a recession and achieve a soft economic landing in 2024. The labour market in the US is expected to remain buoyant, with historically low unemployment rates and inflation also declining, which should help support economic activity.

It was a difficult decision to make but the Board and management evaluated the options available to address the REIT's capital needs and leverage concerns for the next two years and determined that it is in the best interests of the REIT and its Unitholders to suspend distributions.

We want to do the right thing by Unitholders and the portfolio and therefore plan to continue reinvesting in our properties to ensure they remain attractive to current and prospective tenants. By suspending distributions and reinvesting in our properties, we believe that we will be able to maintain leverage within the

Amidst the volatile operating environment and concerns revolving around the US market, KORE's disciplined asset management and strategic portfolio composition has contributed to its steady income generation.

Amidst the volatile operating environment and concerns revolving around the US market, KORE's disciplined asset management and strategic portfolio composition has contributed to its steady income generation. KORE achieved year-on-year (y-o-y) growth in gross revenue and net property income for 2023, supported by its strategic management, including significant investments in speculative suites and amenity improvements, alongside its resilient portfolio and quality assets located in key growth markets in the US. KORE achieved income available for distribution of US\$52.2 million for FY2023 and distribution per unit of 2.50 US cents<sup>1</sup>.

KORE's highly diversified portfolio with low tenant concentration risk remains a key distinguishing feature amongst our peers. Our top 10 tenants contributed 26.3% of cash rental income (CRI), with the largest tenant contributing only 3.7%. Through the year, we signed leases amounting to 704,191 sf and ended the year with a committed portfolio occupancy of 90.3%<sup>2</sup> and portfolio weighted average lease expiry of 3.7 years<sup>3</sup>.

## CAPITALISING ON OUR COMPETITIVE EDGE

There continues to be a disparity in the macroeconomic fundamentals of the US office market between gateway cities and the key growth cities where we operate, as demonstrated by the diverging operating performance and demand. Gateway cities face a daunting future as outmigration continues in a phenomenon known as 'The Great American Move', with many Americans seeking more affordable locations with lower taxes and cost of living in magnet markets. Magnet markets, which constitute Super Sun Belt, 18-Hour cities and Supernovas, are migration destinations for both people and companies, and are growing more quickly than the US average in terms of both population and jobs<sup>4</sup>. The number of Sun Belt cities among the Top 10 markets to watch has increased y-o-y and these markets possess strong growth fundamentals that attract both businesses and people. This reaffirms KORE's strategy of investing in our key growth markets and Sun Belt cities.

Furthermore, US companies across many industries are prioritising

<sup>1</sup> No distribution declared for the financial period from 1 July 2023 to 31 December 2023 arising from the recapitalisation plan.

<sup>2</sup> By Net Lettable Area (NLA).

<sup>3</sup> By CRI. Based on NLA, portfolio WALE was 3.6 years.

<sup>4</sup> Emerging Trends in Real Estate®2023 – US & Canada by PwC and the Urban Land Institute.

Chairman’s Statement

Tenant composition is one pillar of KORE’s unique value proposition, with its exposure to the resilient sectors of TAMI, as well as medical and healthcare.

headquarter relocations as part of their corporate strategies. The past five years have been an active period for headquarter relocations, with 465 such moves identified since 2018<sup>1</sup>. With employers trying to attract talent back into the office amid a tight labour market, quality office spaces in magnet cities stand out as they generally provide more optimal work experiences and better work-life balance. In a study of 50 US metropolitan areas, Oxford Economics forecasted the growth in office jobs to be concentrated in Sun Belt cities. The location, quality, flexibility and amenities of offices will be more important than ever to attract occupiers<sup>1</sup>.

The wider technology (tech) sector had been facing headwinds as

companies that over hired during the pandemic are now under pressure to reduce overhead expenses.

Notwithstanding this, we believe KORE’s strategic exposure to tech hubs and strong tech tenancy will continue to bolster our portfolio performance, underpinned by strong global IT spending that is expected to top US\$5.1 trillion for the first time in 2024, up 8% from 2023<sup>2</sup>. Major tech employers, including Amazon and Zoom, along with other large tech firms who collectively employ over 900,000 office workers, have started to implement return-to-office policies in 2023<sup>3</sup>. We expect the wave of return-to-office mandates to continue to drive attendance and overall office space demand, which should in turn improve physical office occupancy in the US.

Tenant composition is one pillar of KORE’s unique value proposition, with its exposure to the resilient sectors of tech, advertising, media and information (TAMI), as well as medical and healthcare. With over two-thirds of net property income coming from the tech hubs in Seattle – Bellevue/Redmond, Austin and Denver, underscoring their importance to our portfolio performance.

As the world embraces digitalisation, tech will continue to play a pivotal role in reshaping the healthcare industry, ushering in numerous advancements, revolutionising how medical professionals treat and manage patients. Notably, tech giants are rapidly expanding their presence into diverse sectors, with healthcare serving as a prime illustration of this convergence. The global digital health market, estimated at US\$211 billion in 2022 and projected to reach US\$1.5 trillion by 2030, represents a huge potential opportunity for tech companies



KORE’s operational performance has remained stable amid the difficult US office market.

<sup>1</sup> 2024 U.S. Real Estate Market Outlook, CBRE, December 2023.  
<sup>2</sup> Forecast by Gartner Inc, 2023.  
<sup>3</sup> Technology Magazine, Hybrid working: Tech companies demanding end to remote work, August 2023.  
<sup>4</sup> Grand View Research, Digital health market to hit \$1.5 trillion by 2030, October 2022.  
<sup>5</sup> Includes amortisation of upfront debt financing costs.  
<sup>6</sup> Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.  
<sup>7</sup> Interest Coverage Ratio (ICR) and adjusted ICR is computed based on the definition set out in Appendix 6 of the Code on Collective Investment Schemes revised on 16 April 2020. Adjusted ICR of 3.1 times includes the dividends on preferred units.  
<sup>8</sup> Wall Street Journal, Markets expect rate cuts soon, central banks say not so fast, January 2024.



KORE consistently invests in its buildings and enhances its facilities to provide high-quality and distinctive spaces that appeal to tenants.

to continue their growth<sup>4</sup>. With approximately 50.9% of our tenants by CRI coming from the growing and defensive sectors of TAMI, medical and healthcare, our industry-focused diversification continues to set us apart.

**FINANCIAL POSITION**

As at 31 December 2023, the all-in average cost of debt was 4.1%<sup>5</sup> per annum and weighted average term to maturity of KORE’s debt was 2.7 years. Aggregate leverage and the interest coverage ratio were 43.2%<sup>6</sup> and 3.2 times<sup>7</sup> respectively. An analysis of federal funds futures by CME Group suggests that investors see a 62% chance that the Fed would lower borrowing costs in March 2024<sup>8</sup>.

**DRIVING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) EFFORTS**

Sustainability is integral to KORE’s strategy, and we are guided by the three strategic thrusts of Environmental Stewardship, Responsible Business, as well as nurturing People and Communities. As part of its strategic oversight, the Board has considered, reviewed and approved the material ESG factors

in KORE’s business and strategy formulation. The Board will continue to review and monitor these material ESG factors periodically, with support from management and feedback from key stakeholders. KORE’s Sustainability Report, which was prepared in accordance with the internationally recognised standards of the Global Reporting Initiative, has been included as part of this Annual Report.

We continued to align with the recommendations under the Task Force on Climate-related Financial Disclosures and have furthered our progress in alignment through kickstarting the quantification of identified climate risks and opportunities.

We believe that good corporate governance practices are predicated on strong leadership. As a testament to our commitment towards upholding strong corporate governance, KORE saw an improvement in its ranking in the Singapore Governance and Transparency Index in 2023 to 8th position, from 9th position previously.

**ACKNOWLEDGEMENT**

On behalf of the Board, I would like to express that we know many of our Unitholders count on the income from REIT distributions like ours. We recognise the reduced cash flow will impact our Unitholders but we believe the negative impact of not investing in the portfolio would have a much larger long-term negative effect.

Given that, the Manager is working tirelessly to do everything in its ability to achieve our goals of maintaining, or even improving, net property income and occupancy, with a view to restarting distributions as early as possible.

Yours sincerely,

*Peter McMillan III*

**PETER MCMILLAN III**  
 Chairman  
 22 February 2024

## Corporate Governance at a Glance

The Board and management of Keppel Pacific Oak US REIT Management Pte. Ltd., as manager of Keppel Pacific Oak US REIT, are fully committed to upholding good corporate governance standards.

### HIGHLIGHTS

100%

Board meeting attendance



Lead Independent Director appointed since February 2021

### TENURE (YEARS)



0-3 years

### BOARD GENDER DIVERSITY



2 female



6-9 years



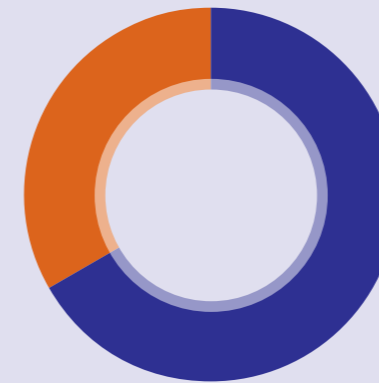
4 male

### ATTENDANCE TABLE

	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Nominating and Remuneration Committee Meetings Attended	Environmental, Social and Governance Committee Meetings Attended	Unitholder Meetings Attended
Mr Peter McMillan III	4	-	-	-	1
Mr Soong Hee Sang	4	4	2	3	1
Mr Kenneth Tan Jhu Hwa	4	4	2	3	1
Ms Sharon Riley Wortmann	4	4	2	3	1
Mr Lawrence David Sperling	4	-	-	3	1
Ms Bridget Lee Siow Pei	4	-	-	-	1
<b>No. of Meetings held in FY2023</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>1</b>

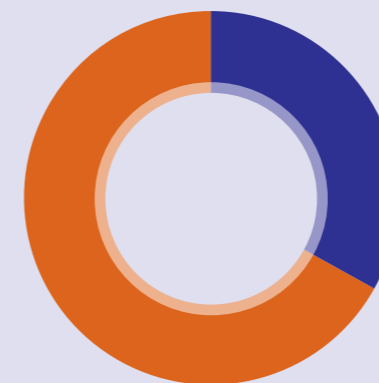
### BOARD COMPOSITION DASHBOARD

#### INDEPENDENCE



● Independent Directors 66.7%  
● Non-Independent Directors 33.3%

#### AGE PROFILE



● 50-59 years old 33.3%  
● 60-69 years old 66.7%

#### CORPORATE GOVERNANCE POLICIES

The Manager adopts the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018, as amended from time to time (the "CG Code") as its benchmark for corporate governance policies and practices. The Manager is pleased to share that Keppel Pacific Oak US REIT has complied with the principles of the CG Code and complied in all material aspects with the provisions and practices in the CG Code. Where there are deviations from the provisions of the CG Code, appropriate explanations have been provided in this Annual Report. Please refer to pages 142 to 168 for more information on Keppel Pacific Oak US REIT and the Manager's governance policies.

#### RISK MANAGEMENT AND INTERNAL CONTROLS

Identifying and managing risks is central to the business of Keppel Pacific Oak US REIT and to protecting Unitholders' interests and value. Keppel Pacific Oak US REIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

#### HOW KEPPEL PACIFIC OAK US REIT COMPLIES WITH THE CG CODE

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## Board of Directors

**PETER MCMILLAN III, 66**

**Chairman and  
Non-Executive Director**

**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2023):**  
6 years 2 months

**Board Committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Bachelor of Arts (Honours) in Economics,  
Clark University;  
Master of Business Administration,  
Wharton Graduate School of Business,  
University of Pennsylvania

**Present Directorships (as at 1 January 2024):**  
*Listed companies*  
TCW Strategic Income Fund, Inc.

**Other principal directorships**  
Pacific Oak Strategic Opportunity REIT, Inc;  
TCW Mutual Funds;  
Metwest Mutual Funds

**Major Appointments (other than directorships):**  
Co-founder, Pacific Oak Capital Advisors LLC;  
Co-founder and Managing Partner,  
Willowbrook Capital Group, LLC

**Past Directorships held over the preceding  
5 years (from 1 January 2019 to  
31 December 2023):**  
KBS Real Estate Investment Trust, Inc;  
KBS Real Estate Investment Trust II, Inc;  
KBS Real Estate Investment Trust III, Inc;  
KBS Growth and Income REIT;  
TCW Alternatives Funds;  
Pacific Oak Strategic Opportunity REIT II, Inc

**Others:**  
Nil

**SOONG HEE SANG, 65**

**Lead Independent Director**

**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2023):**  
6 years 2 months

**Board Committee(s) served on:**  
Chairman of Audit and Risk Committee;  
Member of Nominating and  
Remuneration Committee;  
Member of Environmental, Social and  
Governance Committee

**Academic & Professional Qualification(s):**  
Bachelor of Science (Honours) in  
Estate Management,  
National University of Singapore;  
Master of Business Administration,  
National University of Singapore

**Present Directorships (as at 1 January 2024):**  
*Listed companies*  
Metro Holdings Limited;  
Fraser's Hospitality Asset Management Pte Ltd  
(the manager of Fraser's Hospitality Real  
Estate Investment Trust);  
Fraser's Hospitality Trust Management Pte Ltd  
(the trustee manager of Fraser's Hospitality  
Business Trust)

**Other principal directorships**  
Nil

**Major Appointments (other than directorships):**  
Nil

**Past Directorships held over the preceding  
5 years (from 1 January 2019 to  
31 December 2023):**  
Mercatus Co-operative Limited;  
Mercatus Strategic Investment Management LLP

**Others:**  
Nil

**KENNETH TAN JHU HWA, 50**

**Independent Director**

**Date of first appointment as a director:**  
19 October 2017

**Length of service as a director  
(as at 31 December 2023):**  
6 years 2 months

**Board Committee(s) served on:**  
Chairman of Nominating and  
Remuneration Committee;  
Member of Audit and Risk Committee;  
Member of Environmental, Social and  
Governance Committee

**Academic & Professional Qualification(s):**  
Bachelor of Arts in Economics  
(First Class Honours), Cambridge University

**Present Directorships (as at 1 January 2024):**  
*Listed companies*  
Nil

**Other principal directorships**  
Southern Capital Group Private Limited

**Major Appointments (other than directorships):**  
Chief Executive Officer, Southern Capital Group  
Private Limited

**Past Directorships held over the preceding  
5 years (from 1 January 2019 to  
31 December 2023):**  
Nil

**Others:**  
Nil

## Board Committees

**A** Audit and Risk Committee

**N** Nominating and Remuneration Committee

**E** Environmental, Social and Governance Committee



**SHARON RILEY WORTMANN, 62**

**Independent Director**

**A N E**

**Date of first appointment as a director:**  
20 April 2021

**Length of service as a director  
(as at 31 December 2023):**  
2 years 8 months

**Board Committee(s) served on:**  
Member of Audit and Risk Committee;  
Member of Nominating and  
Remuneration Committee;  
Member of Environmental, Social and  
Governance Committee

**Academic & Professional Qualification(s):**  
Bachelor of Business Administration  
(Major in Real Estate Finance & Urban  
Development, Minor in International  
Business), Georgia State University

**Present Directorships (as at 1 January 2024):**  
*Listed companies*  
Nil

**Other principal directorships**  
NAIOP Inland Empire Chapter; AIR CRE

**Major Appointments (other than directorships):**  
Managing Director, JLL Industrial  
Services Group; Chairman, Community Service,  
ICON Conference Committee and  
CONVERGE Conference Committee of  
NAIOP Inland Empire Chapter

**Past Directorships held over the preceding  
5 years (from 1 January 2019 to  
31 December 2023):**  
Nil

**Others:**  
Nil



**LAWRENCE DAVID SPERLING, 64**

**Independent Director**

**E A**

**Date of first appointment as a director:**  
30 June 2022

**Length of service as a director  
(as at 31 December 2023):**  
1 year 6 months

**Board Committee(s) served on:**  
Chairman of Environmental, Social and  
Governance Committee;  
Member of Audit and Risk Committee

**Academic & Professional Qualification(s):**  
Juris Doctor and Master of  
Business Administration Degrees,  
University of North Carolina at Chapel Hill;  
Bachelor of Arts Degree in History,  
University of Virginia; Licensed Attorney,  
The North Carolina State Bar

**Present Directorships (as at 1 January 2024):**  
*Listed companies*  
Nil

**Other principal directorships**  
Meadpoint Pte Ltd

**Major Appointments (other than directorships):**  
Nil

**Past Directorships held over the preceding  
5 years (from 1 January 2019 to  
31 December 2023):**  
Nil

**Others:**  
Nil



**BRIDGET LEE SIOW PEI, 52**

**Non-Executive Director**

**Date of first appointment as a director:**  
20 October 2021

**Length of service as a director  
(as at 31 December 2023):**  
2 years 2 months

**Board Committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Master of Management, J.L. Kellogg Graduate  
School of Management, Northwestern  
University; Bachelor of Accountancy,  
Nanyang Technological University

**Present Directorships (as at 1 January 2024):**  
*Listed companies*  
Nil

**Other principal directorships**  
Keppel Capital Alternative Asset Pte. Ltd.;  
Keppel Credit Fund Management Pte. Ltd.

**Major Appointments (other than directorships):**  
Chief Executive Officer, Keppel Capital  
Alternative Asset Pte. Ltd.;  
Chief Investment Officer, Real Estate,  
Keppel Ltd.

**Past Directorships held over the preceding  
5 years (from 1 January 2019 to  
31 December 2023):**  
First FLNG Holdings Pte. Ltd.; Bridge-M Capital  
Pte. Ltd. (f.k.a. Keppel Capital Four Pte. Ltd.);  
KPCF Investments Pte. Ltd.;  
Keppel Core Infra Fund GP Pte. Ltd.;  
Keppel Infrastructure Holdings Pte Ltd

**Others:**  
Nil

# The Manager



**DAVID SNYDER, 53**

## Chief Executive Officer and Chief Investment Officer

Mr Snyder was part of the management team that led the successful listing of Keppel Pacific Oak US REIT and has been the Chief Executive Officer and Chief Investment Officer since its listing on 9 November 2017.

Prior to his current appointment, Mr Snyder was a consultant to KBS Capital Advisors where he managed the AFRT portfolio.

From 2008 to 2015, Mr Snyder was the Chief Financial Officer (CFO) of KBS Capital Advisors and five of its non-traded REITs. In addition to his CFO responsibilities, he led the negotiation for the transfer of the AFRT portfolio, comprised of over 800 properties valued at over US\$1.7 billion. He subsequently managed that portfolio for KBS Real Estate Investment Trust.

From 1998 to 2008, Mr Snyder was the Financial Controller for Nationwide Health Properties, a publicly traded healthcare REIT. Prior to that, he was the Director of Financial Reporting for Regency Health Services.

He started his career as an auditor at Arthur Andersen LLP after graduating from Biola University with a Bachelor of Science in Business Administration.

### Present Directorships (as at 1 January 2024):

Keppel Pacific Oak US REIT Management, Inc; Various subsidiaries of Keppel Pacific Oak US REIT

### Past Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

Nil



**ANDY GWEE, 47**

## Chief Financial Officer

Mr Gwee has more than 20 years of experience in the accounting, finance and auditing industry. He was part of the management team that led the successful listing of KORE and has been the CFO since its listing on 9 November 2017.

Prior to joining the Manager, Mr Gwee was the Head of Finance of Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT.

From 2012 to 2015, Mr Gwee was the Senior Finance Manager at Keppel Ltd., where he assisted the Chief Financial Officer and Group Controller in Keppel's financial and reporting functions.

From 2000 to 2012, Mr Gwee was at PricewaterhouseCoopers LLP (PwC) Singapore in an audit function where he was the engagement manager for leading clients and local listed groups.

Mr Gwee graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from the Nanyang Technological University of Singapore. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

### Present Directorships (as at 1 January 2024):

Keppel Pacific Oak US REIT Management, Inc; Various subsidiaries of Keppel Pacific Oak US REIT

### Past Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

Nil



**SEE AI LIN, 34**

## Senior Manager, Finance

Ms See has more than 10 years of experience in the accounting, finance and auditing industry.

Prior to her appointment to the Manager in 2018, Ms See was an Assistant Manager at Keppel REIT Management Pte. Ltd., the Manager of Keppel REIT, where she was responsible for the financial and management reporting functions.

From 2011 to 2016, she was an Assistant Audit Manager with PwC, where she was involved in the audit of local listed groups and multinational companies including those in real estate and construction.

Ms See graduated with a Bachelor of Commerce from The University of Queensland. She holds a professional qualification from CPA Australia.

### Present Directorships (as at 1 January 2024):

Nil

### Past Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

Nil

# Milestones



KORE continues to build out speculative suites, which are popular with companies seeking office spaces that they can move into quickly.

## 1Q 2023

Achieved Net Property Income (NPI) of US\$21.2 million for 1Q 2023.

Portfolio committed occupancy was 91.9% as at 31 March 2023.

Achieved income available for distribution of US\$13.1 million for 1Q 2023.

## 2Q 2023

Achieved NPI of US\$22.7 million for 2Q 2023, bringing NPI for 1H 2023 to US\$43.9 million, 2.0% higher than 1H 2022.

Portfolio committed occupancy was 90.8% as at 30 June 2023.

Achieved income available for distribution of US\$13.1 million for 2Q 2023, bringing income available for distribution for 1H 2023 to US\$26.1 million, which was 17.2% below income available for distribution for 1H 2022.

Distribution per Unit for 1H 2023 was 2.50 US cents, 17.2% lower than 1H 2022's DPU of 3.02 US cents.

Convened a physical Annual General Meeting on 19 April 2023 and obtained Unitholders' approval for all resolutions.

## 3Q 2023

Achieved NPI of US\$22.1 million for 3Q 2023, bringing NPI for 9M 2023 to US\$65.9 million, 2.6% higher than 9M 2022.

Portfolio committed occupancy was 91.4% as at 30 September 2023.

Achieved income available for distribution of US\$13.1 million for 3Q 2023, bringing income available for distribution for 9M 2023 to US\$39.2 million, 15.2% below income available for distribution for 9M 2022.

## 4Q 2023

Achieved NPI of US\$20.2 million for 4Q 2023, bringing NPI for 2H 2023 to US\$42.2 million and NPI for FY2023 to US\$86.1 million, 2.3% and 2.2% higher than 2H 2022 and FY2022 respectively.

Portfolio committed occupancy was 90.3% as at 31 December 2023.

Achieved income available for distribution of US\$13.1 million for 4Q 2023, bringing income available for distribution for 2H 2023 to US\$26.1 million and income available for distribution for FY2023 to US\$52.2 million, 10.1% and 13.8% below that of 2H 2022 and FY2022 respectively.

No distribution declared for 2H 2023 arising from the recapitalisation plan.

## Investor Relations

Regular engagement with the investment community allows the Manager to articulate KORE's business strategy and provide updates on its business operations.

### CULTIVATING RELATIONSHIPS WITH STAKEHOLDERS

The Manager actively connected with investors and stakeholders through a blend of virtual and in-person meetings in 2023, ensuring regular updates on KORE's business operations. It also continued to engage the media and investment writers to provide insights into the evolving landscape of the United States (US) office market, as well as highlight KORE's distinctive value propositions. These initiatives were complemented by timely responses to enquiries from investors and the media. In May 2023, the Manager brought KORE's covering analysts and media representatives from The Straits Times and The Business Times to the US for a tour of its properties. The objective of the tour was to give them a better understanding of the markets KORE invests in and have them experience the asset spaces, in particular, those that had undergone enhancement works.

In 2023, the Manager engaged approximately 760 investors and analysts across Malaysia, Singapore, South Korea and Thailand.

As part of its investor education outreach initiatives, the Manager actively engaged in various platforms tailored for retail Unitholders.

### Unitholder Enquiries

For more information, please contact the investor relations team at:

**Telephone:**  
(65) 6803 1687

**Email:**  
enquiries@koreusreit.com

**Website:**  
www.koreusreit.com

These encompassed participation in the annual REITs Symposium, jointly organised by ShareInvestor, InvestingNote and the REIT Association of Singapore (REITAS), multiple sessions with the private banking community organised by DBS and UBS, as well as an in-person briefing hosted by the Singapore Exchange and REITAS.

Keppel also supports the Securities Investors Association (Singapore) in its initiatives to empower the investment community through investor education.

KORE's fifth Annual General Meeting (AGM) was held on 19 April 2023. During the meeting, management reported on KORE's FY2022 performance. In addition, Unitholders were allowed to participate in, vote and pose 'live' questions to the Board and management. All AGM resolutions were polled electronically with an independent scrutineer appointed to count and validate the AGM votes. All resolutions tabled at the AGM were passed. Results of the AGM were announced during the meeting. The results of the AGM, minutes of the meeting, the presentation slides, as well as responses to relevant and substantial questions from Unitholders were subsequently published on SGXNet and KORE's website.

### PROACTIVE COMMUNICATION AND TIMELY DISCLOSURE

The Manager adheres to a well-defined set of principles and best practices outlined in KORE's investor relations policy, as well as employs a variety of platforms and communication channels to ensure prompt disclosure of corporate actions and business developments.

In 2023, management presented the half-yearly financial results through a 'live' audio webcast accessible to analysts, media representatives, investors and the general public. The presentation by management was followed by an interactive question and answer session. Additionally, analyst teleconferences were conducted after the release of KORE's quarterly business and operational updates. Subsequent engagements with investors and analysts were dedicated to addressing enquiries regarding KORE's performance and operational aspects of the business.

All communication materials, including news releases, announcements, half and full year financial statements, key business and operational updates, as well as presentations, are published on SGXNet and KORE's website. Interested parties may also opt-in for email alerts via KORE's website.



The Manager actively connects with investors and stakeholders through virtual and in-person meetings, to provide further insights into the US office market landscape and KORE's unique value proposition.



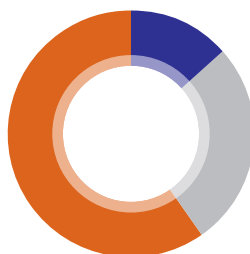
The Manager distributes investor packs and updates that contain instructions and relevant tax forms to help both new and existing investors understand their tax obligations as Unitholders of KORE. Tax-related information is also published on KORE's website, along with a hotline and email address for queries.

### ENHANCING GLOBAL INVESTOR ENGAGEMENT

Testament to its commitment to uphold strong governance and transparency to stakeholders, KORE ranked 8th position in the Singapore Governance and Transparency Index 2023 under the REITs and Business Trust category.

The REIT remains a constituent of the FTSE EPRA Nareit Global Real Estate Index, FTSE ST Index, FTSE Global Equity Index, MSCI Singapore All Cap Index, GPR General Index and iEdge SG ESG Indices. These inclusions

**UNITHOLDING BY INVESTOR TYPE (%)**  
as at 6 February 2024

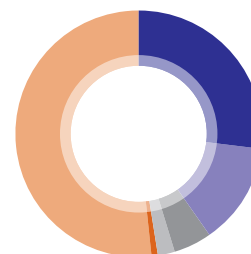


● Sponsors and related parties	13.5
● Institutional	26.9
● Retail	59.9
<b>Total</b>	<b>100.0</b>

enhance KORE's visibility amongst global investors.

As at 31 December 2023, three research houses cover KORE. They are DBS, RHB and UOB Kay Hian.

**UNITHOLDING BY GEOGRAPHY<sup>1</sup> (%)**  
as at 6 February 2024



● Singapore	27.1
● North America	13.3
● Asia (excluding Singapore)	5.1
● UK	2.2
● Europe (excluding UK)	0.6
● Others <sup>2</sup>	51.6
<b>Total</b>	<b>100.0<sup>3</sup></b>

Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.

<sup>1</sup> Excluding sponsors and related parties.

<sup>2</sup> Others comprises the rest of the world, as well as unidentified holdings and holdings below the analysis threshold.

<sup>3</sup> Amounts may not sum up to 100.0% due to rounding.

### INVESTOR RELATIONS CALENDAR

Financial Year Ended 31 December 2023

1Q	2Q	3Q	4Q
Announced FY2022 results and convened a 'live' audio webcast	Announced 1Q 2023 key business and operational updates and convened analysts' teleconference	Announced 1H 2023 results and convened a 'live' audio webcast	Announced 3Q 2023 key business and operational updates and convened analysts' teleconference
Held FY2022 post-results investor engagement hosted by CGS-CIMB	Held 1Q 2023 post-updates investor engagement hosted by DBS	Organised 1H 2023 post-results investor engagement	Held 3Q 2023 post-updates investor engagement hosted by UOB Kay Hian
Held FY2022 post-results investor engagement in Bangkok hosted by DBS	Convened KORE's fifth AGM	Held 1H 2023 post-results investor engagement in Kuala Lumpur hosted by RHB	Conducted an in-person teach-in session for retail investors hosted by the Singapore Exchange and REITAS
Participated in UOB Kay Hian's ASEAN Conference in Taipei	Organised 1Q 2023 post-updates investor engagement in Kuala Lumpur	Participated in Keppel's REITs and Trust Investor Day in Bangkok hosted by DBS	Organised webinar with Phillip Securities for trading representatives and retail investors
Organised webinar with Phillip Securities for trading representatives and retail investors	Organised a virtual teach-in session for DBS Private Bank's Relationship Managers		Held 3Q 2023 post-updates investor engagement in South Korea hosted by NH Investment & Securities
	Organised a virtual teach-in session for UBS Private Bank's Client Advisors		Organised a virtual teach-in session for DBS Private Bank's Relationship Managers
	Organised an analyst and media familiarisation tour in the US		
	Participated in the REITs Symposium		

# INDEPENDENT MARKET REVIEW

By JLL

While macroeconomic risks persist, the growing momentum of return-to-office mandates in the US indicates a return to healthy office market fundamentals in the long run.

Executive Summary				
1	2	3	4	5
<b>Demand broadly strengthening</b>	<b>Sublease vacancy rate beginning to decline</b>	<b>Active tenants continue to target quality</b>	<b>Development slowdown intensifying</b>	<b>Future of office continues to support long-term demand recovery</b>
<ul style="list-style-type: none"> <li>Active tenant requirements increased for the third consecutive quarter</li> <li>Leasing volume saw a significant jump, increasing 14.1% quarter-over-quarter (q-o-q)</li> </ul>	<ul style="list-style-type: none"> <li>Sublease additions continue to slow; in November and December they fell below post-pandemic monthly average</li> <li>Overall sublease vacancy is declining nationally, falling by 5 basis points (bps) q-o-q</li> </ul>	<ul style="list-style-type: none"> <li>Strong leasing drove positive net absorption in every quarter of 2023 for offices built since 2015</li> <li>New construction continues to see leasing success and rent growth over the past year</li> </ul>	<ul style="list-style-type: none"> <li>Just over one million square feet (sf) broke ground in Q4, the lowest volume ever recorded</li> <li>Pre-committed assets or multi-phased projects comprised most new projects in 2023</li> </ul>	<ul style="list-style-type: none"> <li>With many policies evolving in 2023, 90% of Fortune 100 employees work at hybrid or fully onsite employers, with an average requirement of three days of weekly office attendance</li> </ul>



### ECONOMIC OVERVIEW

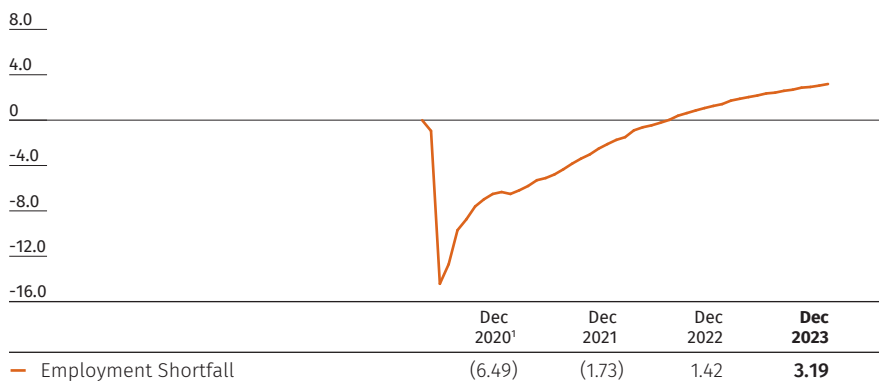
In 2023 the economic picture largely improved, as progress towards target inflation rates began to chip away at the prospect of continued monetary policy interventions and the economy avoided tilting into a significant recession. The improvement in the macroeconomic picture in the United States (US) is increasing the likelihood of interest rate cuts over the short term, with rate cuts now expected in early- to mid-2024.

Headline Consumer Price Index (CPI) growth has been in flux in recent months, dropping below 3.0% in June, but climbing to almost 3.7% in September

before declining again in October. Personal Consumption Expenditures (PCE), which measures a more comprehensive scope of expenditures, continued to decline through Q4 2024 and reached 2.6% year-over-year (y-o-y) growth as of November.

The labor market is similarly showing signs of tentative improvement – office-using employment in the private sector increased by 90,000 jobs since January 2023, with gains in Finance and Professional Services overshadowing losses in the information sector, but that was overshadowed by 553,000 jobs gained in the government sector from September through November.

### JOB GROWTH SLOWING BUT REMAINS POSITIVE (%)

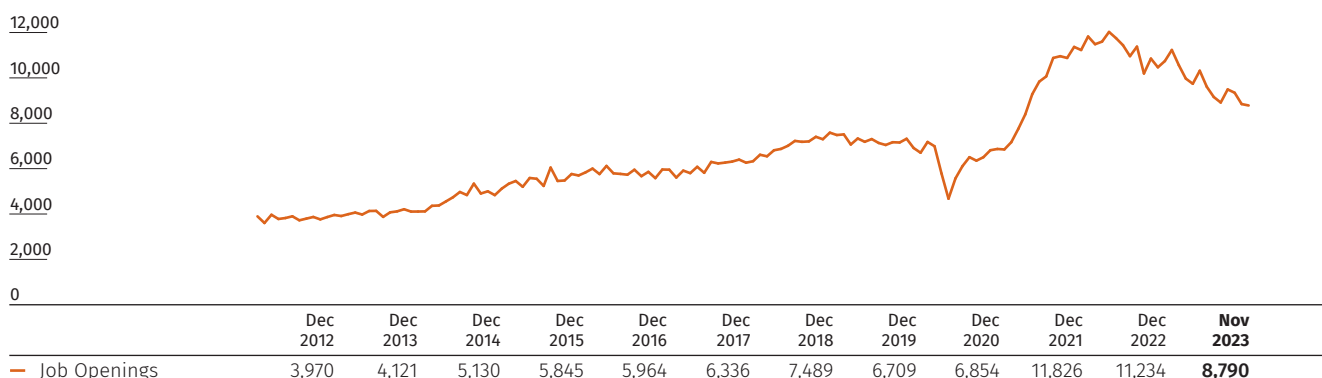


<sup>1</sup> Starts from February 2020.

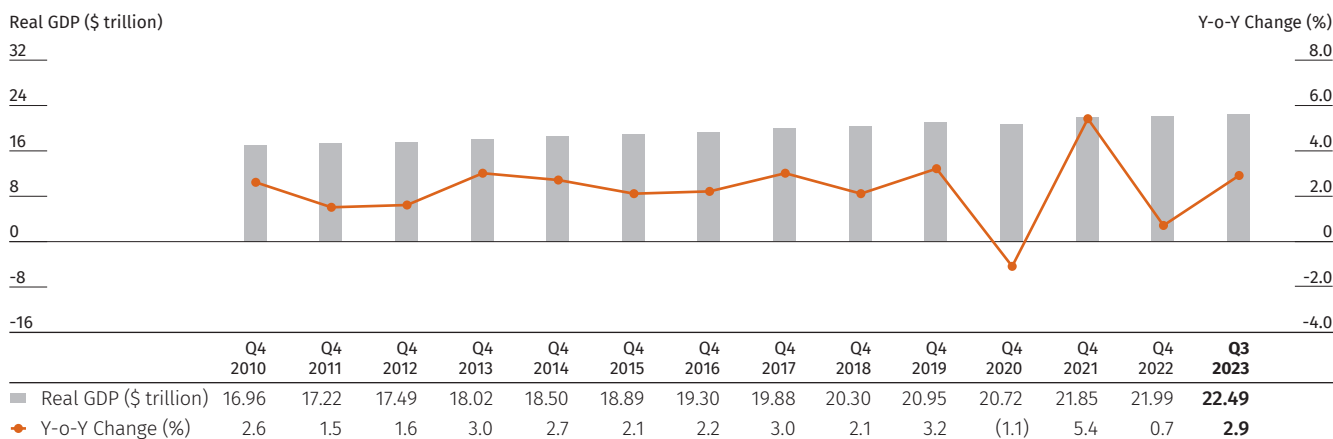
# Independent Market Review

By JLL

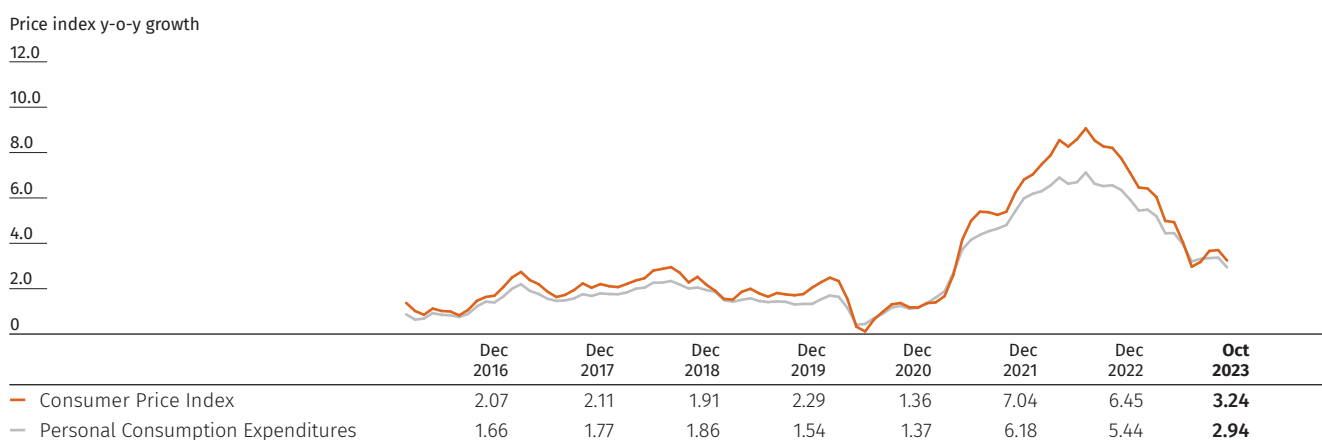
## JOB OPENINGS DECLINING AS EMPLOYERS GAIN LEVERAGE ('000)



## LIKELIHOOD OF 'SOFT LANDING' INCREASING



## INFLATION PROGRESS EASING INTEREST RATE EXPECTATIONS (%)





The improvement in the economic landscape and growing return-to-office momentum drove consistent growth in office demand over the year.

While private sector employment remains neutral, equity valuations are beginning to recover. The S&P 500 index saw equity prices grow by 11.2% during the fourth quarter while the NASDAQ composite index grew by 13.6%. S&P 500 companies registered 2.3% growth in revenues in 2023, which is forecast to more than double in 2024, reaching 5.5%.

The improving economic metrics are improving the interest rate outlook: investors now expect that rates will meaningfully decline by mid-2024. Reduced costs of capital and improved valuation will drive more

offensive strategies with respect to firms' office portfolios.

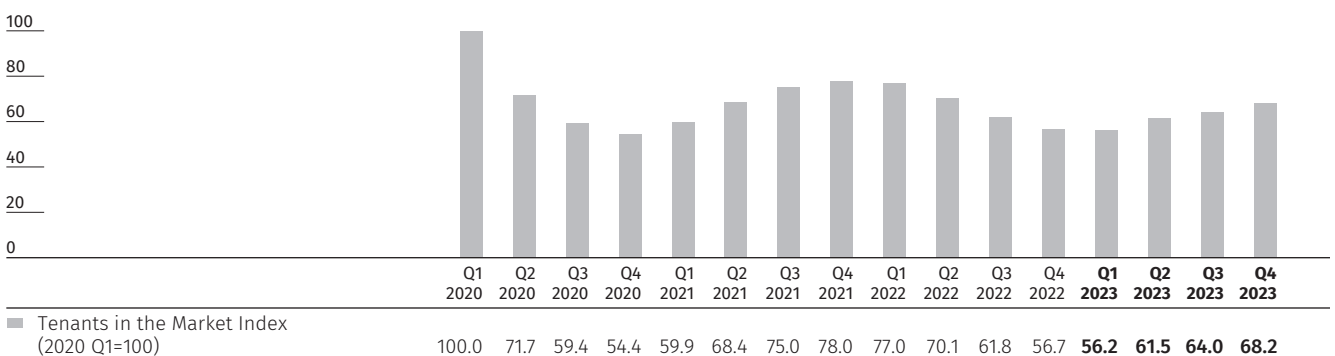
**US OFFICE OVERVIEW**

The improvement in the economic landscape and growing momentum in return-to-office drove consistent growth in office demand over the year. Active requirements increased for the third consecutive quarter, growing 6.6% in Q4 2023 and 20.4% y-o-y. Despite the improvement, demand remains about 30% below pre-pandemic levels. The growth in tenants in the market drove a significant uptick in leasing activity in Q4 2023, growing 14.1% q-o-q to 46.4 million sf, the highest level since

Q2 2022. Slower activity early in the year brought 2023's gross leasing activity to 72% of pre-pandemic levels, but Q4 2023's activity reflected 81% of a typical pre-pandemic quarter.

A major contributor to the uptick in lease volume at year-end was a return of larger leases, transactions that had largely been placed on hold as interest rates were rising that have gradually returned to the market in recent months. Overall, more than 50 lease transactions over 100,000 sf closed in the fourth quarter, the highest volume recorded at quarter-end this year. From an industry perspective, most major sectors are

**ACTIVE OFFICE REQUIREMENTS CONTINUE TO CLIMB UPWARDS**



# Independent Market Review

By JLL



Sublease vacancy rates in the US saw a decline toward the end of 2023, and is expected to continue normalisation in 2024.

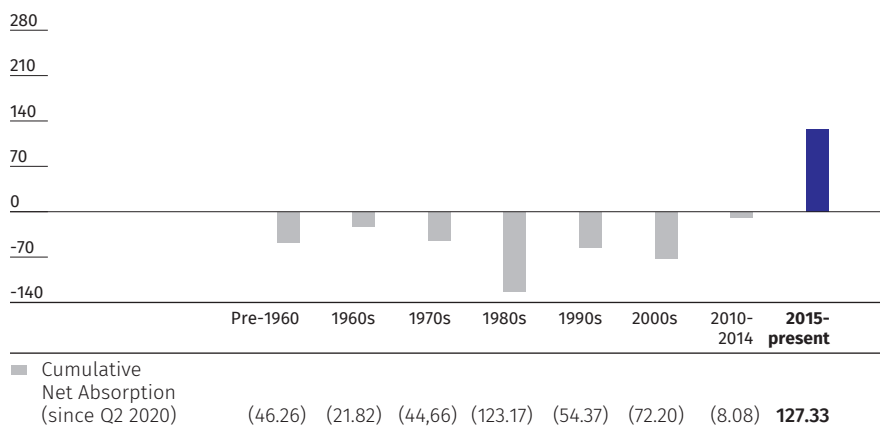
approaching pre-pandemic levels of transactions activity over the past year with a few notable exceptions. Leasing activity is expected to increase by 10-20% in 2024.

Another promising sign for the office market has been the peak and decline of sublease vacancy rates in the final months of the year. As interest rates began to increase in mid-2022 and layoffs impacted certain industries, sublease additions began to increase dramatically in the fourth quarter of 2022, peaking in December but remained elevated through the first half of 2023. New sublease additions have steadily declined in 2023 and fell by 18.1% q-o-q in Q4 2023, with December declining to less than half the monthly average since 2020. Though some tenants may have been delaying decisions in the final months of the year and may place additional space on the market in Q1 2024, the strong performance of equities over the past quarter and

past year bode well for the continued normalization of the sublease market – sublease levels have historically declined during a recovery in public equity prices. As a result of slowing additions and an acceleration of backfill activity lifted by large sublease transactions,

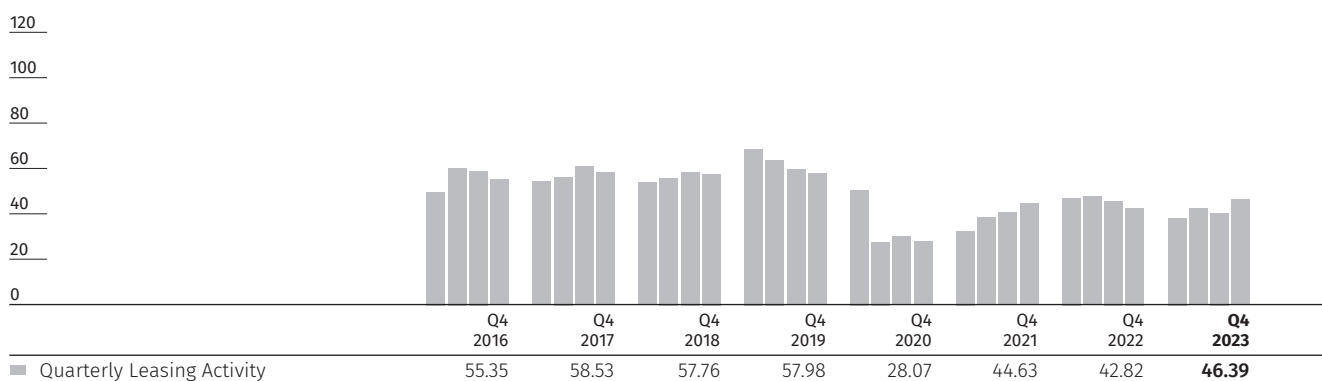
sublease vacancy rates declined for the first time since late 2021, falling 5 bps in Q4 2023 to 3% at year-end. Though sublease vacancy rates are declining, the US is still registering negative net absorption and increasing overall vacancy rates as companies downsize

**NET ABSORPTION BY BUILDING VINTAGE** (million sf)

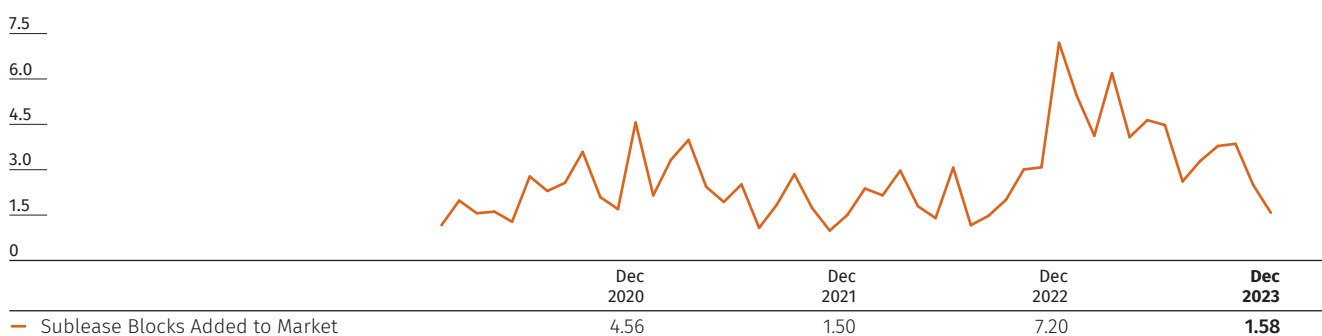


Leasing activity in the US improved over the course of 2023 as most major sectors approached pre-pandemic levels of transaction activity.

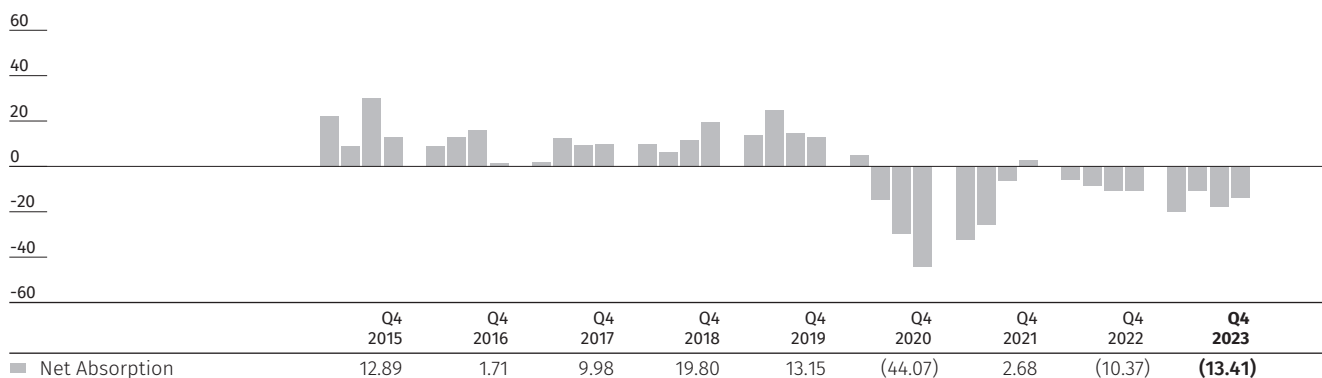
**LEASING ACTIVITY IMPROVED OVER THE COURSE OF 2023** (million sf)



**GROSS SUBLEASE ADDITIONS OVER 20,000 SF** (million sf)



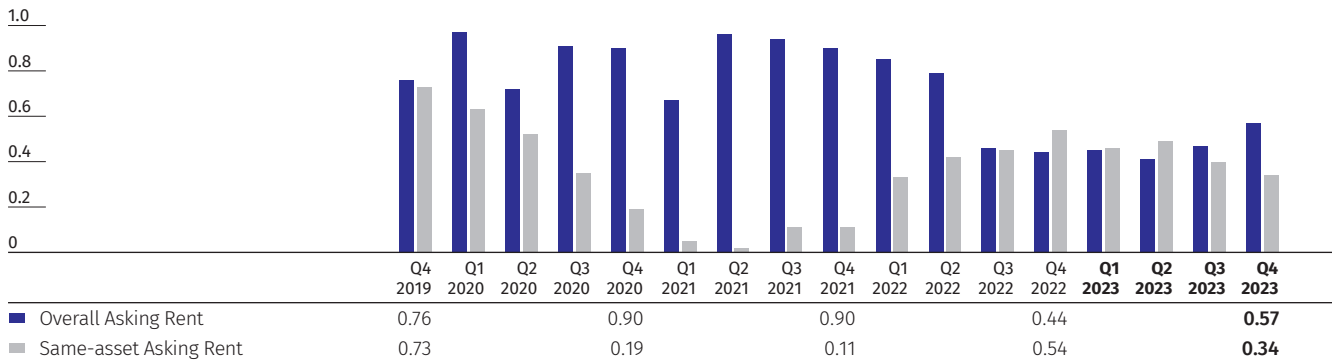
**OCCUPANCY LOSS IS SLOWING, BUT ABSORPTION REMAINS NEGATIVE** (million sf)



# Independent Market Review

By JLL

## DIRECT ASKING RENT GROWTH (FOUR QUARTER TRAILING AVERAGE) (%)



expiring leases. Q4 2023 saw 13.4 million sf of negative net absorption, an improvement from Q3 2023 but still leading to an increase in vacancy, with overall vacancy growing 37 bps to 21.4%.

While some surveys are indicating more expansionary activity in 2024, some tenants may continue to downsize older leases that were in place before workplace shifts that occurred during the pandemic. Despite the downsizing activity, tenants who are relocating or expanding are often seeking high-end space to upgrade, which is leading to a significant bifurcation in the market according to asset age and quality. Over the course of the pandemic, while the broader office market has seen over 200 million sf of occupancy loss, buildings constructed since 2015 have collectively generated 127 million sf of occupancy gain. This is slated to continue in 2024, as 13.1% of leasing volume took place in these

newer buildings in the past year despite comprising just 9.5% of inventory.

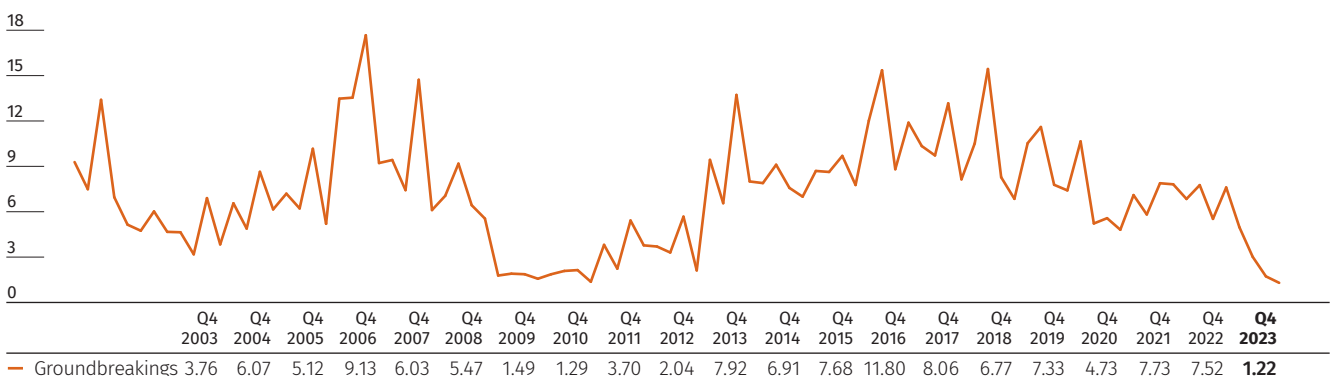
Overall asking rents increased 0.4% annually to US\$39.75, however, recent increases in asking rents are driven more by the addition of higher-rent space in new construction than by organic rent growth holistically across assets. Same-asset asking rents grew by just 5 bps q-o-q and have now only grown 1.4% in the past year while asking rents have grown 2.3% overall. New construction and other trophy assets have resisted the softening of rental rates, with trophy assets in gateway markets seeing 4.6% growth in same-asset asking rent q-o-q and non-gateway trophy assets growing by 2.7% q-o-q.

Despite the outperformance of new construction and trophy product over the past three years, the pipeline of new supply is falling dramatically. Office groundbreakings fell to the lowest volume in decades in Q4 2023,

with just 1.2 million sf of new construction beginning, rounding out a year of just over 10 million sf of groundbreakings. Throughout 2023, 46.6 million sf of office was completed, and an additional 62 million sf remains under construction, but this reflects a decline of nearly 85 million sf from the pipeline just four years ago. Deliveries are expected to decline to roughly 35 million sf in 2024, 15 to 20 million sf in 2025, and potentially under 10 million sf in 2026 in the absence of an imminent acceleration in construction starts. With new construction averaging over 35 million sf of positive net absorption per year since the pandemic, this is likely to create supply constraints at the top end of the market which will intensify in coming quarters, and drive spillover demand into the Class A market more broadly.

At the same time, deliveries are slated to precipitously decline, the US

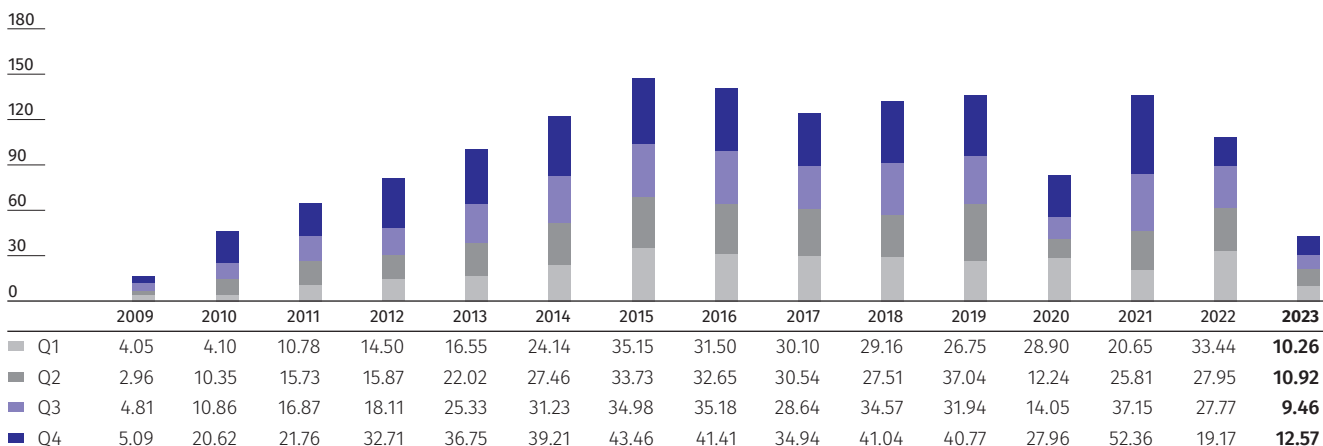
## GROUNDBREAKINGS DESCEND TO 20-YEAR LOW (million sf)





**SALES MARKET REMAINS HAMPERED BY HIGH COST OF DEBT (US\$ billion)**

Transaction Volume

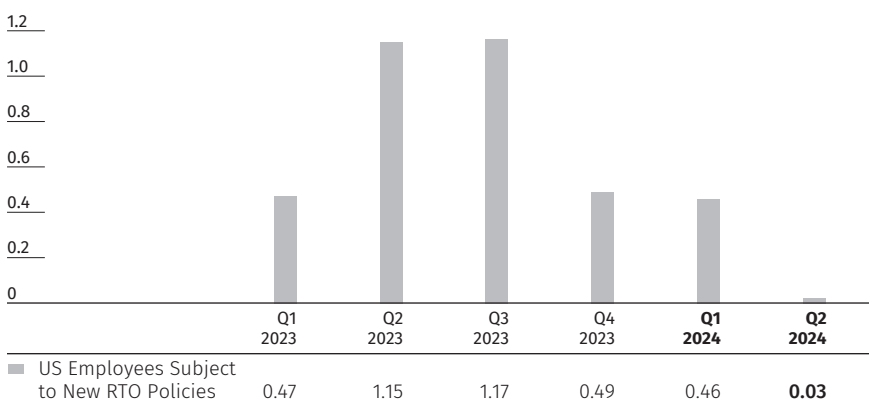


is seeing an acceleration of inventory removals as a wave of conversion and redevelopment projects reimagine aging or transitional office buildings. For the third consecutive year, a record volume of office inventory was converted to other uses, reaching 18.8 million sf of conversions in 2023, and a total of 24.1 million sf of inventory removals altogether. In the context of the slowing construction pipeline, it is likely that by 2025, inventory removals will surpass deliveries, leading to net inventory removal in the US.

The continued normalization of office attendance indicates a return to healthy office market fundamentals in the long run. 13 major employers comprising nearly 400,000 office users issued new office requirements in Q4 2023, and almost half a million were subject to new mandates that came into effect in Q4 2023. Among the Fortune 100, nearly 90% of employees now work at a company with hybrid or full in-office requirements, while less than 1% work at fully-flexible employers and the remainder have team-dependent policies. Across the entire Fortune 100, the average requirement is three days of attendance per week.

Capital markets activity remains limited, with US\$43 billion in investment volume in 2023, a 60% decline y-o-y and a level comparable to 2010. Delinquency rates on

**LESS THAN 1% OF THE FORTUNE 100 IS NOW FULLY REMOTE (million)**



**Less than 1% of the Fortune 100 in the US Office Market is now fully remote.**

Commercial Mortgage-Backed Security debt have increased sharply over the course of the year to roughly 6.2%, but current levels remain far from the previous peak of 10.5% during the Global Financial Crisis. With interest rates expected to decline in early-to-mid 2024 and loan spreads beginning to soften among many lenders, improvement in the pricing environment will likely drive more investment activity in 2024.

Macroeconomic risks persist, but indicators are improving and helping to alleviate cyclical headwinds. Tenant demand has shown consistent

growth, and despite record vacancy rates nationally, new construction and trophy buildings are seeing vacancy decline, and soon will not have a pipeline delivering additional competitive assets to the market. At the same time, the sublease market, which had been an attractive option for economic-minded tenants who still sought higher-quality space, is thinning. These pressures will force tenants to consider a broader array of space options and will encourage capital deployment as rates ease to transform older office assets to a product that responds to today's demand.

# Independent Market Review

By JLL



In Seattle, leasing activity heavily favours Eastside submarkets, such as Bellevue.

## SEATTLE, WASHINGTON

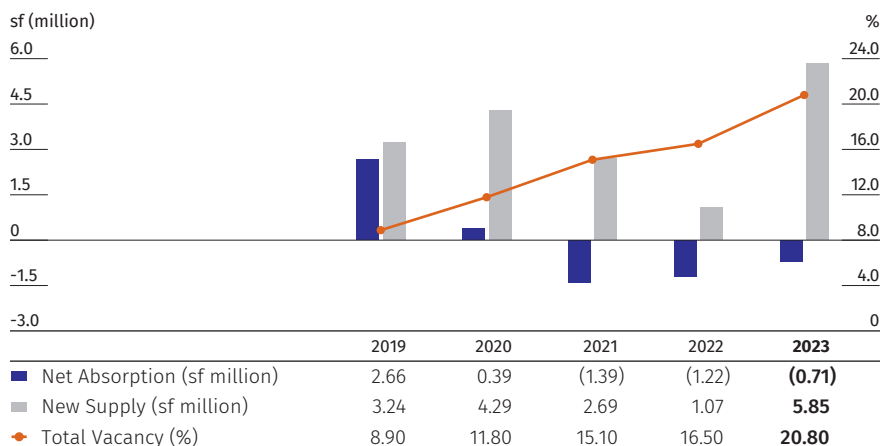
While leasing remained below the historical norm through Q4 2023, total availability dropped in Q4 2023 after six consecutive quarters of steadily rising availability, closing at 33.8 million sf.

Overall office demand has remained subdued in 2023, but the tech industry drove an increase in touring activity in Q4 2023, led by tenants new to the Puget Sound market and those who were previously fully remote. Many of these tenants continue to target spaces from 10,000 – 15,000 sf. As office utilization steadily increased throughout 2023 and many employers instituted hybrid policies, the trend of tenants with no current Puget Sound footprint re-entering the market is expected to continue. While 2023's leasing volume closed 7.2% below 2022, 36 leases over 10,000 sf were signed in Q4 2023. Perkins Coie's relocation to Russell Investments Center was one of the largest deals in 2023, although it will result in a net increase in available

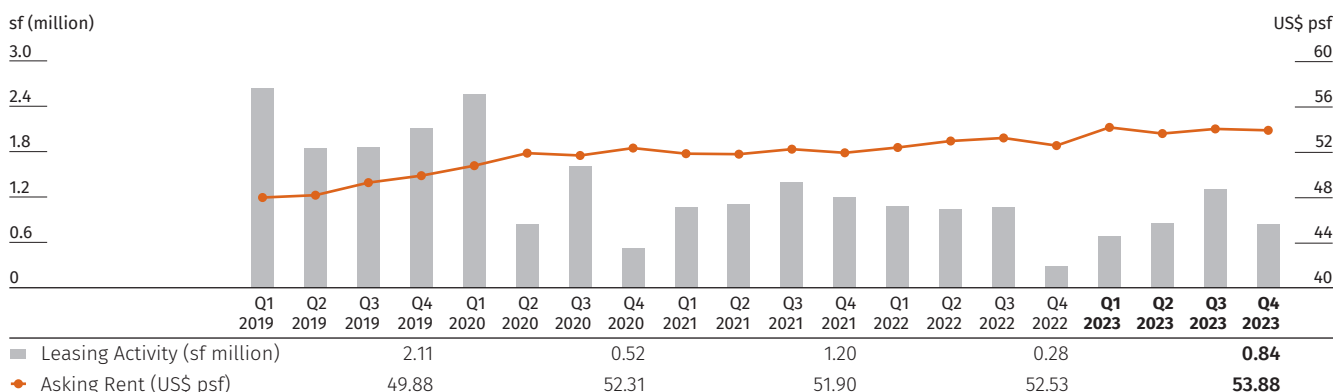
### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	-705,054	▼
Total Vacancy (%)	20.80	▲
Class A Direct Asking Rent (psf)	US\$56.05	▼
Overall Direct Asking Rent (psf)	US\$49.77	▼
Concessions	Rising	▲
Under Construction (sf)	5,298,990	▼
Pre-leased (%)	48.60	—

### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE HISTORICAL SUPPLY AND DEMAND TRENDS



### SEATTLE, WASHINGTON – PUGET SOUND EASTSIDE LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



Seattle CBD space once it vacates 1201 Third.

Tenant preferences continued to prioritize quality and locations near other businesses within their respective industries, with a focus on move-in ready spaces – predominantly subleases and pre-built suites in Class A assets. 64.1% of Q4 2023 leasing was signed in Class A space. Most tenants are expected to continue targeting Class A space within the Seattle and Bellevue CBDs in the coming quarters.

#### Outlook

The Seattle CBD has experienced similar quality of life concerns as other West Coast urban cores, but issues are gradually improving with new steps taken by the city government. Despite this, leasing activity has heavily favored Eastside submarkets, notably suburban

Bellevue and the Bellevue CBD. Though tenant demand has grown nearly 50% since the end of 2022, much of it is concentrated in the Eastside, leaving downtown Seattle further from a recovery in leasing demand.

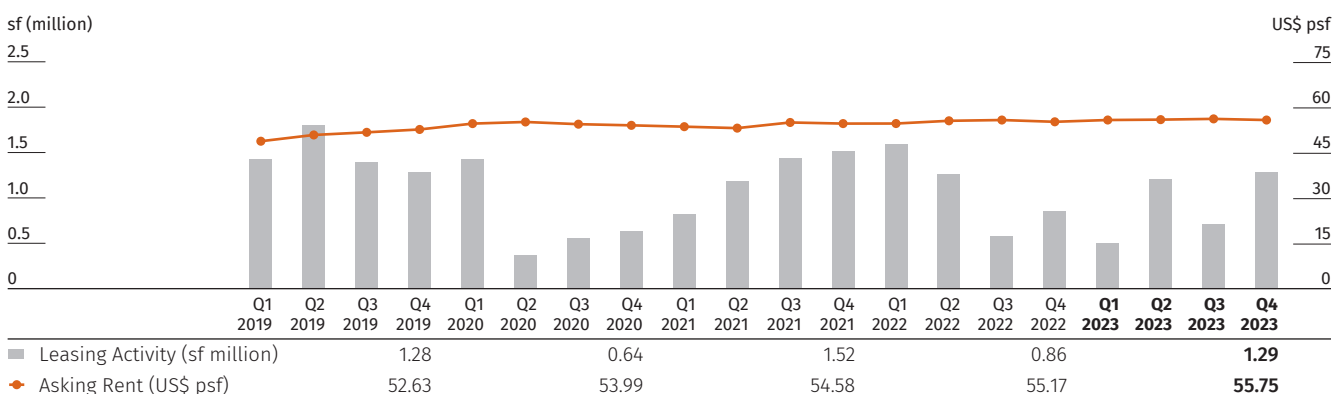
#### AUSTIN, TEXAS

The Austin office market concluded the year with positive momentum surrounding leasing activity, seeing the strongest quarterly levels since Q2 2022 at 1.3 million sf. Companies in the semiconductor and broader tech industry accounted for the top three deals signed. Advanced Micro Devices led activity with a 443,000 sf renewal at its corporate campus in the Southwest submarket. The semiconductor company extended its term out to 2038, citing a commitment to Austin as a hub for growth and innovation. Tokyo Electron, also in the semiconductor industry, leased 77,000 sf at the newly

constructed RiverSouth in the South submarket with plans to sell its HQ campus; it is looking to increase R&D and training capabilities, and many employees support the US\$17 billion Samsung fab in Taylor. Lastly, a third existing technology company signed a full-building deal at Las Cimas I (83,481 sf), expanding its operations in the Southwest.

Also diverging from its upward trend since early 2022, sublease availability remained stable quarter-over-quarter at 7.2%, increasing only 23,000 sf, ending a six-quarter streak of a 260,000 sf or greater quarterly increase. The stabilization can be attributed to a slowdown in new additions and rolling lease expirations converting to direct availabilities, rather than a substantial uptick in leasing activity on existing sublease availabilities.

### AUSTIN, TEXAS LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



# Independent Market Review

By JLL

Office sales activity included Domain 2.5 (59,466 sf), which closed in mid-December. The building, positioned on the Northwest end of the Domain, delivered in Q1 2022 and is 100% leased to three tenants.

## Outlook

Austin's demand drivers remain among the strongest in the country from an economic and demographic standpoint, and the market is positioned to stabilize quickly as the tech sector recovers. Over the short-term, Austin has yet to see a meaningful acceleration in active requirements and has the most significant construction pipeline in any office market in the US, so vacancies are expected to continue to rise for the majority of 2024.

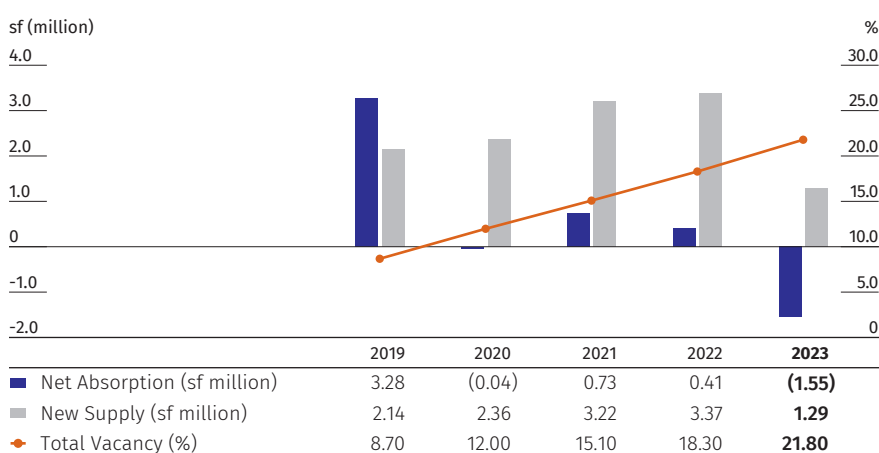
## DENVER, COLORADO

Recent softness in the technology and finance sectors, coupled with tenants prioritizing efficiency and hybrid work models, kept demand muted in Q4 2023. Despite reported increases of return-to-office mandates, Denver's struggle to tame occupancy losses continued unabated to close the year, particularly so across its more urban markets. An 80 bps quarterly hike to 30.9% pushed the CBD's total vacancy higher. Q4 2023 marked the 12th consecutive quarter in which a new high-water mark was met. Though newer offices built this decade continued to outperform,

### AUSTIN, TEXAS OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	-1,551,547	▼
Total Vacancy (%)	21.80	▲
Class A Direct Asking Rent (psf)	US\$59.72	▲
Overall Direct Asking Rent (psf)	US\$53.87	—
Concessions	Rising	▲
Under Construction (sf)	5,687,500	▼
Pre-leased (%)	18.90	▲

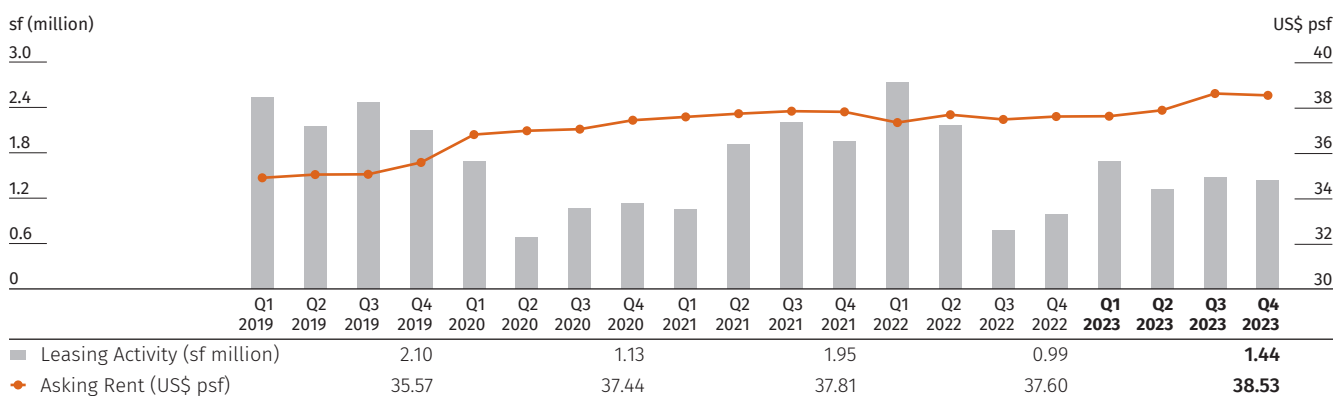
### AUSTIN, TEXAS HISTORICAL SUPPLY AND DEMAND TRENDS



the overall market has struggled to offset occupier downsizing and move-outs. Net absorption remained negative this quarter, despite a 9% improvement from the post-pandemic quarterly average.

Nonetheless, some signs of stabilization emerged during Q4 2023. Sublease availability (now sub 5.0%) fell for a second straight quarter, and total availability receded for the first time in nearly two years. Active occupiers recently illustrated

### DENVER, COLORADO LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT





Denver continues to push for return-to-office mandates, led by the City and County of Denver.

a measure of confidence in the market. Though there were fewer active requirements at Q4 2023's close, the average required block size grew, and the total volume sought reached an 18-month high. Term length for Q4 2023's leases (60 months) lengthened incrementally for the first time in a year. Backing up talk of return-to-office, the City and County of Denver executed a 72,000 sf expansion and has now leased nearly 150,000 sf since June in one of the market's most recognizable towers.

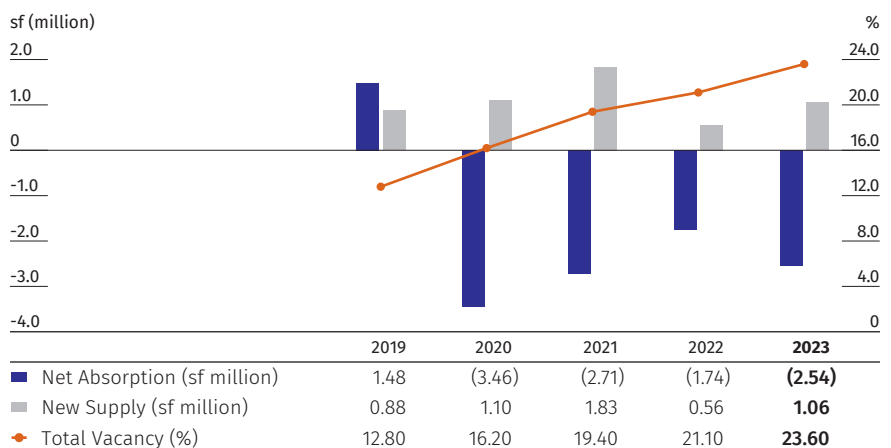
### Outlook

Consistent demand for ground-up, trophy-quality, highly amenitized properties will soon face limited options as new development declines. Vacancy rates in newer product, especially creative office, have peaked market-wide and are beginning to decline. Achieving positive tenant demand and absorption market-wide before Q3 2024 will require a deceleration of downsizing activity from tenants relocating out of older spaces.

### DENVER, COLORADO OFFICE MARKET FUNDAMENTALS MASTER

	Q4 23	Forecast
YTD Net Absorption (sf)	-2,542,268	—
Total Vacancy (%)	23.60	▲
Class A Direct Asking Rent (psf)	US\$40.89	▲
Overall Direct Asking Rent (psf)	US\$34.36	—
Concessions	Rising	▲
Under Construction (sf)	2,007,791	▼
Pre-leased (%)	40.00	▲

### DENVER, COLORADO HISTORICAL SUPPLY AND DEMAND TRENDS



# Independent Market Review

By JLL



Tennessee's capital and most populous city, Nashville, continues to attract Fortune 500 companies across the healthcare, finance, music, technology and tourism sectors.

## NASHVILLE, TENNESSEE

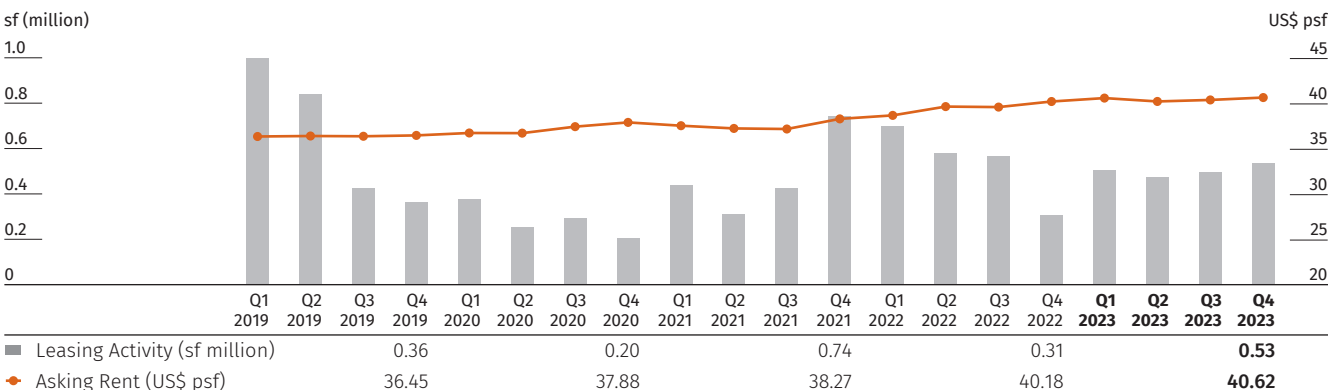
Leasing activity remained strong in the fourth quarter, with over 500,000 sf of transactions signed. New leasing volume was driven by Creative Artists Agency (74,179 sf) at Nashville Yards, Cummins (28,669 sf) at One Century Place, and Truxton Trust (20,688 sf) at Burton Hills III. 2023 saw just over 2 million sf of leasing, a 7% y-o-y decline which reflected 77% of pre-pandemic levels.

Financial services firms represented the largest share of leasing volume for Q4 2023, accounting for 32% of deals signed, while Healthcare tenants followed closely behind with 25%. Brentwood saw the largest share of leasing activity, making up 26% of deals signed during the quarter, followed by Cool Springs with 23%.

Nashville's resilience in 2023 was led by its outperformance compared to other technology markets in terms of sublease additions. Although the market has been a hub for technology expansion in recent years, Nashville saw less sublease space added to the market in 2023 than any other year since the pandemic began. Sublease availability fell to nearly 2.1 million sf of space.

Year-to-date absorption remained positive in 2023 for the third consecutive year, but is heavily bifurcated by class, with occupancy gains in Class A and Trophy properties partially offset by occupancy losses in Class B and C.

### NASHVILLE, TENNESSEE LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



## Outlook

Strong leasing activity in Nashville's new construction has driven positive net absorption since the pandemic, but the peaking development pipeline has caused vacancy to rise above 20% and is beginning to pressure rent growth. Tenant requirements remain robust, so as deliveries decelerate in 2024-2025, the market is expecting to see vacancy rates stabilize over the next four quarters and then begin to decline more sharply in 2025.

## HOUSTON, TEXAS

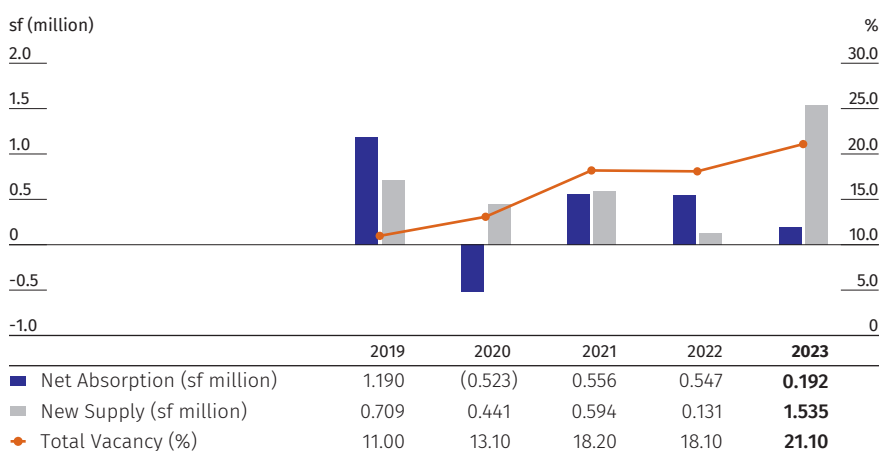
The Houston office market closed 2023 with notable renewals, including Calpine's 125,300 sf at 717 Texas in downtown and Lockton's 122,200 sf at Lockton Place in Westchase. LyondellBasell, Fluor Corporation, Kiewit and NRG Energy were the largest leases (over 200,000 sf) in 2023. Apart from Kiewit, most companies downsized and optimized space when they moved headquarters locations to new offices and persisted to retain their hybrid work schedules. Lifted by large deals, leasing volume in 2023 reached 90% of the five-year average.

Although 2023 saw additional occupancy loss of 554,437 sf, negative net absorption continues to decelerate each year since 2020, and absorption in Q4 2023 was positive. The Westchase submarket saw the largest occupancy gains due to Bechtel's 285,300 sf move-in at CityWest Place. The company has also temporarily maintained some of its former space at The Lakes on Post Oak in the Galleria submarket.

## NASHVILLE, TENNESSEE OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	192,305	▼
Total Vacancy (%)	21.10	▲
Class A Direct Asking Rent (psf)	US\$44.55	—
Overall Direct Asking Rent (psf)	US\$40.15	—
Concessions	Stable	—
Under Construction (sf)	2,016,467	▼
Pre-leased (%)	31.10	▲

## NASHVILLE, TENNESSEE HISTORICAL SUPPLY AND DEMAND TRENDS



Total vacancy has hovered above 25% since Q1 2022 and finished 2023 at 25.5%. However, as flight-to-quality has been a major trend for several years, newer buildings' (Class A, built post-2014) vacancy rate has trended downward over the last year, recording 12.4% in Q4.

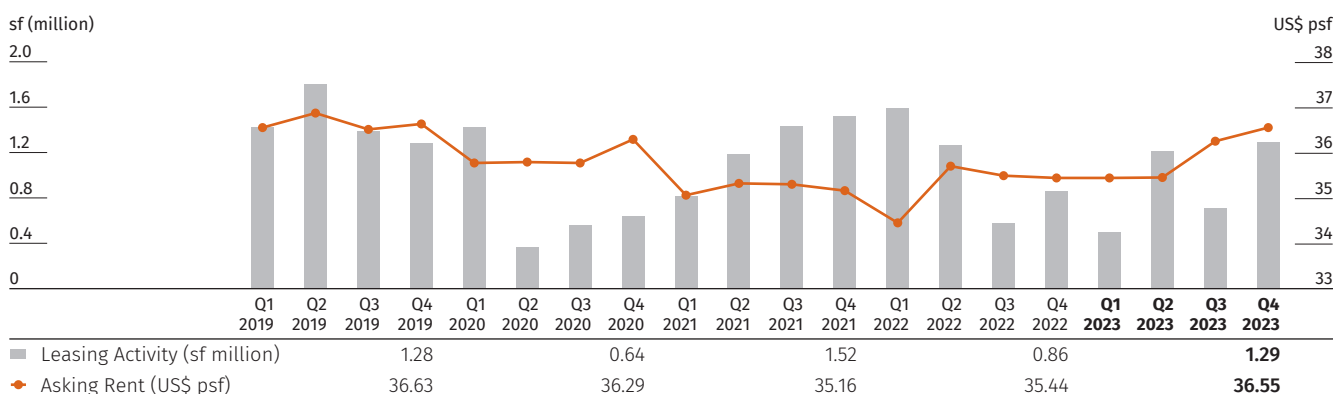
In the Katy Freeway East submarket, MetroNational's 188,553 sf building at

9753 Katy Freeway delivered in Q4 2023, and BW Energy moved into its 67,800 sf space. The under-construction pipeline remained low, totaling just 553,464 sf with no new office projects breaking ground in 2023.

## Outlook

Houston benefits from the strongest office attendance in the country, led by energy companies who are

## HOUSTON, TEXAS LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



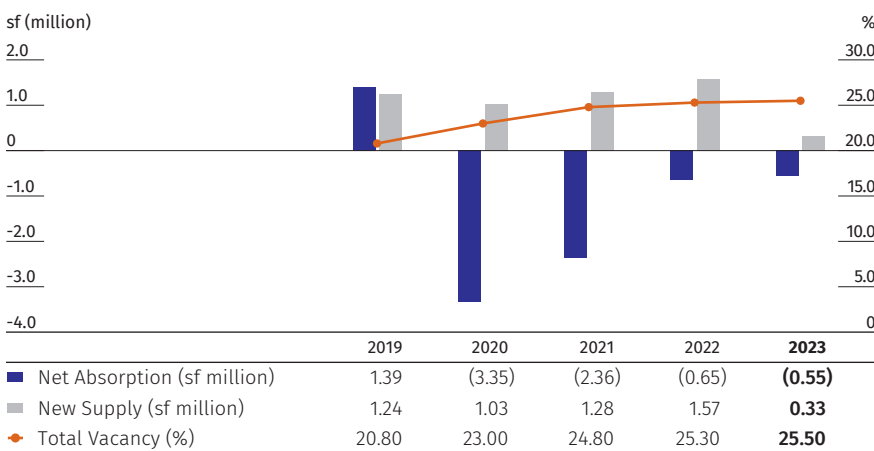
# Independent Market Review

By JLL

## HOUSTON, TEXAS OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	-554,437	—
Total Vacancy (%)	25.50	—
Class A Direct Asking Rent (psf)	US\$36.22	—
Overall Direct Asking Rent (psf)	US\$32.05	—
Concessions	Falling	↘
Under Construction (sf)	553,464	—
Pre-leased (%)	38.90	↗

## HOUSTON, TEXAS HISTORICAL SUPPLY AND DEMAND TRENDS



With among the nation's strongest office attendance and a robust demand pipeline from other markets, Dallas is well-positioned to remain as one of the stronger markets in the US.

typically fully in offices. Many firms shrunk their footprints in recent years, but some are now considering expanding because of larger headcounts. While a few large deals are in late negotiation stages, leasing activity will likely be characterized by more small- to mid-sized transactions in the coming year as tenants expand, and the preference for higher-quality space will continue.

## DALLAS, TEXAS

The Dallas office market trended positively to end the year, recording the lowest quarter of negative net absorption in Q4 2023. This represents a significant improvement from early 2023 and indicates a potential stabilization for the office market. Demand is broadly strengthening, and leasing activity recorded its highest total of the year, with 3.2 million sf of deals signed.

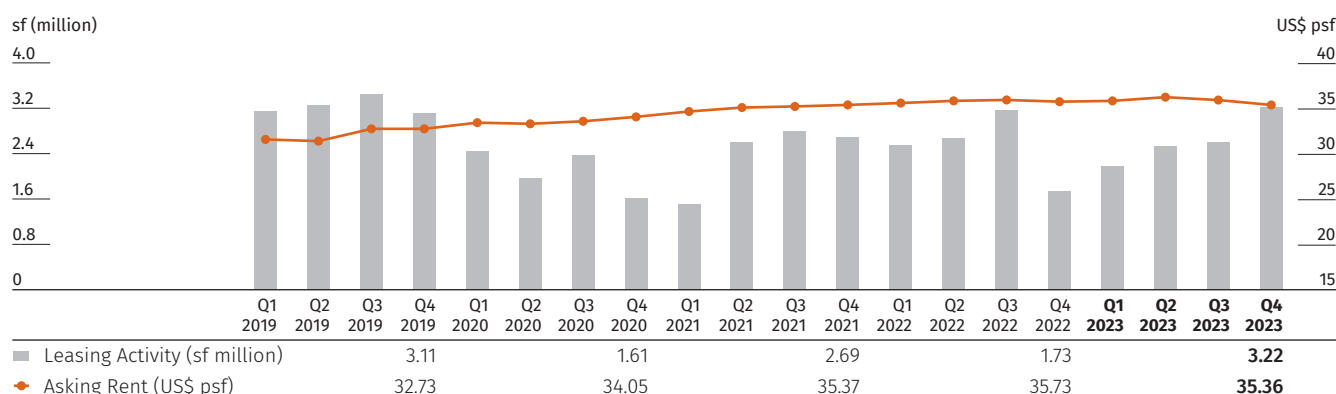
While prominent in the Dallas CBD for several years, landlords throughout the market are now looking at conversions to residential and other use types due to rising vacancy. New projects recently announced include The Princeton in Far North Dallas, Eldorado Towers in Stemmons Freeway and 4000 Horizon in Las Colinas. Renaissance Tower, a planned conversion purchased by GrayStreet Partners in 2022, saw its office Rentable Building Area decrease by 42% to 1.0 million sf this quarter, taking over 700,000 sf of vacant space out of the submarket. This change had a meaningful impact on CBD vacancy, which decreased to 29.8% in Q4 2023 from 31.4% at the end of 2022.

On the new construction front, Goldman Sachs' much-anticipated new campus kicked off in Uptown/Oak Lawn. The 800,000 sf building joins Wells Fargo's similarly sized, two-tower campus which broke ground in Las Colinas earlier this year. With this addition, the construction pipeline climbed to 5.7 million sf underway, of which 55.4% has been pre-leased.

Investor activity was largely driven by private capital this year, including the sale of the State-Farm occupied, 2.1 million sf CityLine campus in Richardson, which marked the largest



## DALLAS, TEXAS LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



office transaction in the US in 2023. Phoenix-based 3Edgewood acquired the office properties from Mirae Asset Global Investments in October.

### Outlook

With among the nation's strongest office attendance, a robust pipeline of inbound demand from other markets, and conversions removing older product and helping to limit vacancies, Dallas is well-positioned to remain one of the stronger markets in the US in the upcoming cycle. However, with a significant development pipeline, owners of aging assets may be forced to deploy capital in order to compete with newer construction that continues to deliver to the market.

### ORLANDO, FLORIDA

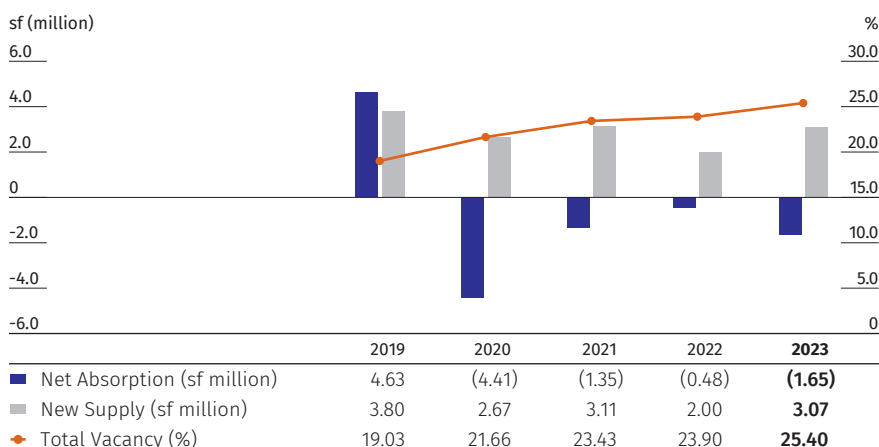
Orlando's office market demonstrated resiliency in 2023 despite the economic turmoil and its impact on demand. Leasing activity remained consistent y-o-y despite declines nationally; however, the average lease size has been trending downward in recent quarters as many tenants reassess their real estate footprints. 2023 leasing activity remains 20% below pre-pandemic volume.

Large blocks of vacant space and significant move-outs have been the primary drivers of escalated vacancy and negative absorption throughout 2023. For example, Lake Nona – Tower Center B delivered in Q3 2023 with nearly 270,000 sf of vacant space. Also of note, Marriott vacated 136,000 sf of sublease space at

## DALLAS, TEXAS OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	-1,647,128	^
Total Vacancy (%)	25.40	-
Class A Direct Asking Rent (psf)	US\$38.09	^
Overall Direct Asking Rent (psf)	US\$34.28	^
Concessions	Stable	-
Under Construction (sf)	5,683,886	-
Pre-leased (%)	55.40	-

## DALLAS, TEXAS HISTORICAL SUPPLY AND DEMAND TRENDS



SouthPark Center's Building L, which was a large contributor to the market's overall negative absorption figures.

Through economic pressures and headwinds, many landlords across Orlando have been able to maintain rates but have been slightly more active toward lease concessions. Operating costs, tenant

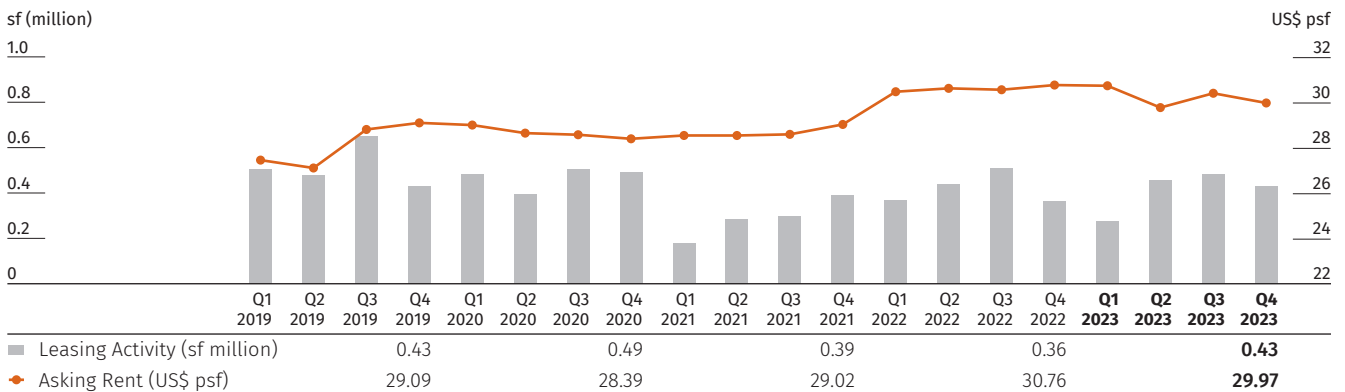
improvements, and leasing terms have been the key negotiations for tenants as landlords seek building stabilizations and companies assess their long-term space needs.

Orlando closed out the year with over 647,000 sf of new construction completion. Much of the market's current construction pipeline comprises medical office space

# Independent Market Review

By JLL

## ORLANDO, FLORIDA LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



and focused on areas that contain robust population growth. The Edge, a 200,000 sf trophy office tower developed by Lincoln Property Company, is rumored to be breaking ground in 2024.

### Outlook

Orlando has not seen the same influx of relocations from out-of-market as compared to other Florida markets,

but still benefits from among the strongest demographics in the country. Although new construction has been rare in recent years, the completion of the Bright Line in 2023 may spur transit-oriented development as rates fall and could potentially attract more high-end leasing activity and drive rent growth. Leasing activity is expected to grow

in 2024 with larger professional services and law firm tenants facing expirations.

### SACRAMENTO, CALIFORNIA

The Sacramento office market realized another quarter of negative absorption, furthering occupancy losses to 697,709 sf in 2023. Negative absorption in Q4 2023 totaled approximately 183,300 sf, representing the 13th consecutive quarter of occupancy losses for the region. Vacancy increased to 20.7% across the market.

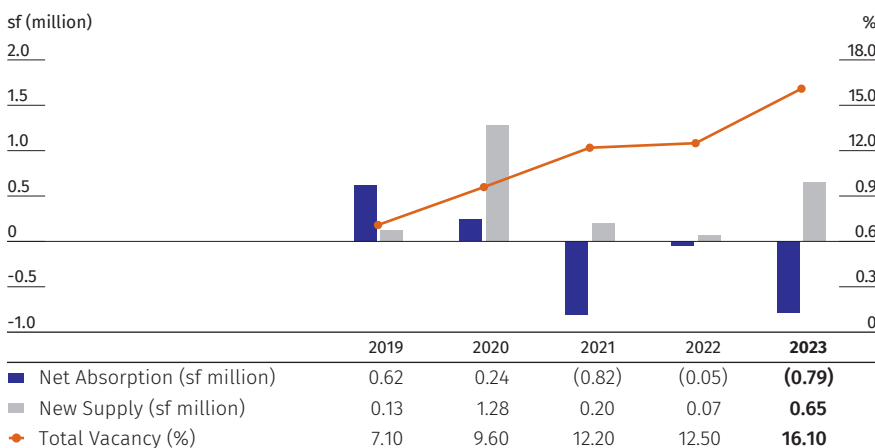
The Highway 50 Corridor saw approximately 560,400 sf of occupancy losses in 2023. Vacancy increased 5% y-o-y to 31.3%. Downtown's occupancy losses in Q4 2023 were a result of the California Infrastructure and Economic Development Bank vacating its space at 980 9th St, resulting in Class A vacancy rising above 20%. Despite this, Class A assets on Capitol Mall have seen total availability decrease 70 bps in 2023. After Towerpoint Wealth leased 6,000 sf at 500 Capitol Mall, the total vacancy rate remains healthier at 16.5% as of Q4 2023.

Leasing slowed in Q4, primarily driven by a lack of deal volume in the suburban submarkets. Sacramento-wide leasing in Q4 2023 decreased 50% from Q3 2023, though leasing in Downtown actually increased by 0.8% q-o-q. Despite this, 2023 gross leasing

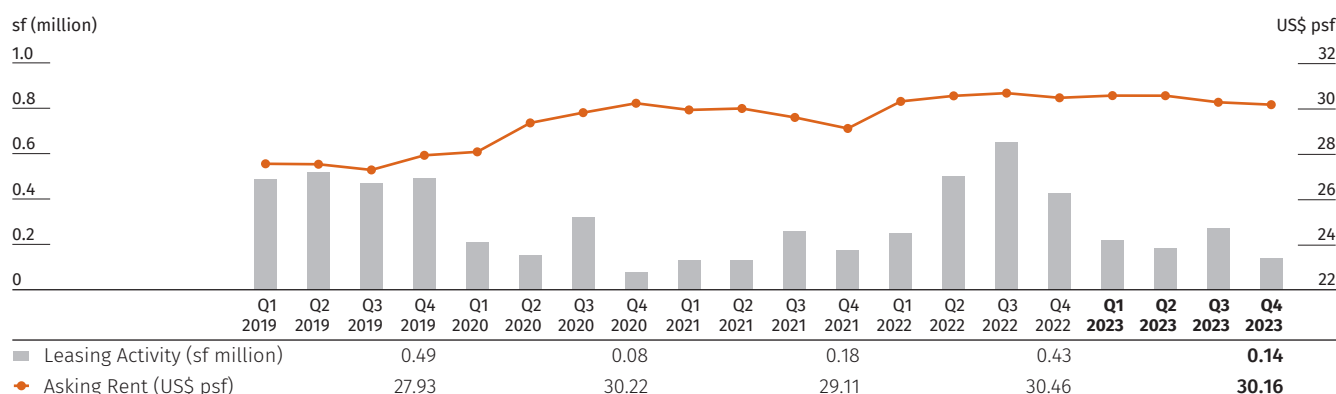
## ORLANDO, FLORIDA OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	-790,389	▲
Total Vacancy (%)	16.10	—
Class A Direct Asking Rent (psf)	US\$29.97	—
Overall Direct Asking Rent (psf)	US\$27.54	—
Concessions	Rising	▲
Under Construction (sf)	0	—
Pre-leased (%)	n.a.	n.a.

## ORLANDO, FLORIDA HISTORICAL SUPPLY AND DEMAND TRENDS



## SACRAMENTO, CALIFORNIA LEASING ACTIVITY AND CLASS A DIRECT ASKING RENT



decreased by 29% and 21% compared to 2022 in Downtown and the suburbs, respectively. However, total deal volume this year outpaced the annual average of leases signed from 2020 to 2022. In 2023, approximately 81% of leases signed were for spaces under 10,000 sf, an increase from approximately 69% in 2022. This trend ultimately resulted in the decrease y-o-y in gross leased space.

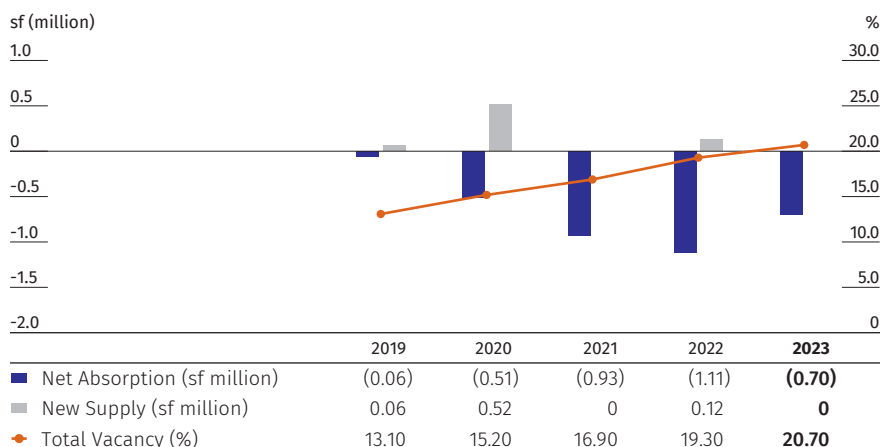
### Outlook

Vacancy will rise in the short term once CalSTRS vacates approximately 175,000 sf at 100 Waterfront Place in West Sacramento in early 2024. However, Sacramento is expected to see an increase in leasing activity in 2024. There has been a steady increase in the number of tenants in the market since July. Demand remains primarily from tenants looking for less than 10,000 sf and by government bodies, which account for 51% of the total requirements.

## SACRAMENTO, CALIFORNIA OFFICE MARKET FUNDAMENTALS

	Q4 23	Forecast
YTD Net Absorption (sf)	-697,709	▼
Total Vacancy (%)	20.70	▲
Class A Direct Asking Rent (psf)	US\$2.51	▼
Overall Direct Asking Rent (psf)	US\$2.23	▼
Concessions	Rising	▲
Under Construction (sf)	569,000	—
Pre-leased (%)	0%	—

## SACRAMENTO, CALIFORNIA HISTORICAL SUPPLY AND DEMAND TRENDS



### Methodology

JLL leverages proprietary leasing data with a blend of public, government-issued and third-party sources to produce our economic and market reports. Office inventory spans 50+ US local markets and is generally limited to investment-grade assets larger than 30,000 sf, excluding medical office and owner-occupied assets. Net absorption is recognized upon lease commencement and/or physical move-in, not lease sign date. Vacancy is recognized upon physical move-out or lease expiration date, not the time at which space is advertised for lease. All sources are deemed reliable, but in some cases, information cannot be independently verified.

### Use and Reliance

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# PROPERTY PORTFOLIO

KORE's continued focus on the TAMI sector, coupled with its emphasis on asset enhancement initiatives, contributed to its resilient portfolio performance.

## COMMITTED LEASES

### 704,191 sf

Robust leasing equivalent to 14.7% of KORE's portfolio by Net Lettable Area (NLA) in 2023.

## PORTFOLIO SECTOR FOCUS

### 51.3% of NLA

Focused on the growing and defensive sectors of technology, advertising, media and information (TAMI), medical and healthcare.

## PRESERVING VALUE

It was a challenging year for the United States (US) office market in 2023, which faced a convergence of weakened market fundamentals and prolonged uncertainties arising from higher borrowing cost and geopolitical tensions, among others.

In the face of this challenging environment, the Manager remained steadfast and disciplined in its asset management through proactive leasing and asset enhancement initiatives, aimed at bolstering resilience and safeguarding the value of the portfolio.

As at 31 December 2023, KORE's portfolio comprised 13 properties across eight key growth markets in the US, with a portfolio valuation of US\$1.33 billion. The moderate decrease in portfolio valuation of 6.8% against 2022's year-end valuation was an anticipated outcome resulting mainly from the

increase in capitalisation and discount rates. Portfolio performance continued to remain strong with 704,191 sf of space leased for the year and a committed occupancy of 90.3% as at end-2023, higher than the US national office occupancy of 86.5%<sup>1</sup> and the gateway cities' average occupancy of 84.2%<sup>1</sup>.

For FY2023, approximately 67.3% of KORE's net property income was derived from the technology hubs of Seattle – Bellevue/Redmond, Austin and Denver. Properties in these markets are The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio in Bellevue and Redmond, Washington; Great Hills Plaza and Westech 360 in Austin, Texas; as well as Westmoor Center and 105 Edgeview in Denver, Colorado.

The remainder of the portfolio is located in the key growth markets of Nashville, Houston, Dallas, Orlando and Sacramento. The properties are Bridge Crossing in Nashville, Tennessee; 1800 West Loop South and Bellaire Park in Houston, Texas; One Twenty Five in Dallas, Texas; Maitland Promenade I & II in Orlando, Florida; as well as Iron Point in Sacramento, California.

The physical occupancy of KORE's portfolio exhibited a steady increase, rising from approximately 60.7% in



4Q 2022 to 67.5% in 4Q 2023. Notably, this is 16.4 percentage points higher than the top 10 US cities which stood at 51.1%<sup>2</sup> as of 13 December 2023.

Based on JLL's US office outlook report<sup>3</sup>, return-to-office metrics have been consistently on the rise in 2023. In the third quarter of 2023, 30 different companies with over 900,000 office-based workers in the US issued return to office mandates. Companies are also pivoting away from hiring remote-based positions, with LinkedIn job postings listed as remote declining to 9.5%<sup>4</sup> in December 2023, which is less than half of that listed in April 2022. Such return-to-office developments are expected to continue to improve office occupancy.

### ASSET ENHANCEMENT

Asset enhancement works continue to be carried out at select properties, to refresh the buildings and maintain their leasing competitiveness. Some of the ongoing and completed works in FY2023 include the remodelling of lobbies at Great Hills Plaza and Bellaire Park, the conference room and fitness centre refresh at Maitland Promenade I & II and

**“One Twenty Five solved our location needs. It offers great spaces with views in a desirable area that is walkable to restaurants, hotels, housing and other amenities. The building’s covered reserved parking space enables easy access for our teams. The on-site cafe, fitness centre and reservable conference space also heighten convenience on busy days.”**

**STEFANIE MURRAY**, Amadeus

**PORTFOLIO COMMITTED OCCUPANCY BY NLA (%)**  
as at 31 December 2023

Portfolio	Occupancy (%)
<b>Portfolio</b>	<b>90.3</b>
The Plaza Buildings	91.5
Bellevue Technology Center	90.7
The Westpark Portfolio	95.9
Great Hills Plaza	100.0
Westech 360	78.0
Westmoor Center	91.9
105 Edgeview	94.6
Bridge Crossing	100.0
1800 West Loop South	86.8
Bellaire Park	87.3
One Twenty Five	92.1
Maitland Promenade I & II	87.7
Iron Point	64.2

<sup>1</sup> CoStar Office Report, December 2023

<sup>2</sup> Kastle Back To Work Barometer, December 2023

<sup>3</sup> JLL Q3 2023 US Office Outlook, October 2023

<sup>4</sup> Global State of Remote and Hybrid Work by LinkedIn Economic Graph, January 2024

## Property Portfolio

**PORTFOLIO BY VALUATION (%)**  
as at 31 December 2023



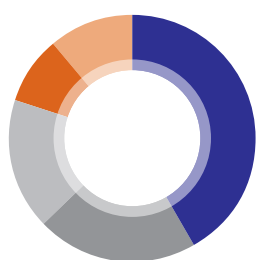
● The Plaza Buildings	23.2
● Bellevue Technology Center	10.6
● The Westpark Portfolio	16.9
● Great Hills Plaza	3.3
● Westtech 360	3.5
● Westmoor Center	8.0
● 105 Edgeview	4.3
● Bridge Crossing	3.1
● 1800 West Loop South	5.7
● Bellaire Park	3.5
● One Twenty Five	8.1
● Maitland Promenade I & II	6.9
● Iron Point	2.9
<b>Total</b>	<b>100.0</b>

**PORTFOLIO BY GROSS REVENUE (%)**  
as at 31 December 2023



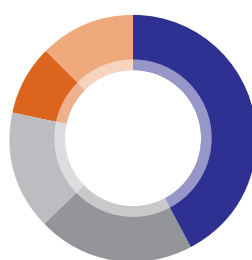
● The Plaza Buildings	17.2
● Bellevue Technology Center	8.2
● The Westpark Portfolio	13.4
● Great Hills Plaza	3.5
● Westtech 360	3.8
● Westmoor Center	11.9
● 105 Edgeview	4.9
● Bridge Crossing	3.9
● 1800 West Loop South	6.9
● Bellaire Park	5.5
● One Twenty Five	9.7
● Maitland Promenade I & II	8.1
● Iron Point	3.0
<b>Total</b>	<b>100.0</b>

**PORTFOLIO TRADE SECTOR BREAKDOWN BY CRI (%)**  
as at 31 December 2023



● TAMI	41.9
● Professional Services	21.1
● Finance and Insurance	17.0
● Medical and Healthcare	9.0
● Others	11.0
<b>Total</b>	<b>100.0</b>

**PORTFOLIO TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023



● TAMI	42.3
● Professional Services	20.6
● Finance and Insurance	15.7
● Medical and Healthcare	9.0
● Others	12.4
<b>Total</b>	<b>100.0</b>

The Plaza Buildings, as well as the tenant lounge renovation at One Twenty Five. Move-in ready speculative suites are also constantly being planned and built out at properties where there is demand for them. The ongoing replacement of conventional lighting fixtures with LED lighting across the entire portfolio has also been progressing well – over 50% of tenant suites have been equipped with energy-efficient lighting.

### HEALTHY LEASING MOMENTUM

Office leasing activities across the US remained sluggish throughout 2023, affected by economic headwinds. Nonetheless, KORE achieved strong leasing success for the year with 704,191 sf of office space, equivalent to approximately 14.7% of its total portfolio by NLA committed, bringing KORE's portfolio committed occupancy to 90.3% as at end-2023. Leasing demand for the year came from diverse sectors, with the majority contributed by professional services, followed by TAMI.

Rental reversion for the year was negative 1.8%. This was affected by Spectrum's renewal/expansion in 2Q 2023 at Maitland Promenade I & II, one of the few buildings where the asking rents are below in-place rents generally due to the built-in rental escalators. The adjusted rental reversion excluding Spectrum's renewal/expansion was positive 0.9%. With built-in average annual rental escalation of 2.6%, as well as current rents being on average 0.3% below that of KORE's asking rents, organic growth will continue to remain as one of the key drivers of value creation for Unitholders.

### DIVERSIFIED TENANT BASE

With approximately 4.8 million sf of quality office space, KORE's portfolio has an extensive tenant base of over 380 distinct tenants across diversified sectors. The majority of the tenants are from the TAMI, professional services, as well as finance and insurance sectors, which contributed approximately 41.9%, 21.1% and 17.0% of Cash Rental Income<sup>1</sup> (CRI) respectively as at end-2023. Tenants from the TAMI, medical and healthcare sectors contributed

“Westpark is a great location for our team at TransPak. It is located close to our main customer with easy freeway access. Our team enjoys the amenities and the on-site environment, as well as the attention given to the landscape.”

**CLINT MCMURRIAN**, TransPak

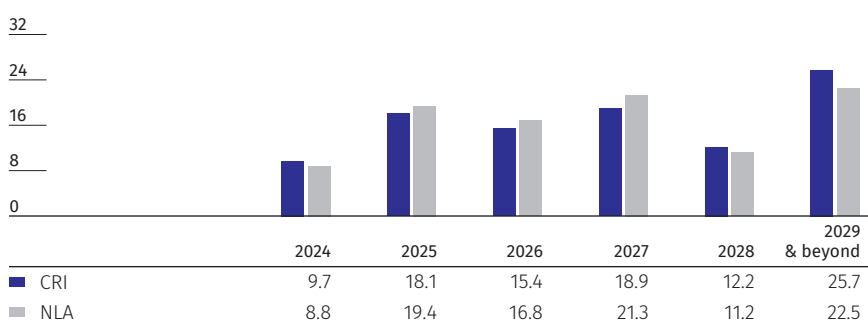
50.9% of CRI, which is significantly higher than KORE’s competitive set. Of KORE’s top 10 tenants, nine firms are from the TAMI, as well as medical and healthcare sectors, a clear indication of KORE’s strategic focus in these fast-growing and defensive industries.

Meanwhile, KORE’s portfolio benefits from low tenant concentration risk with the top 10 tenants contributing only 26.3% of the portfolio’s CRI and no single tenant accounting for more than 3.7% of total CRI. Furthermore, the average leased area per tenant is at approximately 11,000 sf of space. This high proportion of small tenants reduces vulnerability of the departure of any single tenant and enables quicker replacement of vacancies.

#### WELL SPREAD LEASE EXPIRY PROFILE

As at 31 December 2023, KORE maintained a well-spread lease expiry profile with not more than 18.9% of total committed leases by

**PORTFOLIO LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023



CRI expiring in any one year over the next five years. In 2024, 9.7% and 8.8% of the leases by CRI and NLA will be due for renewal. KORE will continue to execute its leasing strategy of proactively engaging tenants with leases expiring in the next six to 12 months to understand their needs, with a focus on tenant retention.

#### HEALTHY WEIGHTED AVERAGE LEASE EXPIRY (WALE)

As at 31 December 2023, KORE had a healthy WALE of approximately 3.7<sup>2</sup> years for its portfolio and 4.7<sup>2</sup> years for its top 10 tenants. The WALE for leases committed in 2023 was approximately 5.5 years by NLA and constituted 18.9% of KORE’s average monthly rental in 2023.









#### TOP 10 TENANTS BY CRI AND NLA

	Sector	Asset	% of Portfolio by CRI	% of Portfolio by NLA
Ball Aerospace	TAMI	Westmoor Center	3.7	4.2
Comdata, Inc.	TAMI	Bridge Crossing	3.7	3.9
Gogo Business Aviation	TAMI	105 Edgeview	2.9	2.5
Lear Corporation	TAMI	The Plaza Buildings	2.9	1.3
Meta	TAMI	The Westpark Portfolio	2.8	2.6
TerraPower	TAMI	Bellevue Technology Center	2.5	2.0
Spectrum	TAMI	Maitland Promenade I & II	2.2	2.1
ZimVie	TAMI	Westmoor Center	2.1	2.2
United Capital Financial Advisor	Finance and Insurance	One Twenty Five	1.8	1.1
Bio-Medical Applications of Texas	Medical and Healthcare	One Twenty Five	1.7	1.1
<b>Sub-total</b>			<b>26.3</b>	<b>23.0</b>
<b>WALE</b>			<b>4.7 years</b>	<b>4.5 years</b>

<sup>1</sup> CRI is defined as rental income without recoveries income.

<sup>2</sup> By CRI. The WALE by NLA for KORE’s portfolio and top 10 tenants is 3.6 years and 4.5 years respectively.

Property Portfolio  
At a Glance

SEATTLE – BELLEVUE/REDMOND, WASHINGTON		AUSTIN, TEXAS		DENVER, COLORADO		NASHVILLE, TENNESSEE	
							
<b>The Plaza Buildings</b>	<b>Bellevue Technology Center</b>	<b>The Westpark Portfolio</b>	<b>Great Hills Plaza</b>	<b>Westtech 360</b>	<b>Westmoor Center</b>	<b>105 Edgeview</b>	<b>Bridge Crossing</b>
<b>Location</b> 10800 and 10900 NE 8 <sup>th</sup> Street, Bellevue, King County, Washington	15805 NE 24 <sup>th</sup> Street, Bellevue, King County, Washington	8200-8644 154 <sup>th</sup> Avenue NE, Redmond, Washington	9600 Great Hills Trail, Austin, Texas	8911 N Capital of Texas Hwy, Austin, Texas	10055-10385 Westmoor Drive, Westminster, Colorado	105 Edgeview Drive, Broomfield, Colorado	5301 Maryland Way, Brentwood, Tennessee
<b>Office Grade</b> A	A and B	B	B	<b>Office Grade</b> B	A	A	A
<b>Land Tenure</b> Freehold	Freehold	Freehold	Freehold	<b>Land Tenure</b> Freehold	Freehold	Freehold	Freehold
<b>Ownership Interest</b> 100%	100%	100%	100%	<b>Ownership Interest</b> 100%	100%	100%	100%
<b>Latest Valuation by JLL as at 31 December 2023<sup>1</sup> (US\$ million)</b> 307.7 <sup>2</sup>	140.6 <sup>3</sup>	224.0	43.6	<b>Latest Valuation by JLL as at 31 December 2023<sup>1</sup> (US\$ million)</b> 47.1	105.7	56.7	41.3
<b>Purchase Price (US\$ million)</b> 240.0	131.2	169.4	33.1	<b>Purchase Price (US\$ million)</b> 41.8	117.1	59.1	46.0
<b>Acquisition Date</b> 9 November 2017	9 November 2017	30 November 2018	9 November 2017	<b>Acquisition Date</b> 9 November 2017	9 November 2017	20 August 2021	20 August 2021
<b>Net Lettable Area (sf)</b> 490,778	334,363	783,653	140,748	<b>Net Lettable Area (sf)</b> 177,679	612,890	186,231	199,194
<b>Committed Occupancy</b> 91.5%	90.7%	95.9%	100.0%	<b>Committed Occupancy</b> 78.0%	91.9%	94.6%	100%
<b>Number of Tenants<sup>4</sup></b> 45	15	82	10	<b>Number of Tenants<sup>4</sup></b> 27	17	6	2
<b>Principal Tenants</b> Lear Corporation, Auth0, UiPath	TerraPower, Trane U.S., Regus	Meta, MicroSurgical Technology, Walmart	E2open, Pattern Bioscience, Cintra US Services	<b>Principal Tenants</b> Flahive, Ogden & Latson, Evernote Corporation, Lockwood, Andrews & Newnam	Ball Aerospace, ZimVie, Reed Group	Gogo Business Aviation, Accenture, Cesiumastro	Comdata, Cognizant Technology

All information as at 31 December 2023.

<sup>1</sup> Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.

<sup>2</sup> The valuation of The Plaza Buildings takes into account the value of the development air rights, which may be utilised.



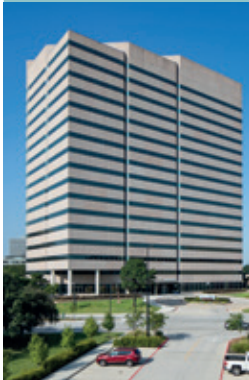


<sup>3</sup> The valuation of Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the property has unutilised plot ratio.

<sup>4</sup> Total number of distinct tenants as at 31 December 2023 was 388. Tenants located in more than one property are accounted as one tenant when computing the total number of tenants.



## Property Portfolio

### At a Glance

HOUSTON, TEXAS		DALLAS, TEXAS	ORLANDO, FLORIDA	SACRAMENTO, CALIFORNIA
				
<b>1800 West Loop South</b>	<b>Bellaire Park</b>	<b>One Twenty Five</b>	<b>Maitland Promenade I &amp; II</b>	<b>Iron Point</b>
<b>Location</b> 1800 West Loop South, Houston, Harris County, Texas	6565 and 6575 West Loop South, Bellaire, Harris County, Texas	125 East John Carpenter Freeway, Irving, Dallas County, Texas	485 and 495 N Keller Road, Maitland, Orange County, Florida	1110-1180 Iron Point Road, Folsom, Sacramento County, California
<b>Office Grade</b> A	A	A	A	A
<b>Land Tenure</b> Freehold	Freehold	Freehold	Freehold	Freehold
<b>Ownership Interest</b> 100%	100%	100%	100%	100%
<b>Latest Valuation by JLL as at 31 December 2023<sup>1</sup> (US\$ million)</b> 75.6	47.3	107.0	91.5	38.2
<b>Purchase Price (US\$ million)</b> 78.6	46.3	101.5	88.7	36.7
<b>Acquisition Date</b> 9 November 2017	9 November 2017	1 November 2019	16 January 2019 and 9 November 2017 <sup>2</sup>	9 November 2017
<b>Net Lettable Area (sf)</b> 406,894	316,559	457,122	466,438	212,251
<b>Committed Occupancy</b> 86.8%	87.3%	92.1%	87.7%	64.2%
<b>Number of Tenants<sup>3</sup></b> 59	58	22	25	24
<b>Principal Tenants</b> Health Care Service Corp, Endo1 Partners, Third Coast Bank SSB	The Rand Group, Eyesouth Eye Care Services, Resource Environmental Solutions	United Capital Financial Advisor, Bio Medical Applications of Texas, U.S. Homeland Security	Spectrum, Taylor Morrison Home Funding, Sonepar Management U.S.	Folsom Hall Investors, FPI Management, PBK Architects

All information as at 31 December 2023.

<sup>1</sup> Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.

<sup>2</sup> Maitland Promenade I & II were acquired on 16 January 2019 and 9 November 2017 respectively.

<sup>3</sup> Total number of distinct tenants as at 31 December 2023 was 388. Tenants located in more than one property are accounted as one tenant when computing the total number of tenants.



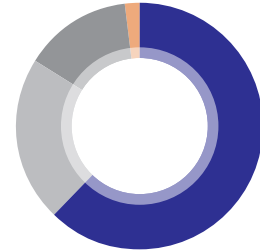
## The Plaza Buildings, Seattle – Bellevue, Washington

Located in Bellevue CBD, the development encompasses two Class A office buildings – Plaza Center and US Bank Plaza. Both buildings boast a full-block frontage along NE 8th Street, the primary east-west artery in downtown Bellevue. The development is close to The Bravern’s luxury shopping, dining, entertainment and residential developments, as well as parks and recreation destinations. To meet the needs of diverse, high-quality tenants, the development is also equipped with an amenity centre comprising a local craft chocolate and coffee operator, a well-appointed lounge with meeting spaces, a fitness studio and a conference floor.

The development holds a LEED gold certification from the US Green Building Council and is a recipient of the US Environmental Protection Agency’s prestigious ENERGY STAR® label.



### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2023

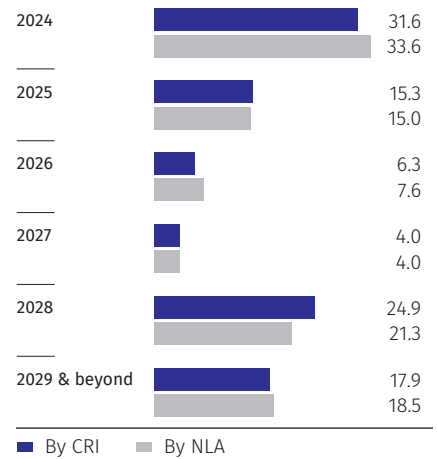


● TAMI	62.3
● Finance and Insurance	21.8
● Professional Services	14.1
● Others	1.8
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2023

	Sector	CRI (%)
Lear Corporation	TAMI	19.3
Auth0	TAMI	9.8
UiPath	TAMI	9.0

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2023



# Property Portfolio



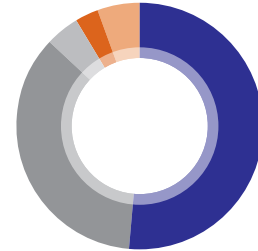
## Bellevue Technology Center, Seattle – Bellevue, Washington

Bellevue Technology Center comprises nine office buildings strategically located in Seattle’s Eastside office market. Spanning 46 wooded acres of land, the campus is conveniently located a short distance from Microsoft’s headquarters, making it an advantageous business address for companies in related sectors.

The campus offers a wide range of amenities, such as a tech-focused fitness studio, media and meeting rooms, kombucha on tap and a fireplace-equipped indoor/outdoor lounge for tenants to utilise all year round. The campus is also well-connected to the Interstate Route 520, providing transit options for commuting across the greater Seattle region.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023

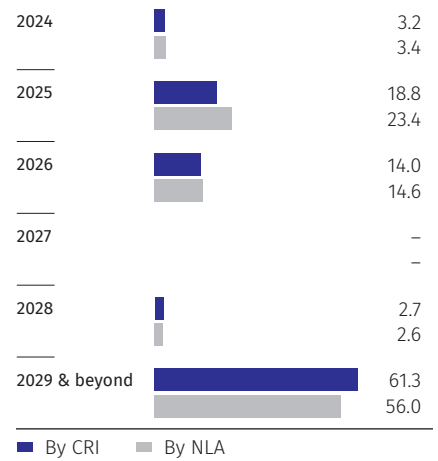


● TAMI	51.4
● Professional Services	35.7
● Finance and Insurance	4.3
● Medical and Healthcare	3.2
● Others	5.4
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

Tenant	Sector	CRI (%)
TerraPower	TAMI	32.4
Trane U.S.	Professional Services	12.3
Regus	Professional Services	11.6

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023





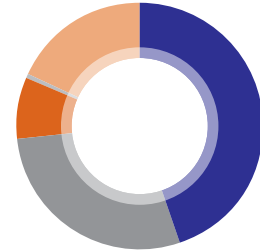
## The Westpark Portfolio, Seattle – Redmond, Washington

Sitting on 41 acres of park-like landscape along the Sammamish River, The Westpark Portfolio is a business campus that comprises 19 freehold office buildings and two freehold industrial buildings in the Eastside of Seattle. The property serves a diverse array of tenants including tech and industrial start-ups as well as established companies such as Meta, Walmart and Pokémon.

Located adjacent to downtown Redmond, the campus enjoys easy access to major transit routes including State Route 520, Interstate 405 and the Redmond Transit Center, allowing companies to recruit across the greater Puget Sound region. The campus' amenity centre includes a modern lounge, conference facilities and a fitness centre for tenants to enjoy, as well as scenic walking paths along the river.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023



● TAMI	45.0
● Professional Services	28.4
● Medical and Healthcare	8.2
● Finance and Insurance	0.4
● Others	18.0
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

	Sector	CRI (%)
Meta	TAMI	18.2
MicroSurgical Technology	Medical and Healthcare	5.7
Walmart	Others	4.6

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023

2024	By CRI	12.3	By NLA	12.6
2025	By CRI	17.3	By NLA	18.2
2026	By CRI	35.3	By NLA	35.3
2027	By CRI	22.2	By NLA	21.3
2028	By CRI	6.2	By NLA	6.9
2029 & beyond	By CRI	6.7	By NLA	5.7

■ By CRI ■ By NLA

# Property Portfolio



## Great Hills Plaza, Austin, Texas

Great Hills Plaza is a three-storey fully glass-fronted office building in Northwest Austin. The development is located close to quality neighbourhoods and retail centres including The Arboretum – one of Austin’s major retail centres providing excellent shopping and dining options.

Conveniently situated just off Loop 360 and US Highway 183, the development provides tenants with excellent accessibility to both the city of Austin and its suburban areas, with the Austin-Bergstrom International Airport just a short drive away. Improvement works were carried out in 2023 to revitalise the lobby and the common areas.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023

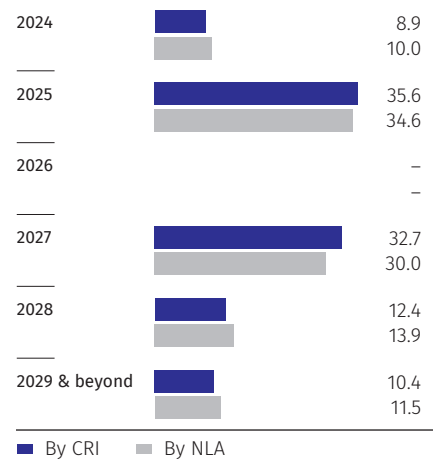


Professional Services	49.8
TAMI	21.0
Medical and Healthcare	11.5
Others	17.7
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

	Sector	CRI (%)
E2open	TAMI	17.4
Pattern Bioscience	Medical and Healthcare	14.4
Cintra US Services	Professional Services	14.3

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023





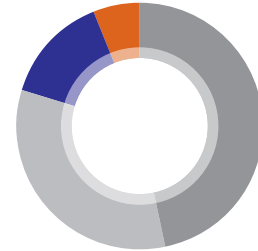
## Westtech 360, Austin, Texas

Located in Northwest Austin, Westtech 360 is a business campus comprising four three-storey office buildings within a park-like environment. Conveniently situated just off Loop 360, the property benefits from excellent accessibility to Austin's key business hubs and is in proximity to residential neighbourhoods and retail destinations such as The Arboretum and The Domain.

The property offers a variety of on-site amenities, including modern lobby areas, a tenant lounge, a fitness centre and a conference room, along with a structured parking garage.



### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2023

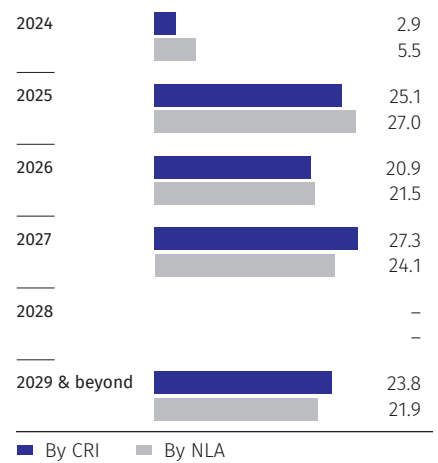


Professional Services	46.7
Finance and Insurance	33.2
TAMI	14.1
Medical and Healthcare	6.0
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2023

	Sector	CRI (%)
Flahive, Ogden & Latson	Professional Services	12.2
Evernote Corporation	TAMI	9.9
Lockwood, Andrews & Newnam	Professional Services	9.0

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2023



# Property Portfolio



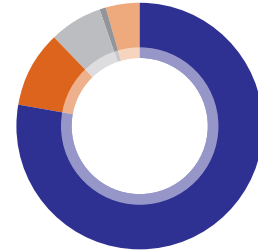
## Westmoor Center, Denver, Colorado

Situated in Northwest Denver, Westmoor Center is a business campus located between the key talent hubs of downtown Denver and Boulder, featuring six Class A office buildings. The campus is outfitted with pristine spaces and substantial ground floor space, which appeals to diverse tech and biotech companies, such as Ball Aerospace and ZimVie. These companies can utilise the space to conduct testing and technology demonstrations as well as fabrication. The campus offers upgraded fitness facilities and a bike storage area to support employee wellness, along with a full-service cafe, a remodelled conference centre and an expansive patio.

The campus holds a LEED gold certification from the US Green Building Council. Four of the office buildings also attained the US Environmental Protection Agency’s prestigious ENERGY STAR® label in 2023.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023

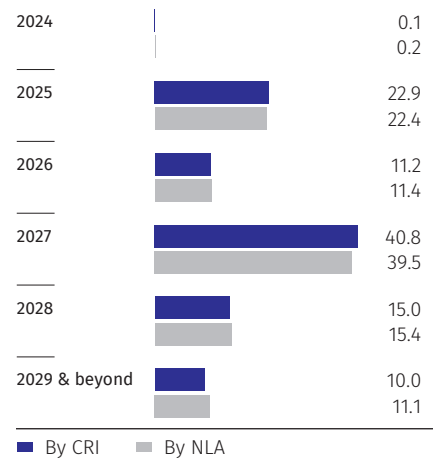


● TAMI	77.8
● Medical and Healthcare	10.1
● Finance and Insurance	6.9
● Professional Services	0.9
● Others	4.3
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

	Sector	CRI (%)
Ball Aerospace	TAMI	36.4
ZimVie	TAMI	20.8
Reed Group	TAMI	14.1

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023





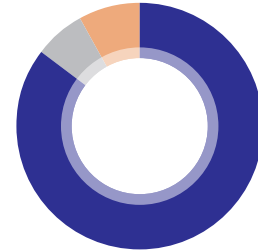
## 105 Edgeview, Denver, Colorado

105 Edgeview is a four-storey Class A office building located in the prominent research and development community of Broomfield, Denver. Situated within the Interlocken advanced technology environment, it neighbours several premier tech firms such as Oracle and Ball Aerospace. Being next to US Highway 36, the property provides excellent access to downtown Denver and Boulder, which is a major draw for the manufacturing and aviation tenants it serves.

Beyond its prominent location, 105 Edgeview sets itself apart as an eco-friendly building equipped with solar rooftop panels, electric vehicle charging stations and a lobby clad in sustainable wood, reflecting a commitment to sustainable practices. The property holds a LEED gold certification from the US Green Building Council and received the US Environmental Protection Agency's prestigious ENERGY STAR® label in 2023.



### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2023

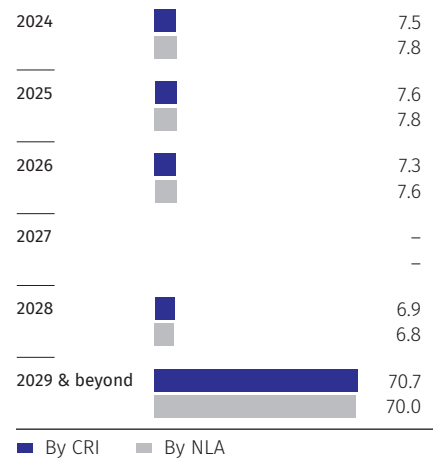


● TAMI	85.4
● Finance and Insurance	6.8
● Others	7.8
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2023

	Sector	CRI (%)
Gogo Business Aviation	TAMI	70.1
Accenture	TAMI	8.0
Cesiumastro	TAMI	7.7

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2023





# Property Portfolio



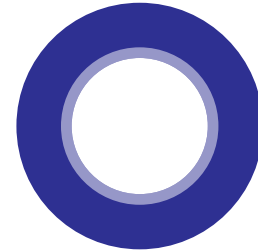
## Bridge Crossing, Nashville, Tennessee

Bridge Crossing is a three-storey office building located in the Brentwood submarket. Situated within Nashville’s most affluent neighbourhoods in Maryland Farm, it is well served by myriad retail, dining and entertainment destinations such as Hill Center Brentwood and Brentwood Place Shopping Center. With convenient access to Interstate 65 and major traffic arteries, the development provides seamless transit between Brentwood and other submarkets.

Significant enhancement works were carried out in recent years. This includes the expansion of the parking lot and upgrading of the lobby, common areas and restrooms. Today, the development serves primarily as a Nashville corporate location for its anchor tenant Comdata, a subsidiary of Fleetcor which is a Fortune 1000 company that operates in the financial data services sector.



### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2023



TAMI	100.0
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2023

	Sector	CRI (%)
Comdata	TAMI	90.2
Cognizant Technology	TAMI	9.8

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2023

Year	By CRI (%)	By NLA (%)
2024	0.0	0.0
2025	0.0	0.0
2026	9.7	6.8
2027	90.3	93.2
2028	0.0	0.0
2029 & beyond	0.0	0.0

■ By CRI    ■ By NLA



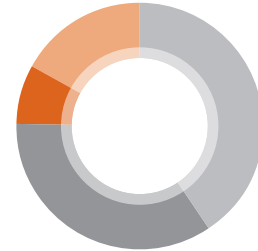
## 1800 West Loop South, Houston, Texas

1800 West Loop South is a 21-storey Class A office tower located in Houston's Galleria submarket. Catering to a diverse mix of professional service and tech companies, including Third Coast Bank SSB and Specialty1 Partners, the building distinguishes itself from its surrounding developments through strategic asset enhancements centred around employee attraction and retention.

The renovated cardio-focused fitness studio, a multi-function hub with food service, conferencing facilities, reservable lounge space and common area enhancements add to the competitiveness of the property. The 21st storey penthouse floor was meticulously redesigned to feature seven distinct suites equipped with upscale amenities which boast panoramic views of the cityscape.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023



● Finance and Insurance	40.8
● Professional Services	34.6
● Medical and Healthcare	7.7
● TAMI	0.2
● Others	16.7
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

	<b>Sector</b>	<b>CRI (%)</b>
Health Care Service Corp	Finance and Insurance	16.0
Endo1 Partners	Medical and Healthcare	7.4
Third Coast Bank SSB	Finance and Insurance	5.9

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023

2024	■ By CRI	8.0	■ By NLA	8.2
2025	■ By CRI	9.9	■ By NLA	10.1
2026	■ By CRI	26.7	■ By NLA	26.9
2027	■ By CRI	8.3	■ By NLA	8.9
2028	■ By CRI	21.8	■ By NLA	21.8
2029 & beyond	■ By CRI	25.3	■ By NLA	24.1

# Property Portfolio



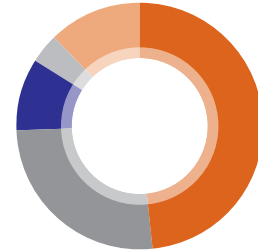
## Bellaire Park, Houston, Texas

Bellaire Park features two Class A office buildings located in Bellaire, an affluent residential suburb in Houston. Its proximity to the Texas Medical Center, Houston’s largest employment centre outside of the CBD and the largest medical centre in the US, has contributed to its high concentration of tenants from the healthcare sector.

Located near major thoroughfares and public transportation nodes, the development enjoys easy accessibility to the Houston CBD. The development received the US Environmental Protection Agency’s prestigious ENERGY STAR® label in 2023.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023

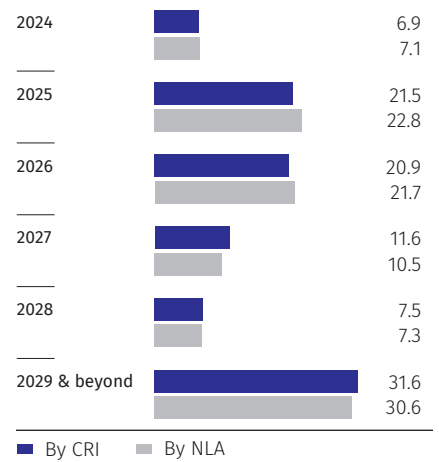


Medical and Healthcare	48.4
Professional Services	26.1
TAMI	9.6
Finance and Insurance	3.9
Others	12.0
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

	Sector	CRI (%)
The Rand Group	TAMI	9.7
Eyesouth Eye Care Services	Medical and Healthcare	8.8
Resource Environmental Solutions	Professional Services	8.0

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023





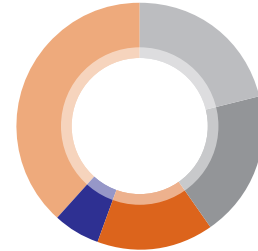
## One Twenty Five, Dallas, Texas

One Twenty Five is an office complex consisting of two Class A buildings situated in the heart of the Las Colinas urban core, a master planned mixed-use business and residential community surrounding Lake Carolyn.

Located within walking distance to Water Street's chef-driven restaurants, high-end hotels and Toyota Music Factory's experiential retail and restaurant landscape, the office complex offers a desirable live-work-play environment. The location is also easily accessible from Highway 114.



### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2023

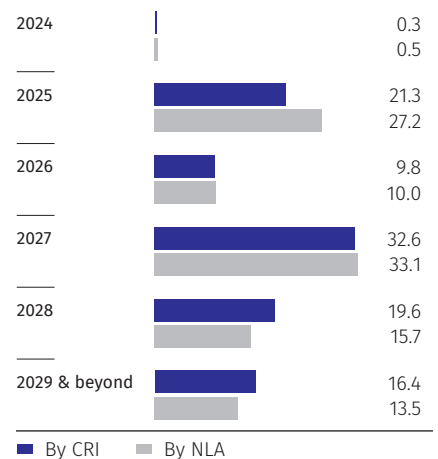


● Finance and Insurance	21.3
● Professional Services	19.1
● Medical and Healthcare	15.2
● TAMI	6.3
● Others	38.1
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2023

	Sector	CRI (%)
United Capital Financial Advisor	Finance and Insurance	16.9
Bio Medical Applications of Texas	Medical and Healthcare	16.0
U.S. Homeland Security	Others	12.7

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2023



# Property Portfolio



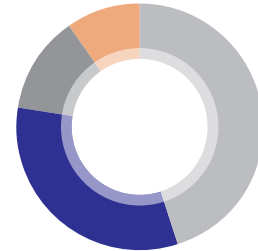
## Maitland Promenade I & II, Orlando, Florida

Situated in the heart of Maitland Center, one of Orlando’s largest office submarkets, Maitland Promenade I & II is a Class A office campus comprising two adjacent five-storey buildings. The property features modern building systems and versatile floor plates suitable for both large and small tenant requirements. With convenient access to Interstate 4, the office campus is a short drive away from many residential neighbourhoods and has easy access to the Orlando International Airport and downtown Orlando. The office campus features on-site amenities that include a conference centre, a fully-equipped fitness centre, a cafe and two three-storey parking decks, a rare feature in this submarket.

Maitland Promenade I holds a LEED gold certification from the US Green Building Council.



**TRADE SECTOR BREAKDOWN BY NLA (%)**  
as at 31 December 2023

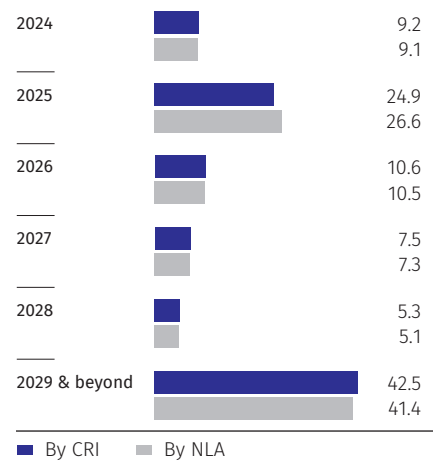


● Finance and Insurance	45.2
● TAMI	32.5
● Professional Services	12.6
● Others	9.7
<b>Total</b>	<b>100.0</b>

**TOP THREE TENANTS BY CRI**  
as at 31 December 2023

	<b>Sector</b>	<b>CRI (%)</b>
Spectrum	TAMI	24.5
Taylor Morrison Home Funding	Finance and Insurance	14.6
Sonepar Management U.S.	Others	9.2

**LEASE EXPIRY PROFILE BY CRI AND NLA (%)**  
as at 31 December 2023





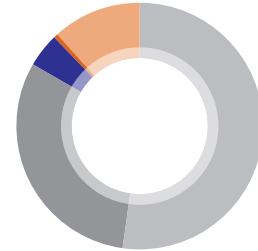
## Iron Point, Sacramento, California

Iron Point features five Class A office buildings that are centrally located in Folsom, Sacramento. Folsom, and the surrounding area, is the preferred residence for many of Sacramento's higher-income executives, positioning Iron Point as a choice business address. The property enjoys excellent accessibility via the US Highway 50 and is in proximity to various retail and service establishments, including the Folsom Premium Outlet and Century Theatre. Notably, it is situated directly across from Intel Corporation's Folsom Campus, one of Intel's four major US sites. Tenant amenities at Iron Point encompass an outdoor walking and jogging track, a fitness centre, a tenant lounge and a well-appointed conference area.

The campus received the US Environmental Protection Agency's prestigious ENERGY STAR® label for three of its office buildings in 2023.



### TRADE SECTOR BREAKDOWN BY NLA (%) as at 31 December 2023

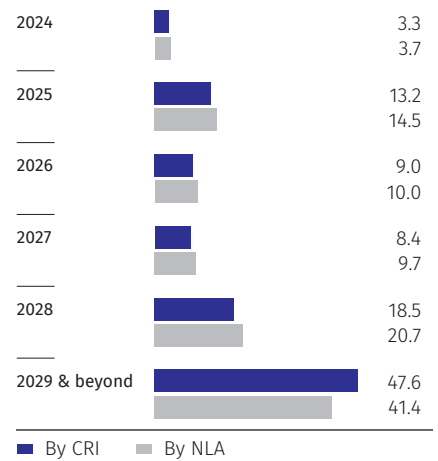


● Finance and Insurance	52.4
● Professional Services	31.2
● TAMI	4.2
● Medical and Healthcare	0.8
● Others	11.4
<b>Total</b>	<b>100.0</b>

### TOP THREE TENANTS BY CRI as at 31 December 2023

	<b>Sector</b>	<b>CRI (%)</b>
Folsom Hall Investors	Finance and Insurance	12.8
FPI Management	Professional Services	12.1
PBK Architects	Professional Services	8.5

### LEASE EXPIRY PROFILE BY CRI AND NLA (%) as at 31 December 2023



# FINANCIAL REVIEW

The Manager is committed to work tirelessly to achieve its goal of optimising net property income, with a view to restarting distributions as early as possible.

Keppel Pacific Oak US REIT (KORE) is a Singapore real estate investment trust constituted by the Trust Deed dated 22 September 2017 (as amended) between Keppel Pacific Oak US REIT Management Pte. Ltd., as the Manager of KORE, and Perpetual (Asia) Limited, as the Trustee of KORE. 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's portfolio comprises 13 freehold office buildings and business campuses across eight key growth markets driven by technology, advertising, media and information (TAMI) as well as medical and healthcare sectors in the United States (US). KORE's investment strategy is to principally invest 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. KORE's attractive freehold office buildings

and business campuses remain popular especially among tenants in the technology hubs of Seattle – Bellevue/Redmond, Austin and Denver – approximately 67% of the portfolio's Net Property Income (NPI) is derived from assets located in these key technology hubs.

KORE's unique value propositions include its highly diversified tenant base with low tenant concentration risks, with the majority of the top 10 tenants from the growing and defensive sectors of TAMI, as well as medical and healthcare, which will continue to support and drive growth for the REIT.

As at 31 December 2023, the assets have a combined value of US\$1.33 billion with an aggregate net lettable area of 4.8 million sf.

## **INCOME AVAILABLE FOR DISTRIBUTION**

KORE recorded income available for distribution of US\$52.2 million in FY2023, a decline of 13.8% against US\$60.6 million in FY2022. The decline was mainly attributable to the higher

financing costs as a result of rising interest rates, as well as the loss of contribution from the divestments of Northridge Center I & II and Powers Ferry in Atlanta, Georgia, in 2H 2022. This was partially offset by the better performance from the remaining assets in the portfolio.

The Manager has elected to receive 100% of its base fee in the form of cash for FY2023. For FY2022, 100% of its base fee for 1Q 2022 was paid in the form of Units, while for 2Q 2022 to 4Q 2022, it was paid in the form of cash. On a like-for-like comparison, assuming the base fee for 1Q 2022 of US\$1.7 million were paid in the form of cash rather than Units, the adjusted income available for distribution for FY2022 would have been US\$58.9 million. Accordingly, income available for distribution of US\$52.2 million for FY2023 would have been 11.4% lower than that of the FY2022 adjusted income available for distribution.

As announced on 15 February 2024, several options were evaluated to recapitalise KORE's balance sheet including divestments, equity fund raising (EFR) and reduction of distributions. KORE is unable to divest any properties at this point at a price that would be beneficial to KORE and its Unitholders because of the difficult US real estate market. Based on discussions with various banks, an EFR is unlikely to raise



## OVERVIEW

	2023 US\$'000	2022 US\$'000	+/(-) %
Rental income	105,916	107,056	(1.1)
Recoveries income	40,579	37,635	7.8
Other operating income	4,262	3,285	29.7
<b>Gross revenue</b>	<b>150,757</b>	<b>147,976</b>	<b>1.9</b>
Utilities	(9,833)	(9,424)	4.3
Repairs and maintenance	(7,385)	(7,315)	1.0
Property management fees	(7,916)	(7,683)	3.0
Property taxes	(16,989)	(18,109)	(6.2)
Other property expenses	(22,534)	(21,170)	6.4
<b>Property expenses</b>	<b>(64,657)</b>	<b>(63,701)</b>	<b>1.5</b>
<b>Net property income</b>	<b>86,100</b>	<b>84,275</b>	<b>2.2</b>
Finance income	818	152	>100
Finance expenses	(24,643)	(18,658)	32.1
Manager's base fee	(5,803)	(6,559)	(11.5)
Trustee's fee	(191)	(190)	0.5
Fair value change in derivatives	(9,441)	31,321	NM
Other trust expenses	(3,325)	(3,314)	0.3
<b>Net income for the year before gain on divestment of investment properties and net fair value change in investment properties</b>	<b>43,515</b>	<b>87,027</b>	<b>(50.0)</b>
Gain on divestment of investment properties	-	185	(100.0)
Net fair value change in investment properties	(142,263)	(39,179)	>100
<b>Net (loss)/income for the year before tax</b>	<b>(98,748)</b>	<b>48,033</b>	<b>NM</b>
Tax credit	31,023	452	>100
<b>Net (loss)/income for the year</b>	<b>(67,725)</b>	<b>48,485</b>	<b>NM</b>
Distribution adjustments	119,948	12,093	>100
<b>Income available for distribution to Unitholders</b>	<b>52,223</b>	<b>60,578</b>	<b>(13.8)</b>
<b>Distribution per Unit (DPU) (US cents)</b>	<b>2.50</b>	<b>5.80</b>	<b>(56.9)</b>

NM – Not meaningful



## Financial Review

enough equity capital in the present market environment to solve leverage concerns on a long-term basis and would likely require KORE to seek additional capital from Unitholders again in the near future. In relation to the suspension of distributions, the drop in valuation of KORE's assets announced on 30 January 2024 creates a loss situation in which any distribution would be in excess of the combination of profits and the US\$75.0 million loans due for refinancing by 4Q 2024<sup>1</sup>.

The Manager determined the best option for KORE and its Unitholders is to suspend distributions beginning 2H 2023. KORE expects distributions will be suspended through the 2H 2025 distribution that would otherwise be paid in 1H 2026. This option is expected to provide significantly more capital over the next two years compared to what an EFR could raise today. If market conditions allow, distributions may re-commence at an earlier date than planned.

Distribution per Unit (DPU) for FY2023 was 2.50 US cents, 56.9% lower than FY2022's DPU of 5.80 US cents. This was largely due to the suspension of the 2H 2023 distribution in order to recapitalise KORE's balance sheet position.

### GROSS REVENUE

Despite the loss of contribution from the disposal of Northridge Center I & II and Powers Ferry in 2H 2022, KORE delivered a gross revenue of US\$150.8 million for FY2023, 1.9% higher than FY2022. The increase was mainly driven by The Plaza Buildings, Bellevue Technology Center, Westmoor Center and One Twenty Five.

Excluding the loss in revenue from the divestments of Northridge Center I & II and Powers Ferry in 2H 2022, the existing portfolio contributed approximately 4.8% of the year-on-year increase in gross revenue, mainly from leasing completed in FY2022 and built-in-rental escalations for the existing portfolio.

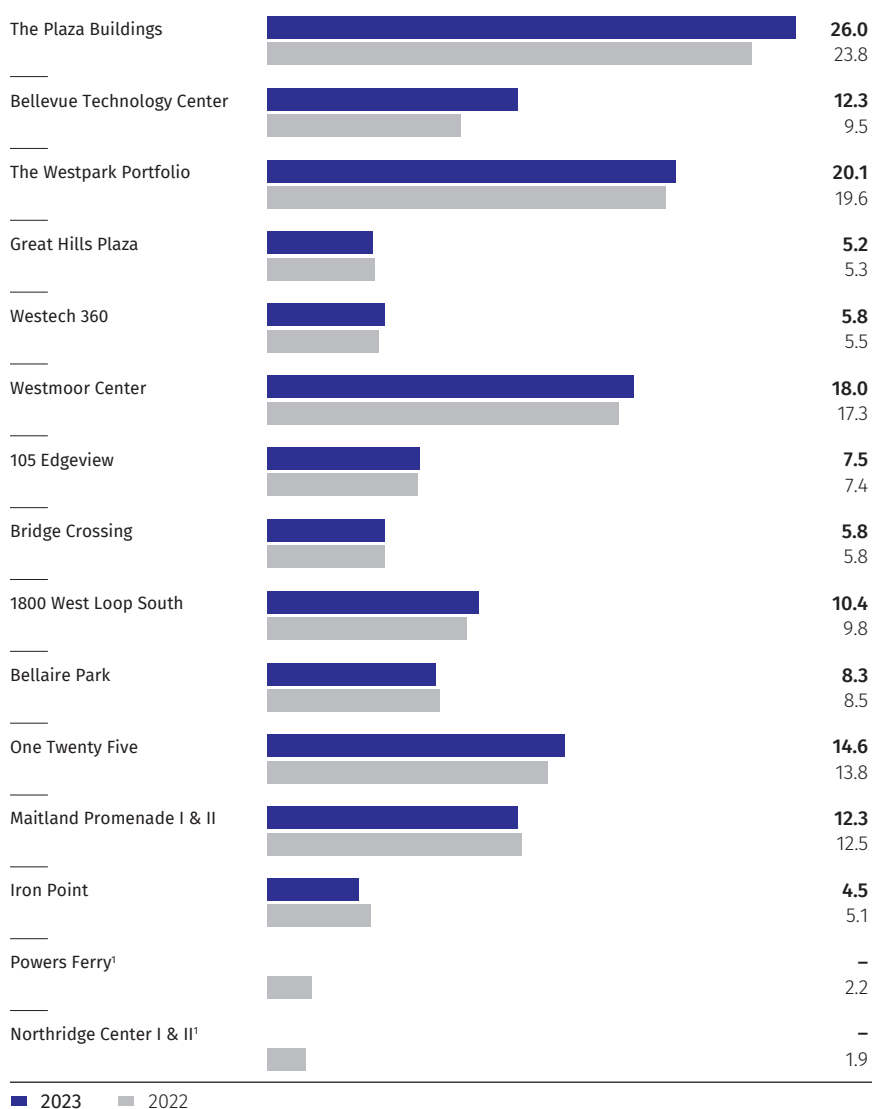
Recoveries income was higher mainly due to higher recoverable property expenses. The increase in other operating income was primarily due to increased usage of parking facilities at The Plaza Buildings by construction

workers for neighbouring developments as well as the return of more tenants' employees to the office.

### NET PROPERTY INCOME (NPI)

NPI for FY2023 was US\$86.1 million, 2.2% higher than FY2022, primarily attributable to the higher gross revenue, arising from what was discussed above, which more than offset the increase in property expenses. Excluding the non-cash adjustments such as straight-line rent, lease incentives and amortisation of leasing commissions, which have no impact to distributable income,

**GROSS REVENUE BY ASSET** (US\$m)  
for the financial year ended 31 December



<sup>1</sup> This takes into account paragraph 7.3 of Appendix 6 to the Code on Collective Investment Schemes ("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".

<sup>1</sup> Northridge Center I & II and Powers Ferry were divested on 28 July 2022 and 22 December 2022 respectively and had contributed US\$1.9 million and US\$2.2 million respectively to gross revenue for FY2022.

adjusted NPI was 2.5% higher year-on-year.

Property expenses of US\$64.7 million for FY2023 were higher than FY2022 by 1.5% largely due to higher year-on-year utilities, property management fees, repairs and maintenance and other property expense for the existing portfolio. In addition, amortisation of leasing commission, which is a non-cash item and does not affect income available for distribution, increased as a result of the leasing completed in 2023. This was partially offset by the lower expenses from the

divestments of Northridge Center I & II and Powers Ferry in 2H 2022.

The higher NPI was mainly contributed from The Plaza Buildings, Bellevue Technology Center, Westmoor Center, 1800 West Loop South and One Twenty Five. This was partially offset by lower NPI from Bellaire Park, Maitland Promenade I & II and Iron Point.

### NET INCOME

Net fair value loss in investment properties for FY2023, after taking into consideration the capital expenditure and tenant improvements spent in

FY2023, amounted to US\$142.3 million, largely driven by fair value losses from The Plaza Buildings, Westmoor Center, Bellevue Technology Center and Iron Point. The decline was largely due to the increase in capitalisation rates and discount rates, as well as higher vacancy rates assumed for 2024.

In FY2023, mark-to-market interest rate swaps recognised a net fair value loss in derivatives of US\$9.4 million, as compared to net fair value gain in derivatives of US\$31.3 million in FY2022 due to movement in interest rates for the respective periods.

Finance expense of US\$24.6 million for FY2023 was 32.1% higher than FY2022, mainly due to the aggressive interest rate hikes by central banks to tame rising inflation in FY2022 and FY2023. This resulted in higher interest rates on the unhedged portion of the loans as well as the early refinancing of loans in 2022 at higher rates. In addition, the increase was also due to the additional interest expense incurred on the additional loan drawn down during the year to finance capital expenditures and tenant improvements.

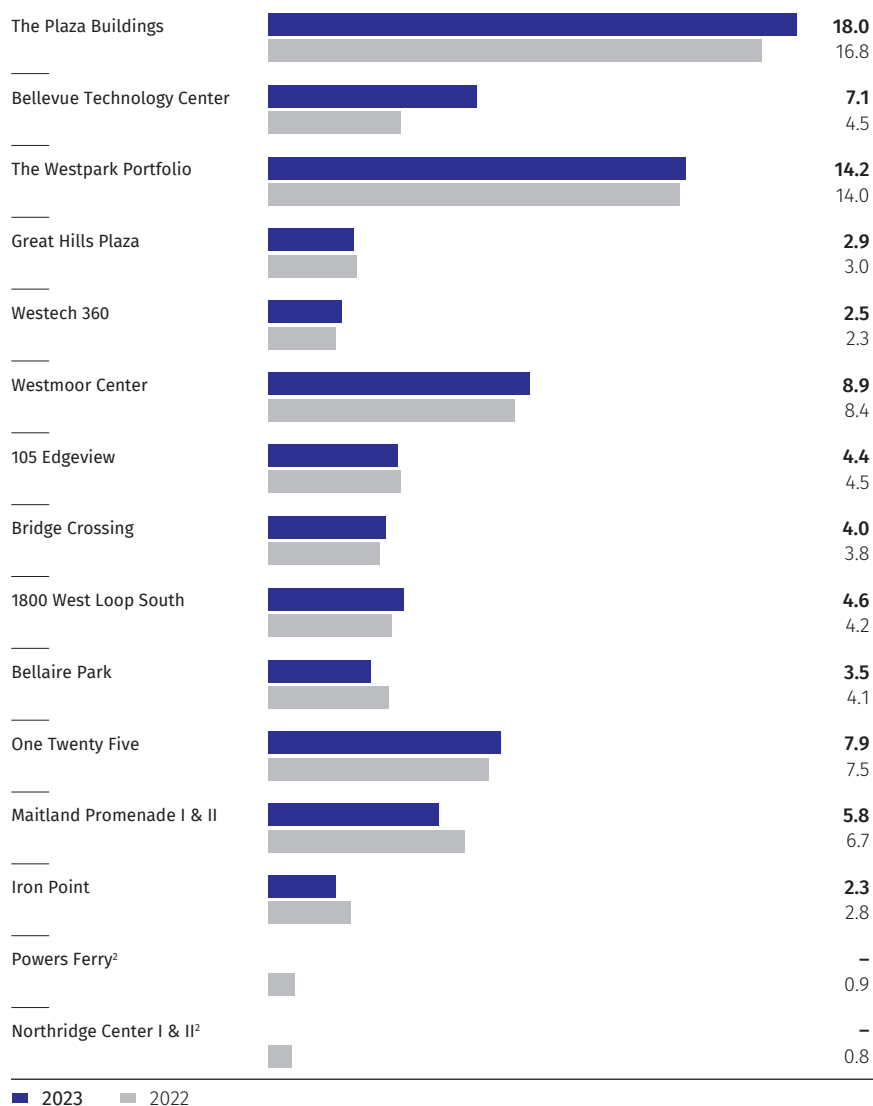
A tax credit of US\$31.0 million was recognised in FY2023, as compared to US\$0.5 million in FY2022, mainly relating to the reversal of deferred tax expenses, due to the deferred tax asset recognised on the fair value losses of the investment properties, offset by deferred taxes recognised from the depreciation of the investment properties.

Due to the net effects of the above, the Group recorded a net loss of US\$67.7 million for FY2023, compared to the net income of US\$48.5 million recorded for FY2022.

### INVESTMENT PROPERTIES

As at 31 December 2023, assets under management amounted to approximately US\$1.33 billion, a decline of US\$97.1 million, or 6.8%, as compared to US\$1.42 billion in FY2022. However, after factoring in capital expenditures and tenant improvements amounting to US\$45.2 million for FY2023, a net fair value loss of US\$142.3 million was recognised for FY2023. The decline in

### NET PROPERTY INCOME CONTRIBUTION (US\$m) for the financial year ended 31 December



<sup>2</sup> Northridge Center I & II and Powers Ferry were divested on 28 July 2022 and 22 December 2022 respectively and had contributed US\$0.8 million and US\$0.9 million respectively to net property income for FY2022.

## Financial Review

value was mainly due to the increase in capitalisation rates and discount rates, as well as higher vacancy rates assumed for 2024, particularly at The Plaza Buildings, Westmoor Center, Bellevue Technology Center and Iron Point, which contributed to approximately 84% of the decline in total portfolio valuation.

Given the volatile macroeconomic environments as well as the operational

risks at the property level, there is a material uncertainty in the estimation to the valuations of the investment properties as compared to a standard market condition.

### NET ASSET VALUE (NAV) PER UNIT

As a result of the decline in valuation, net assets attributable to Unitholders decreased by 14.5% to US\$723.2 million, which translated to NAV per Unit of US\$0.69 (31 December 2022: US\$0.81).

### FUNDING AND BORROWINGS

As at 31 December 2023, KORE's gross borrowings amounted to US\$601.9 million (31 December 2022: US\$580.2 million). The increase was mainly due to additional borrowings drawn down during the year to fund capital expenditures and tenant improvements.

During the year, KORE drew down US\$21.7 million from its revolving credit facilities to fund capital expenditures and tenant improvements.

All of KORE's borrowings are US dollar-denominated, providing a natural hedge for its US investments and income, as well as 100% unsecured, providing the REIT with funding flexibility. Approximately 73.8% of KORE's borrowings had been hedged from floating-to-fixed rates, significantly safeguarding distributions against interest rate volatility.

The Manager continues to adopt a prudent approach towards capital management. It regularly assesses and forecasts KORE's expense requirements and potential funding needs. It also monitors KORE's cash flow position and working capital needs closely to ensure that there are adequate reserves in terms of cash and available credit facilities to meet short- to medium-term obligations.

As at 31 December 2023, the weighted average term to maturity of its debt was 2.7 years (31 December 2022: 3.6 years). Weighted average all-in interest was 4.1% per annum (FY2022: 3.2% per annum). Interest Coverage Ratio (ICR) and adjusted ICR was 3.2 times and 3.1 times (FY2022: ICR and adjusted ICR is 4.0times) respectively.

KORE's aggregate leverage was 43.2% as at 31 December 2023, as compared to 38.2% as at 31 December 2022. The Manager recognises that the higher aggregate leverage will increase the risk profile of KORE. This could limit additional borrowings to fund future working capital, capital expenditure and refinancing existing debt obligations. As such, to improve KORE's financial position and flexibility, the Manager has determined it is in the best

### PORTFOLIO VALUATION

	US\$ million
Property valuation as at 31 December 2022	1,423.4
Capital expenditure for 2023	45.2
Book value before revaluation	1,468.6
Property valuation as at 31 December 2023	1,326.3
Fair value loss	142.3

### INVESTMENT PROPERTIES (US\$m)

as at 31 December

Property	2023	2022
The Plaza Buildings	307.7	340.0
Bellevue Technology Center	140.6	155.0
The Westpark Portfolio	224.0	230.0
Great Hills Plaza	43.6	41.2
Westech 360	47.1	47.3
Westmoor Center	105.7	130.2
105 Edgeview	56.7	60.0
Bridge Crossing	41.3	43.3
1800 West Loop South	75.6	76.9
Bellaire Park	47.3	51.3
One Twenty Five	107.0	105.6
Maitland Promenade I & II	91.5	93.8
Iron Point	38.2	48.8

#### DEBT MATURITY PROFILE (%) as at 31 December

2024		12.5
2025		25.7
2026		6.6
2027		24.3
2028		30.9

interest of KORE and its Unitholders to suspend distributions beginning 2H 2023.

#### CASH FLOWS AND LIQUIDITY

As at 31 December 2023, KORE's cash and cash equivalents were US\$43.8 million.

Net cash generated from operating activities for FY2023 was US\$84.2 million. This was mainly due to higher operational cash inflow and lower working capital requirements.

Net cash used in investing activities for FY2023 amounted to US\$45.9 million. This was largely due to US\$46.7 million of net cash utilised for capital expenditures and tenant improvements.

Net cash used in financing activities amounted to US\$58.0 million. This comprised net borrowings of US\$21.7 million obtained from external banks to fund the capital expenditures and tenant improvements during the year. During FY2023, interest expense paid to external banks and distributions to Unitholders were US\$23.7 million and US\$55.1 million, respectively.

#### CAPITAL MANAGEMENT

The Group's ability to secure financing is susceptible to factors such as the cyclical nature of the property market and risks associated with market disruptions, potentially impacting liquidity, interest rates and the overall availability of funding sources. While the Group may face challenges with its future borrowing capacity to fund working capital, capital expenditure and refinancing existing debt obligations, the Manager continues to adopt a prudent and proactive approach towards capital management.

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits as set out in the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS) to fund future acquisitions and asset enhancement projects at the Group's properties. To maintain and achieve an optimal capital structure, the Manager may explore various options including issuing new Units, sourcing additional borrowings, and withholding distributions.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Manager monitors the yield, which is defined as the net property income from the property divided by the latest valuation of the property, on the properties acquired. The Manager also monitors the level of distribution to Unitholders.

Under the Property Funds Appendix of the CIS Code issued by the MAS, the aggregate leverage should not exceed 50.0% of KORE's deposited properties. KORE complied with this requirement for FY2023.

#### FINANCIAL RISK MANAGEMENT

KORE is exposed to a variety of financial risks, including tax, credit, liquidity, market (mainly interest rate) and capital management risks. The Manager carries out financial risk management in accordance with its established policies and guidelines while achieving a balance between the costs of risks occurring and the costs of managing them. KORE's financial risk management is discussed in more detail in the notes to the financial statements.

The Manager continues to adopt appropriate hedging strategies to manage interest rate exposure for KORE. Interest rate swaps have been entered into to hedge interest rate exposure of the long-term loans.

#### ACCOUNTING POLICY

The financial statements have been prepared in accordance with the International Financial Reporting Standards Accounting Standards issued by the International Accounting Standards Board, the applicable requirements of the CIS Code issued by MAS and the provisions of the Trust Deed. KORE's significant policies are discussed in more detail in the notes to the financial statements.

The preparation of the financial statements in accordance with the International Financial Reporting Standards requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. In particular, the valuation of investment properties is one significant area which requires estimation and critical judgement in applying accounting policies. This has the most significant effect on the amounts recognised in the financial statements and is discussed in greater detail in the notes to the financial statements.

#### KEY STATISTICS

	As at 31 December 2023	As at 31 December 2022
Aggregate leverage <sup>1</sup>	<b>43.2%</b>	38.2%
Weighted average all-in interest rate <sup>2</sup>	<b>4.12% p.a.</b>	3.20% p.a.
Interest Coverage Ratio (ICR) <sup>3</sup>	<b>3.2 times</b>	4.0 times
Adjusted Interest coverage ratio <sup>4</sup>	<b>3.1 times</b>	4.0 times
Weighted average term to maturity	<b>2.7 years</b>	3.6 years

<sup>1</sup> Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the CIS Code issued by MAS.

<sup>2</sup> Weighted average all-in interest rate includes amortisation of upfront debt financing costs.

<sup>3</sup> Defined in the CIS Code issued by MAS as trailing 12 months earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense and borrowing-related fees.

<sup>4</sup> Defined in the CIS Code issued by MAS as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expenses, borrowing-related fees and distributions on hybrid securities.

# SUSTAINABILITY REPORT

We invest for the future, ensuring a resilient portfolio through environmental stewardship, responsible business practices as well as nurturing our people and the communities we operate in.

## Sustainability Framework

### ENVIRONMENTAL STEWARDSHIP

We are committed to doing our part to enhance resource efficiency, improve our environmental performance, and contribute to addressing climate change.

» For more information, go to: pages 77 to 85

### RESPONSIBLE BUSINESS

Through a strong and effective Board, good corporate governance and prudent risk management, we secure the long-term sustainability of our business.

» For more information, go to: pages 86 to 89

### PEOPLE AND COMMUNITY

People are the driving force and heart of our business. We are committed to provide a safe and healthy workplace and empower individuals to reach their full potential through training and development. We strive to uplift communities and create positive impact wherever we operate.

» For more information, go to: pages 90 to 97

## Sustainability Highlights for 2023

### ENVIRONMENTAL STEWARDSHIP

#### ADDRESSING CLIMATE CHANGE RISKS

#### TCFD

Furthered progress in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations through kickstarting the quantification of identified climate risks and opportunities.

#### GREENHOUSE GAS EMISSIONS

#### 8.7% reduction

In Scope 1 and 2 emissions from 2019 levels.

#### ENERGY MANAGEMENT

#### Energy efficiency upgrades

Progressively rolling out a Building Automation System at several properties to optimise energy management.

### RESPONSIBLE BUSINESS

#### ETHICS & COMPLIANCE

#### Zero incidents

Maintained zero incidents in corruption, bribery, fraud and any instances of non-compliance with laws or regulations.

#### SINGAPORE GOVERNANCE & TRANSPARENCY INDEX

#### 8th place

Improved ranking in the Singapore Governance and Transparency Index under the REITs and Business Trusts category in 2023.

#### DATA PROTECTION

#### Zero cases

No substantiated complaints received concerning breaches of customer privacy, nor any leaks, thefts, or loss of customer data identified.

### PEOPLE AND COMMUNITY

#### BOARD DIVERSITY

#### 1/3

Maintained one-third female representation on the Board.

#### VOLUNTEERISM

#### >900 hrs

Dedicated more than 900 volunteer hours together with Keppel's Fund Management and Investment platforms (Keppel FM&I).

#### TRAINING AND DEVELOPMENT

#### 20 hrs

Achieved an average of 20 hours of training per employee in 2023.

# ADVANCING SUSTAINABILITY

**DAVID SNYDER**  
Chief Executive Officer



We are committed to investing in sustainability, and integrating ESG factors in our business and strategy formulation that drive financial growth as well as positive environmental and social impact.

## DEAR STAKEHOLDERS,

The market in 2023 was characterised by volatility and an inflationary environment. Beyond the challenging environment, stakeholders continued to place emphasis on progressive sustainability governance and performance. Amidst these dynamics, KORE's strategy of investing in key markets with rapid growth, coupled with our strategic portfolio management, has continued to deliver value for our stakeholders.

## PRIORITISING CLIMATE RESILIENCE AND DECARBONISATION

The impetus for businesses to prioritise climate resilience and decarbonisation continues to grow across the globe. Through ongoing retrofits and deployment of energy-efficient infrastructure and equipment, KORE continues to deliver on our strategy to reduce emissions by targeting the reduction of energy consumption

and the continuous improvement of our buildings' environmental performance. In addition, we have sought to capitalise on leading technologies, such as smart building systems, to further improve energy management and optimisation. We also adopt a sustainable approach to waste and water management, deploying technology and working with our tenants to raise awareness on reducing waste and increasing recycling rates.

In 2023, KORE reduced its Scope 1 and 2 emissions by 8.7% compared to the 2019 base year. Through these consistent and strategic efforts, we strive to meet our target of achieving a 30% reduction in Scope 1 and 2 greenhouse gas emissions by 2030 from the 2019 baseline. Our commitment to sustainability continues to be recognised with multiple properties achieving the US Environmental Protection Agency's prestigious ENERGY STAR® label in 2023.

To guide better decision-making and provide relevant information to stakeholders, we continue to make progress in our roadmap to implement and align to the recommendations of the Task Force on Climate-related Financial Disclosures. In 2023, building on previous efforts to assess the potential financial impacts of climate-related risks and opportunities in KORE's portfolio, the Manager made progress in quantifying the potential financial impact from physical risks. KORE has also begun the process of quantifying the potential financial impact of identified transition risks. Building on these efforts, the Manager seeks to develop a comprehensive transition plan outlining the measures required to adequately mitigate and adapt to climate risks and meet our climate goals.

## FOSTERING TRUST THROUGH RESPONSIBLE GOVERNANCE

Strong corporate governance continues to stand as the bedrock

on which KORE's business is built. In every facet of our operations, we ensure ethical conduct, transparency and accountability to foster trust within the organisation and with wider stakeholders. We continue to uphold the highest standards of governance, with no incidents of corruption, bribery, fraud and non-compliance with laws or regulations. We also have robust risk management processes enabling us to identify and manage emerging risks.

KORE recognises the importance of maintaining a robust cybersecurity approach to minimise the likelihood of incidents. Through the adoption of the Keppel Technology and Data Risk Management standards and framework as well as the Keppel Cyber Security Incident Management and Reporting Framework, the Keppel Cyber Security Centre has established comprehensive measures, maintaining zero incidents in cybersecurity. As the requirements for cybersecurity evolves with digitalisation, we will actively review the need to enhance our cybersecurity measures where necessary.

## EMPOWERING PEOPLE AND STRENGTHENING COMMUNITIES

People are the heart of our organisation, from our dedicated employees to the vibrant communities we are

privileged to be a part of. We are committed to developing a healthy and safe environment where all employees feel respected and valued. We continue to maintain a safe workplace with zero employee and customer safety incidents. In 2023, we took further strides in our commitment to diversity through the introduction of Keppel's Diversity, Equity & Inclusion Policy. The policy underscores our stance on embracing diversity amongst all individuals, an approach integral to the success and growth of our organisation.

As we prepare for the future of work, investing in our people is no longer just desirable, but an absolute necessity. KORE continues to provide a wide array of learning and development opportunities for our employees, enabling them to upskill and better contribute to the organisation. Some of the events in 2023 include the Keppel Investor Day webinar on the real estate market, sustainability trends and KORE's strategy, as well as an asset management session at Keppel's Annual Learning Festival, where employees gained insights on navigating a challenging landscape.

KORE believes in doing good as we do well, being active in engaging the communities we are part of. Together with Keppel FM&I, we continued

our longstanding partnerships with organisations such as the Muscular Dystrophy Association Singapore, as well as engaged the community through initiatives such as donation drives, beach clean-ups and conservation and awareness activities. Collectively, we dedicated more than 900 hours to community outreach activities in 2023.

## OUR COMMITMENT TO A SUSTAINABLE FUTURE

As sustainability continues to grow in importance, I am proud of the steps we have taken towards the progress we have made. As we forge ahead, we will continue to ensure the robust management of our sustainability strategy, as well as respond to the needs of our stakeholders and the regulatory landscape. We thank all stakeholders for your support as we continue to create a more sustainable future together.

Yours sincerely,

**DAVID SNYDER**  
Chief Executive Officer  
22 February 2024

## About This Report



KORE's commitment to sustainability was recognised with multiple properties achieving the US Environmental Protection Agency's prestigious ENERGY STAR® label in 2023.

This sustainability report (the Report) outlines Keppel Pacific Oak US REIT Management's (the Manager) strategy and approach towards sustainability and provides a summary of KORE's performance and progress in managing environmental, social and governance (ESG) factors.

### GLOBAL REPORTING INITIATIVE STANDARDS

KORE has reported in accordance with the Global Reporting Initiative (GRI) Standards. It has applied the Reporting Principles from the GRI Standards to ensure high-quality and proper presentation of the reported information: Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness and Verifiability. For a full list of disclosures reported, please refer to the GRI Content Index on pages 98 to 100.

### REPORTING PERIOD AND SCOPE

This is KORE's sixth annual sustainability report. The information and metrics in the Report are based on the financial year from 1 January to 31 December 2023. The Report

covers the ESG factors identified as most relevant to KORE's business, operations, and key stakeholders, and describes the approach to managing identified ESG factors, including targets and metrics used to measure and track performance.

The scope of the Report is based on KORE's 100% ownership of The Plaza Buildings, Bellevue Technology Center, The Westpark Portfolio in Seattle – Bellevue/Redmond, Washington; Great Hills Plaza and Westech 360 in Austin, Texas; Westmoor Center and 105 Edgeview in Denver, Colorado; Bridge Crossing in Nashville, Tennessee; 1800 West Loop South and Bellaire Park in Houston, Texas; One Twenty Five in Dallas, Texas; Maitland Promenade I & II in Orlando, Florida and Iron Point in Sacramento, California. Exclusions of data, where relevant, have been specified in the respective sections. Social and governance performance data in this Report covers primarily employees of the Manager.

### INTERNAL REVIEW

The data in this report has undergone a rigorous review. In addition, the Manager had in 2022 initiated an internal review process with internal auditors with respect to the sustainability reporting process, procedures and controls. While the report has not been through external verification, the Manager will review the need for external assurance in the future.

### Contact

The Manager welcomes feedback from its stakeholders to help improve its approach to sustainability and sustainability communication.

Please contact us at:  
enquiries@koreusreit.com

# Managing Sustainability

Keppel Pacific Oak US REIT (KORE) is a distinctive office REIT that focuses on the fast-growing technology, advertising, media and information (TAMI), medical and healthcare sectors across key growth markets in the United States. Comprising a balanced mix of freehold office buildings and business campuses across key growth markets, KORE seeks to deliver stable and sustainable distributions for Unitholders.

With the growing demand from companies seeking better sustainability governance and performance in their choice of commercial properties, the Manager has taken progressive steps to demonstrate its commitment to integrating environmental, social and governance (ESG) factors in its business and strategy formulation to create and safeguard long-term value for the REIT and its

## BOARD STATEMENT

“As part of its strategic oversight, the Board has considered, reviewed, and approved the material ESG factors in KORE’s business and strategy formulation. The Board will continue to review and monitor these ESG material factors periodically, with support from the management and feedback from key stakeholders.”

stakeholders. This is guided by the ESG targets set by the Manager and monitored throughout its operations.

## SUSTAINABILITY FRAMEWORK

The Manager’s approach to sustainability is guided by the

three thrusts of Environmental Stewardship, Responsible Business, and People and Community. The Manager is committed to minimising KORE’s environmental impact, upholding strong corporate governance, as well as creating positive impact and value for all its stakeholders.

KORE’s sustainability strategy focuses on key material ESG factors which have been identified through stakeholder engagement and a materiality assessment. ESG factors are key considerations in the Board’s strategy formulation and in KORE’s business operations.

Policies guiding the Manager’s commitment to responsible business conduct include the Global Anti-Bribery Policy, Whistle-Blower Policy, Insider Trading Policy, Competition Law Compliance Manual, as well as the Health, Safety and Environmental Policy. The policies are reviewed and approved by the Board, Board Committees or senior management where applicable. These policies are periodically reviewed to ensure they are up-to-date and relevant and are publicly available on the sustainability page of KORE’s website.



The Manager’s approach to sustainability is guided by the three thrusts of Environmental Stewardship, Responsible Business and People and Community.



# Managing Sustainability

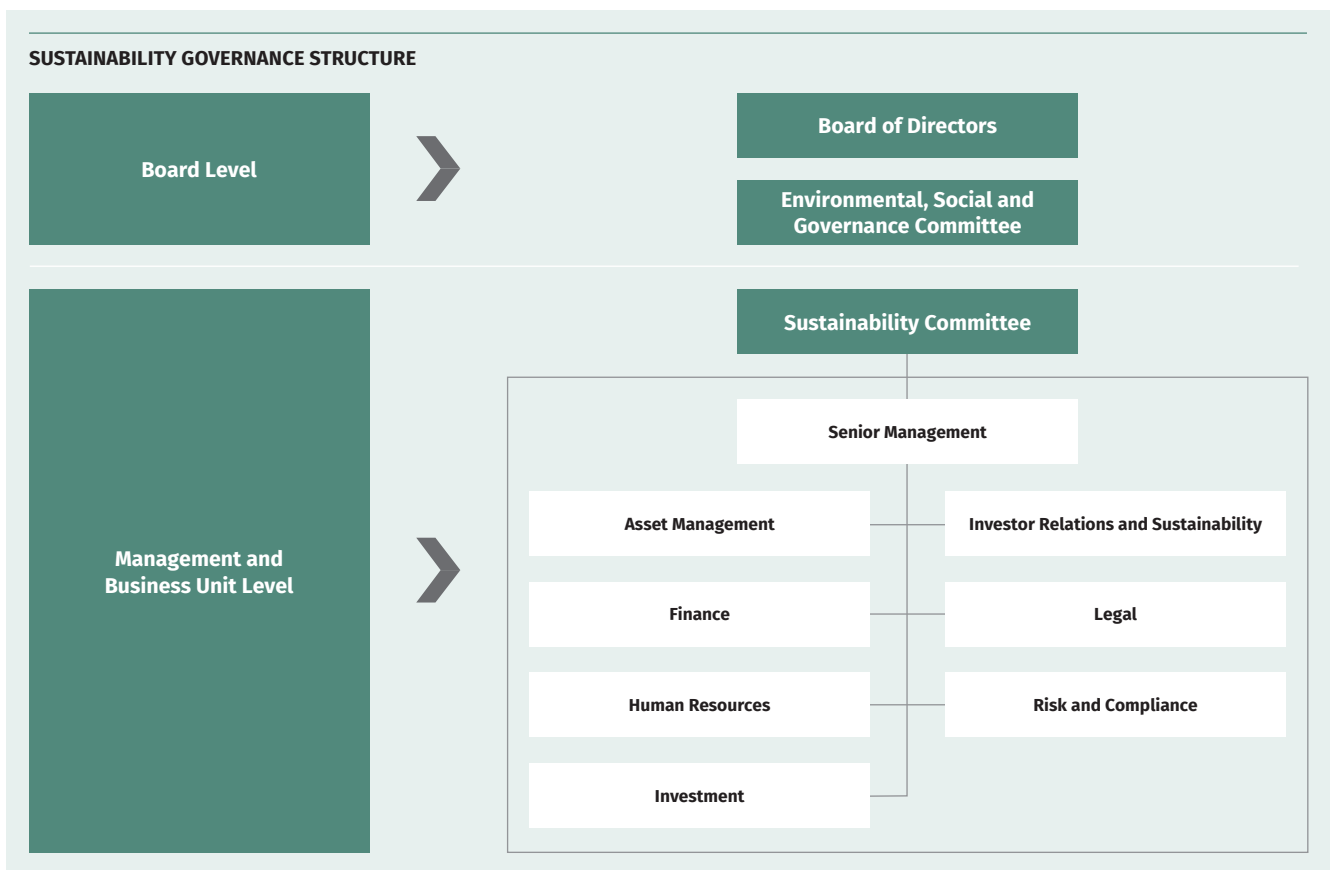
## SUSTAINABILITY GOVERNANCE

The Manager’s Sustainability Committee leads the integration of ESG aspects across KORE’s business operations and implements initiatives aligned to the Manager’s sustainability strategy and goals. The Sustainability Committee actively measures and monitors KORE’s ESG performance and ensures continual improvement through periodic reviews of progress towards its goals. It is led by the CEO and comprises members from various functions, including asset management, investment, finance, risk and compliance, legal, human resources, as well as investor relations and sustainability.

The Board ESG committee was established to enhance the governance of sustainability-related matters and lead the development of KORE’s ESG strategy by providing oversight on KORE’s sustainability efforts across its operations. This includes the recommendation of proposals covering the review and implementation of KORE’s ESG framework, sustainability policies, strategies, workplans, as well as the setting and monitoring of ESG targets that are aligned to KORE’s ESG goals. The ESG Committee ensures the adequate allocation of resources and necessary oversight to ensure compliance with all sustainability-related legal and regulatory

requirements. In conjunction with the ESG committee, KORE’s Board determines, reviews and monitors KORE’s ESG strategy, goals and initiatives, which are reported at board meetings at least twice a year, and when significant issues are encountered. The Board also oversees the management and monitoring of KORE’s ESG performance, with inputs from the Sustainability Committee.

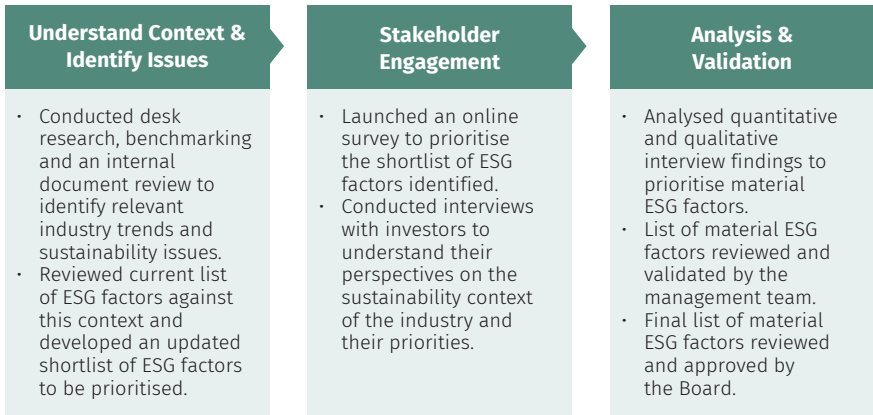
The Manager initiated in 2022 an internal review process with internal auditors with respect to the sustainability reporting process, procedures, and controls.



## MATERIALITY ASSESSMENT

Identifying key material issues relevant to KORE as an organisation is essential to prioritising economic, environmental, social and governance factors that have significant implications on KORE's business and where KORE may have significant influence over in relation to the economy, environment and people. Material ESG factors are key considerations in the Board's strategy formulation and in KORE's business operations. In 2021, the Manager worked with a sustainability consultant to review KORE's most material and relevant ESG factors to account for changes in the potential impacts as new trends emerge and evolve. The review sought to ensure that KORE's identified material ESG factors continue to reflect the most significant factors in relation to KORE and its impact on the economy, environment and people, and that the Manager has continued to actively assess, monitor and manage them.

The materiality assessment was conducted based on a systematic process, with an in-depth engagement



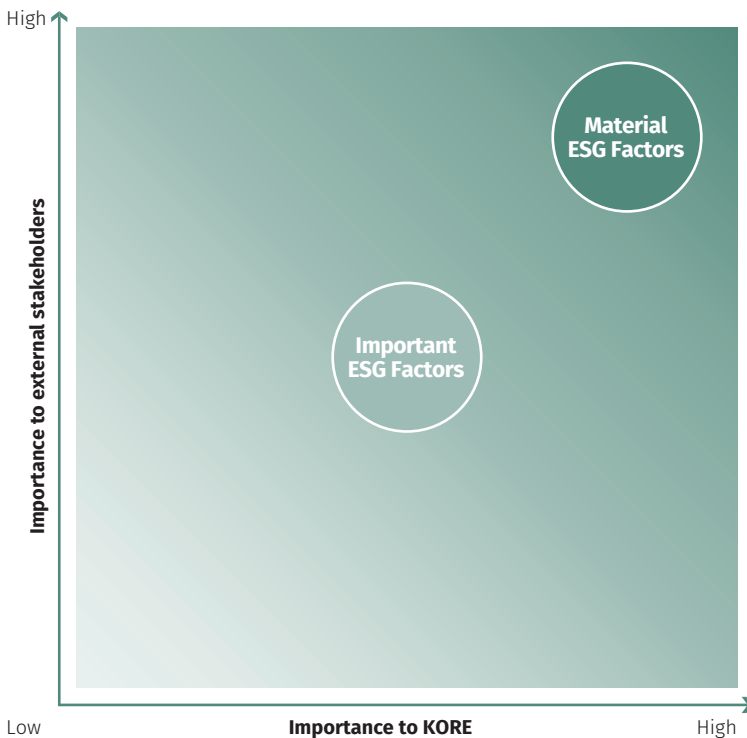
with both internal and key external stakeholders, including Board members as well as employees of the Manager, investors, building tenants, suppliers and business partners.

### Materiality Assessment Process

The prioritised list of ESG factors is presented in the chart below, categorised by material and important ESG factors (in alphabetical order), representing their level of materiality as determined through the assessment

process. The material factors are covered within this Report to the extent that it reflects their relative priority. The Manager will continue to review these factors regularly to ensure it is able to determine and respond to any shift in the impact and importance of issues identified.

In 2023, the Manager reviewed its material ESG factors and determined that the ESG factors identified remain relevant.



### Material ESG Factors

Factors of very high importance to KORE and its key stakeholders, and considered most material and of top priority. These form the focus of its sustainability strategy and reporting, for which it aims to disclose goals, targets and performance.

- Building and Service Quality
- Climate Change Adaptation
- Corporate Governance
- Economic Sustainability
- Emissions
- Employee Health and Well-being
- Energy
- Ethics and Integrity
- Human Capital Management
- Tenant Health

### Important ESG Factors

Factors of moderate to high importance to KORE and its key stakeholders. These are actively monitored and managed, and will be included in external reporting as relevant, based on the sustainability context and stakeholder interest.









- Community Development and Engagement
- Cybersecurity and Data Privacy
- Diversity and Inclusion
- Sustainable Supply Chain Management
- Waste Management
- Water







Note: The factors within each tier are in alphabetical order

# Managing Sustainability

## ESG TARGETS AND COMMITMENTS

This section summarises the key targets and commitments which the Manager tracks and reports on to drive performance and manage KORE’s material ESG factors. In support of the United Nations Sustainable Development Goals (SDGs), and the 2030 Agenda for Sustainable Development, the Manager has incorporated nine identified SDGs that are most aligned with KORE’s business, where it can best contribute to address the SDGs and partner with other stakeholders to contribute to sustainable development. To ensure progress and accountability, the Manager has set short-term (2023) and medium- to long-term (beyond 2023) targets and commitments for KORE’s material ESG factors.

Environmental Stewardship				
ESG Factors	UN SDGs	Targets and Commitments	Performance and Progress	Page No.
Climate Change Adaptation		To align with and report based on the recommendations of the TCFD.	<ul style="list-style-type: none"> <li>The Manager continues to make progress on its roadmap to progressively implement the TCFD recommendations.</li> <li>Building on the initial risk assessment, KORE conducted an enhanced quantitative assessment of physical and transition risks, adopting scenario analysis to understand the financial implications of climate-related risks and opportunities.</li> <li>Climate change has been incorporated in KORE’s overall risk register.</li> </ul>	79 to 84
				
Emissions		Achieve 30% reduction for the Scope 1 and 2 emissions by 2030, from the 2019 baseline.	<ul style="list-style-type: none"> <li>As at end-2023, the Manager had reduced Scope 1 and 2 emissions by 8.7% compared to the 2019 base year.</li> </ul>	77 to 78
Energy		Implement energy-saving initiatives through utilising LED light bulbs and reducing the use of energy-intensive equipment across the portfolio.	<ul style="list-style-type: none"> <li>The Manager continued to implement and explore energy optimisation initiatives, including energy-efficient LED retrofits, and conducted replacement of heating, ventilation and air conditioning (HVAC) units with energy-saving models.</li> <li>The Manager is progressively rolling out a Building Automation System at several properties to optimise energy management.</li> </ul>	78 to 79
Waste and Water Management		Continue to improve water conservation efforts and increase the waste recycling rate across the portfolio.	<ul style="list-style-type: none"> <li>The Manager continued to implement water-efficient technologies and equipment, such as irrigation system controllers and high efficiency flush valves, to optimise the use of water.</li> <li>In 2023, 22% of total waste generated was recycled or composted. The Manager continues to work with tenants to promote recycling and responsible waste management.</li> </ul>	84 to 85
				
Responsible Business				
Building and Service Quality		Zero incidents of non-compliance with laws, regulations and voluntary codes pertaining to the provision, use, health and safety of its products and services.	<ul style="list-style-type: none"> <li>There were no incidents of non-compliance with laws, regulations and voluntary codes pertaining to the provision, use, health and safety of KORE’s products and services.</li> </ul>	88 to 89, 96
				
Corporate Governance		Uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders.	<ul style="list-style-type: none"> <li>The Manager continues to uphold strong corporate governance and risk management practices.</li> </ul>	86
Cybersecurity and Data Privacy		Uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure, with zero incidents of data breaches and non-compliance with data privacy laws.	<ul style="list-style-type: none"> <li>There were no complaints received concerning breaches of customer privacy, nor any leaks, thefts, or losses of customer data identified.</li> <li>Keppel conducted a series of mandatory annual cybersecurity training and awareness sessions for all employees, including KORE’s directors and staff.</li> </ul>	89
Economic Sustainability		Execute a sound fiscal and asset management strategy to drive growth and long-term value for Unitholders.	<ul style="list-style-type: none"> <li>Full year income available for distribution and distribution per Unit was US\$52.2 million and 2.50 US cents, respectively. No distribution was declared for 2H 2023 arising from the recapitalisation plan.</li> </ul>	86

ESG Factors	UN SDGs	Targets and Commitments	Performance and Progress	Page No.
<b>Ethics and Integrity</b>		Maintain high standards of ethical business conduct and compliance best practices, with zero incidents of fraud, corruption, bribery and non-compliance with laws and regulations.	<ul style="list-style-type: none"> <li>There were no incidents relating to corruption, bribery or fraud, and no instances of non-compliance with laws or regulations.</li> </ul>	87 to 88
<b>Sustainable Supply Chain Management</b>		Encourage the adoption of sustainability principles throughout the supply chain.	<ul style="list-style-type: none"> <li>There were no known instances of non-compliance with any applicable regulations regarding human rights and labour practices throughout KORE's supply chain.</li> <li>There were no operations or suppliers with significant risks of forced or compulsory labour practices that KORE is aware of.</li> </ul>	89
<b>People and Community</b>				
<b>Community Development and Engagement</b>		Engage with local communities and contribute to Keppel FM&I's target of 500 hours of staff volunteerism in 2023.	<ul style="list-style-type: none"> <li>The Manager, together with Keppel FM&amp;I, dedicated more than 900 volunteer hours.</li> </ul>	97
<b>Diversity and Inclusion</b>		Maintain at least one-third female representation on the Board.	<ul style="list-style-type: none"> <li>As of end-2023, the Manager continued to maintain at least one-third female board representation.</li> </ul>	94 to 95
<b>Employee Health and Well-being/ Tenant Health and Safety</b>		Provide a safe and healthy environment for all stakeholders, adopting the Keppel Zero Fatality Strategy to achieve a zero-fatality workplace.	<ul style="list-style-type: none"> <li>There were no fatalities, work-related injuries or safety incidents reported.</li> <li>There were no cases of tenant health and safety incidents, and no violations of laws, regulations or voluntary codes concerning tenant health and safety during the year.</li> </ul>	95 to 96
<b>Human Capital Management</b>		Achieve at least an average of 20 training hours per employee in 2023.	<ul style="list-style-type: none"> <li>The Manager achieved an average of 20 hours of training per employee.</li> </ul>	93
		Achieve at least 75% in employee engagement score in 2023.	<ul style="list-style-type: none"> <li>The engagement score remained strong at above 80%.</li> </ul>	93 to 94

## EXTERNAL MEMBERSHIPS, INITIATIVES AND CERTIFICATIONS

The Manager seeks to uphold and maintain best practices through benchmarking and aligning to leading internationally recognised industry standards. KORE is a member of key external industry associations and participates in industry initiatives, green certifications and award schemes.

KORE's properties have been receiving certifications for their superior environmental performance, such as the Leadership in Energy and Environmental Design (LEED) by the US Green Building Council, as well as the US Environmental Protection Agency's ENERGY STAR® label. Refer to page 88 for the full list of sustainability certifications and awards accorded to KORE's properties.

The Manager, through Keppel, is also a participant of the United Nations Global Compact (UNGC) and is

### EXTERNAL MEMBERSHIPS



The Manager, through Keppel FM&I, is a signatory of the United Nations supported Principles for Responsible Investment (PRI), and is committed to adopting the PRI's six principles where possible.



KORE is a member of the REIT Association of Singapore (REITAS), an organisation that aims to collaboratively strengthen and promote the Singapore REIT industry through education, research and professional development.



The Manager, through Keppel, supports the Securities Investors Association (Singapore) (SIAS) in its efforts to empower the investment community through continuous investor education.

committed to the Global Compact's 10 universal principles, which include human rights, labour, environment and anti-corruption. In addition, Keppel FM&I is a signatory of CDP (formerly known as Carbon Disclosure Project) capital markets, which is dedicated to driving corporate environmental transparency.

# Managing Sustainability

## STAKEHOLDER ENGAGEMENT

To refine its business strategies and operations in its drive towards continual improvements in its ESG performance, the Manager engages its key stakeholders regularly to gather feedback and understand their concerns and expectations. Stakeholder engagement provides vital perspectives in managing KORE’s material ESG factors, taking into account the interests of various


stakeholders. Key stakeholders are identified based on their impact on, or potential to be impacted by KORE’s operations and ESG performance.

The Manager addresses the factors highlighted by stakeholders by measuring associated performance metrics, communicating its performance against material ESG factors, and adopting an integrative management approach of material

ESG factors into decision-making processes. In order to facilitate meaningful engagement, the Manager has established appropriate channels to communicate and gather relevant information from each group of stakeholders.

The table below outlines the modes of engagement and key topics of concern of KORE’s key stakeholder groups.

<b>Employees</b> 
<b>Objectives of Engagement</b> Upskill talent pool through continuous investments in training and development, as well as employee welfare.
<b>Modes of Engagement</b> Dialogue sessions with senior leaders, annual employee engagement survey, appreciation month, physical, mental and financial well-being months, staff communication sessions, leadership programmes, team building activities, involvement in different employees’ interest groups, dinner and dance event.
<b>Key Topics</b> Providing platforms for employees to contribute and share ideas, building a culture of recognition and appreciation, enhancing careers through self-directed learning, inspiring others through leading by example.
<b>Frequency of Engagement</b> Ongoing regular engagement.

<b>Tenants</b> 
<b>Objectives of Engagement</b> Grow tenant base, deepen relationships with existing and prospective tenants and obtain feedback.
<b>Modes of Engagement</b> Meetings and feedback sessions, tenant engagement activities and satisfaction surveys.
<b>Key Topics</b> Building and service quality, as well as health, safety and environmental matters.
<b>Frequency of Engagement</b> Ongoing regular engagement.

<b>Investors</b> 
<b>Objectives of Engagement</b> Ensure timely and accurate disclosure of information.
<b>Modes of Engagement</b> General meetings, media releases, investor presentations, SGX announcements, annual reports, results briefings, conference calls, non-deal roadshows and conferences.
<b>Key Topics</b> Business strategy and corporate developments, financial and portfolio performance, ESG strategy and performance.
<b>Frequency of Engagement</b> Ongoing regular engagement.

<b>Business Partners</b> 
<b>Objectives of Engagement</b> Align practices for better planning, responsive vendor support and mutually beneficial relationships.
<b>Modes of Engagement</b> Dialogue sessions, regular meetings with business partners including external property managers, key subcontractors, and suppliers, as well as networking events.
<b>Key Topics</b> Compliance, collaboration, as well as health, safety and environmental matters.
<b>Frequency of Engagement</b> Ongoing regular engagement.

<b>Regulatory Authorities</b> 
<b>Objectives of Engagement</b> Engage and work alongside on issues of mutual interest.
<b>Modes of Engagement</b> Visits and meetings.
<b>Key Topics</b> Adherence to rules and regulations, consultation on policies regarding the REIT sector, as well as communication on industry or sector trends, including sustainability.
<b>Frequency of Engagement</b> Ongoing regular engagement.

<b>Local Communities</b> 
<b>Objectives of Engagement</b> Impact communities positively.
<b>Modes of Engagement</b> Community outreach activities, promoting and organising community-related activities, as well as participation in industry events and/or talks.
<b>Key Topics</b> Community engagement, as well as sharing of industry insights and knowledge.
<b>Frequency of Engagement</b> Ongoing regular engagement.

# ENVIRONMENTAL STEWARDSHIP

Keppel Pacific Oak US REIT (KORE) is committed to operate its business sustainably and continuously improve its environmental performance. To meet its climate action goals, the Manager seeks to reduce emissions and improve the environmental performance of its buildings through the adoption of innovative technologies, as well as implementing initiatives related to emissions reduction, energy efficiency, water conservation and waste management.

To meet its climate action goals, the Manager seeks to reduce emissions and improve the environmental performance of its buildings through the adoption of innovative technologies.

## EMISSIONS & ENERGY

### Management Approach

Given that KORE's emissions footprint and energy usage primarily stem from the energy consumption of the buildings in its portfolio, the Manager focuses its greenhouse gas (GHG) emissions reduction strategy and optimising the energy usage of its buildings through targeted operational improvements, such as the adoption of energy-efficient

equipment and technologies, as well as sustainable building designs and materials. Where feasible, KORE looks to expand the use of renewable energy.

### Performance and Progress

#### GHG Emissions

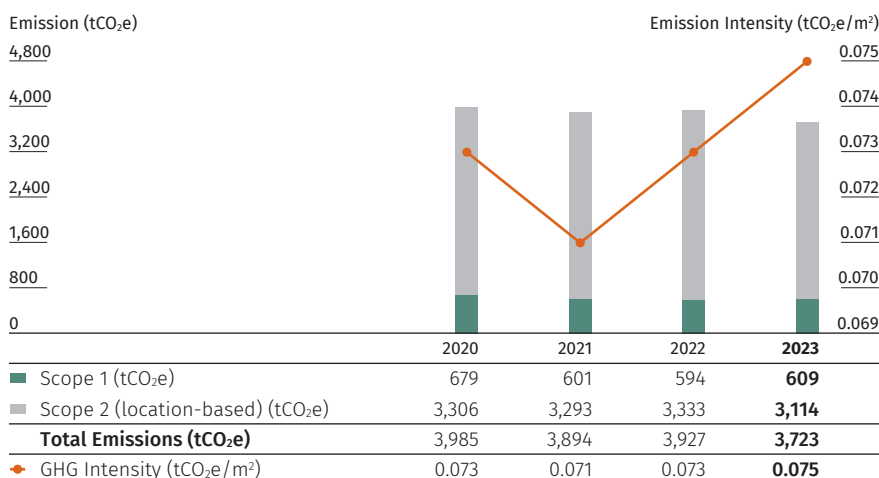
KORE's GHG emissions comprise Scope 1 emissions from the use of natural gas and diesel for the buildings' generators, Scope 2 emissions from electricity use and Scope 3 value chain emissions, comprising eight categories identified as relevant. The Manager has been working with an external consultant since 2022 to assist with the tracking of sustainability data and to advise on the progress towards reduction targets.

#### Total GHG Emissions in 2023

In 2023, KORE's total GHG emissions was 40,311 tCO<sub>2</sub>e with Scope 3 emissions comprising 90.8% of emissions. Scope 1 and 2 emissions totalled 3,723 tCO<sub>2</sub>e, a 5.2% decrease from 2022, while GHG emissions intensity increased to 0.075 tCO<sub>2</sub>e/m<sup>2</sup>. Due to the divestments of Powers Ferry and Northridge Center I & II, KORE's overall emissions have reduced by a significant margin. However, with the reduction in attributable floor area across assets, GHG emissions intensity has increased marginally compared to 2022. Scope 1 and 2 emissions have reduced by 8.7% since 2019, and KORE is on track to achieving its target of reducing

# Environmental Stewardship

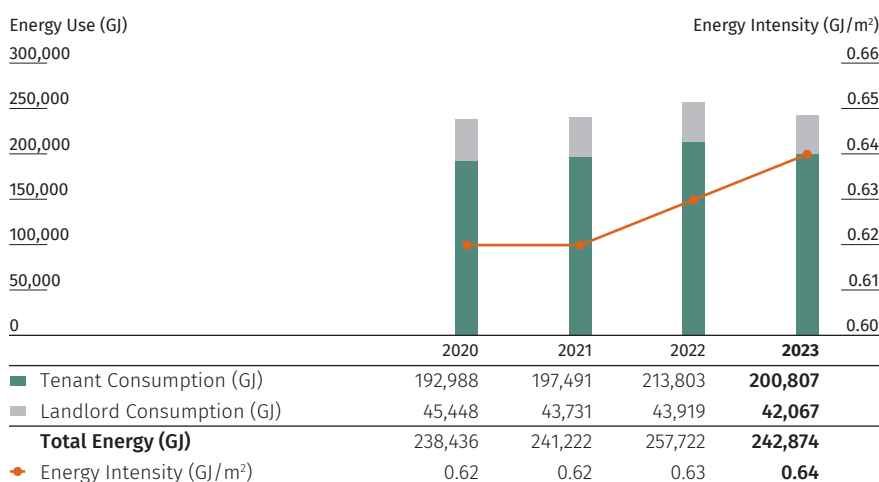
## TOTAL SCOPE 1 AND 2 GHG EMISSIONS (tCO<sub>2</sub>e)



Notes:

- Comparison is not on a like-for-like basis as past years figures do not take into account acquired or divested properties. This will be incorporated in the future.
- GHG emissions are calculated in accordance with the operational control approach of the GHG Protocol standard – the most widely accepted international standard for GHG accounting. Gases included in the calculation are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).
- Conversion factors for Scope 1 and 2 (location-based) GHG emissions and waste were referenced from the United States Environmental Protection Agency: [www.epa.gov](http://www.epa.gov). Scope 3 emission factors are referenced from the UK Department for Business, Energy & Industrial Strategy (BEIS) and International Energy Agency (IEA) for fuel and energy, and from International Civil Aviation Organisation for business air travel. Employee commuting emissions are estimated based on Singapore Census of Population 2020 survey with emission factors provided by SMRT Corporation and Land Transport Authority.
- Scope 2 emissions have been restated for 2020 due to reclassification of tenants' emissions under the Scope 3 category of downstream leased assets.
- GHG intensity calculation includes Scope 1 and 2 emissions and is based on landlord controlled gross floor area in square metres. GHG emissions figures have been restated for 2019-2022 due to the use of US state-specific emission factors in 2023 and the adoption of the Energy Star Portfolio Manager platform leading to improved data quality.
- The Westpark Portfolio Scope 1 and 2 emissions data excludes electrical consumption from tenants due to the unavailability of data at time of publication.

## TOTAL ENERGY CONSUMPTION (Gj)



Notes:

- Comparison is not on a like-for-like basis as past years figures do not take into account acquired or divested properties. This will be incorporated in the future.
- Energy intensity calculation is based on total energy consumption in gigajoules (Gj) of both landlord and tenants and gross floor area in square metres.
- Energy consumption within the organisation (now indicated as landlord consumption) for 2020 has been restated due to reclassification of tenants' consumption as energy consumption outside of the organisation in 2021.
- The Westpark Portfolio Scope 1 and 2 emissions data excludes electrical consumption from tenants due to the unavailability of data at time of publication.

Scope 3 Category	Emissions in 2023 (tCO <sub>2</sub> e)
Business travel	421
Employee commuting	4
Waste generated in operations	789
Fuel and energy related activities	1,228
Downstream leased assets	21,750
Purchased goods and services	5,797
Capital goods	6,099
Upstream transportation and distribution	500

Scope 1 and 2 emissions by 30% from 2019's levels.

The Manager actively monitors and assesses the portfolio's energy performance to ensure KORE is on track to achieving its targets, with measures to optimise energy usage and improve energy efficiency, progressively implemented at the properties.

### Energy Consumption

KORE's energy demand comprises a mix of direct energy from primary sources purchased and consumed on-site by its operations, and indirect energy from electricity procured from external suppliers.

KORE's total energy consumption in 2023 was 242,874 Gj, a decrease of 5.8% as compared to 2022. KORE's energy intensity increased to 0.64 Gj/m<sup>2</sup> in 2023 from 0.63 Gj/m<sup>2</sup> in 2022. While divestments led to a decrease in overall energy consumption, energy intensity increased due to the decrease in attributable floor area across assets. With electricity consumption being the main source of energy consumed,

### Energy Optimisation Initiatives



Introduction of smart building automation systems to improve energy management.

Upgrades and replacement of HVAC units and chiller systems to energy-saving models.

Energy-efficient LED lighting retrofits.


making up 95.0% of the total share (the remaining energy is sourced from natural gas), the Manager's strategy prioritises energy efficiency as the main lever for reducing emissions. Where feasible, the Manager continues to expand its retrofitting and replacement of operational equipment with LED lighting towards more energy-saving and efficient models. In 2023, it also began to utilise automation to improve sustainability, progressively rolling out a Building Automation System at its properties to assist in energy management. This includes the conversion of pneumatic heating, ventilation and air conditioning (HVAC) control systems to Direct Digital Control electric actuators and the upgrading of Air Handling Unit supply fans to enable automated controls.

**CLIMATE CHANGE ADAPTATION**

KORE recognises the need to respond to environmental risks posed by climate change and embraces the continuous integration of sustainability into its operations to maintain financial performance and create long-term value. The Manager has sought to fully adopt the recommendations of the TCFD through progressive implementation, guided by KORE's TCFD implementation roadmap and the requirements of the Singapore Exchange (SGX).

**Case Study**

## ENERGY EFFICIENT HVAC ROOFTOP UNITS



In 2023, at The Westpark Portfolio, the Manager replaced 21 HVAC rooftop units with newer and more efficient models. The rooftop units were replaced with 14 SEER (Seasonal Energy Efficiency Ratio) units, which would result in

approximately 42% reduction in energy consumption. The Manager is also in the process of replacing additional units, which will further contribute to the reduction of energy use through improved insulation.

**KORE's Approach to Climate Change Adaptation**

**2021**  
Established Roadmap

**2022**  
Conducted Scenario Analysis

**2023-2024**  
Enhanced Scenario Analysis through Quantification of Selected Physical and Transition Risks

**Establish Governance**

- Established sustainability governance structure

**Climate Scenario Analysis**

- Identified current and anticipated climate-related risks and opportunities
- Developed appropriate climate scenarios and narratives
- Assessed potential impact of climate-related risks and opportunities across scenarios

**Identify Potential Business Responses**

- Identify appropriate business response to mitigate and manage material risks and opportunities

**Integration**

- Integration of analysis of climate-related risks and opportunities into decision making, financial planning and risk management
- Review and update climate-related metrics and targets
- Monitor implementation and performance

**Monitor implementation progress of roadmap**



## Environmental Stewardship

This section describes KORE’s approach to climate change adaptation, in alignment with the TCFD recommendations and its four core pillars.

### Governance

KORE is committed to providing transparency and accountability in managing climate-related risks and opportunities. The Board and senior management maintain an active role in the oversight of climate-related matters as they work towards integrating ESG considerations into their strategic decision-making processes, acquisitions and divestments, major capital expenditures and risk management.

KORE’s Board holds decisive responsibility in governing climate-related issues. With inputs from key stakeholders and the management team, the Board reviews the material ESG factors and monitors KORE’s performance against its committed targets. To provide dedicated oversight, including the governance of climate-related issues and opportunities, the Board ESG Committee was established.

KORE’s Sustainability Committee ensures the management and implementation of all climate-related strategies and actions. The working committee comprises senior management and representatives from all key functions including asset management, finance, human resources, investment, investor relations and sustainability, legal, as well as risk and compliance. The Board ESG Committee meets at least twice a year, and the Sustainability Committee appraises the Board ESG Committee and the Board at the Board meetings on updates including performance against targets, outcomes of sustainability risk assessments and recommendations for follow-up actions. As part of its commitment to integrating sustainability, KORE’s corporate scorecard directly incorporates ESG-related performance metrics including climate reporting, TCFD and Scope 3 disclosure which are factored into executive remuneration.

### SUSTAINABILITY COMMITTEE

Departments	Responsibilities
<b>Senior Management</b>	<ul style="list-style-type: none"> <li>Provide oversight to departments and executive decision making regarding all ESG-related considerations</li> </ul>
<b>Asset Management</b>	<ul style="list-style-type: none"> <li>Set overall direction and goals related to sustainability, climate change and asset management, including the identification and assessment of climate and sustainability-related risks</li> <li>Implement climate-related mitigation and adaptation initiatives and the management of ESG data across assets</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Assess financial implications of climate-related risks and opportunities and integration of climate-related risks into financial reporting</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Development of strategies related to talent management, capacity building and engagement in relation to climate initiatives</li> </ul>
<b>Investment</b>	<ul style="list-style-type: none"> <li>Integration of ESG-related considerations into investment decisions and potential future assets</li> </ul>
<b>Investor Relations and Sustainability</b>	<ul style="list-style-type: none"> <li>Articulate the REIT’s ESG strategy, achievements and progress</li> <li>Understand investors’ ESG requirements and work with asset management to incorporate them into the portfolio, as relevant</li> <li>Benchmark against peers/industry leaders</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>Ensure strategies and disclosures are in full compliance with relevant laws and the management of legal and regulatory risks</li> </ul>
<b>Risk and Compliance</b>	<ul style="list-style-type: none"> <li>Integration of climate and sustainability-related risks into overall enterprise risk management (ERM) and the development of risk mitigation strategies</li> </ul>

For information on KORE’s sustainability governance structure, please refer to page 72.

### Strategy

KORE conducted a climate scenario analysis and qualitative assessment in 2021 and 2022 to identify potential material risks and opportunities within its portfolio. In 2023, the Manager progressed towards quantifying the potential financial impact from physical risks. Based on the quantitative physical risks assessment to a 2030 time horizon, KORE’s current portfolio remains resilient, across all potential climate scenarios.

Moving forward, the Manager seeks to enhance the comprehensiveness of its assessment through the quantification of transition risks. KORE has commenced the process of quantifying transition risks, beginning with the risks prioritised based on its potential financial impact and data availability, including the increasing price of carbon and energy prices.

The Manager regularly reviews measures to ensure the adequacy in addressing the potential impacts of both physical and transition risks. The results of the enhanced scenario analysis are presented below.

### OVERVIEW OF SCENARIO ANALYSIS

Scenario analysis acts as an essential decision-making tool for companies. Scenario analysis does not constitute an exact forecast or prediction but is utilised to stress-test the resiliency of current strategies, assets and projected transition plans against plausible futures. Scenario analysis can be used to identify the need for strengthening the resilience of KORE’s portfolio and its capabilities in capitalising on potential opportunities.

### Physical Risk Assessment

#### Methodology

In 2022, with the support of an external climate science consultant, CLIMSystems, 10 of KORE’s assets were assessed as part of its physical climate risk assessment<sup>1</sup>. 11 individual physical risk variables were identified

<sup>1</sup> The 10 assets were selected based on their net property income contribution which accounts for the majority of the portfolio’s net property income.

and comprised a mix of chronic and acute risks. Aligned with best practices, KORE's assessment was conducted using a combination of both publicly available and internal data. Pathways were selected in alignment with the TCFD recommendations, requiring companies to consider a 2°C or lower scenario with higher transition risks and a scenario with increased physical climate-related risks. Three scenarios were selected and analysed for a period up to 2030. For more information, please refer to the table on the right. Although KORE's portfolio is likely to change over time, the Manager has also included longer term time frames in the analysis and continues to evaluate the potential impact beyond 2030.

### Quantitative Physical Risk Assessment Results

KORE's potential average annual incremental value at risk from damages (VaRD) per year posed by physical risks from 2023 up to 2030 ranges from S\$1.3 million to S\$1.5 million across the three scenarios.

VaRD represents the possible financial losses stemming from repairs needed as a result of physical climate damages.

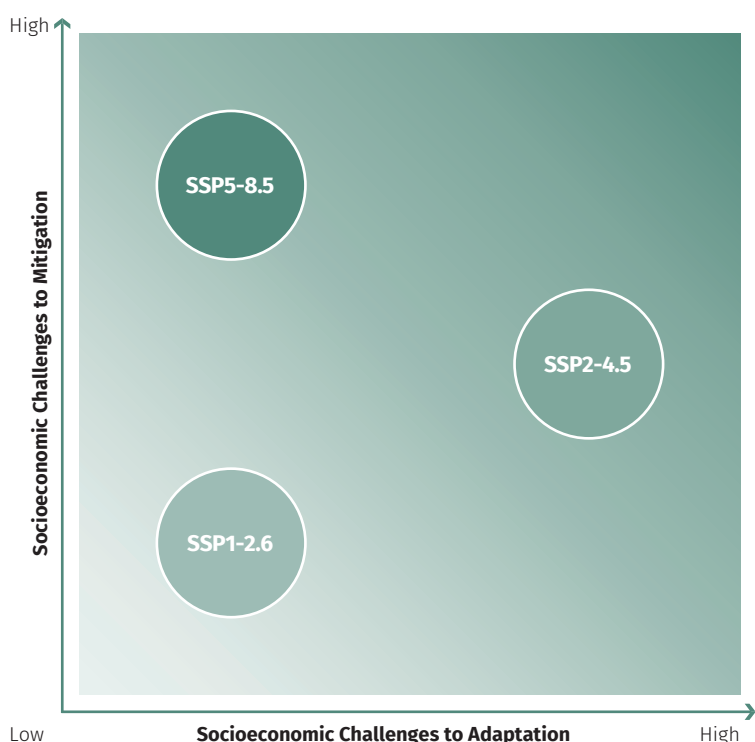
External Data	Internal Data
<b>Data Sources</b>	
<ul style="list-style-type: none"> <li>Data from Climate Insights from CLIMsystems comprising Global Climate Models ("GCMs") of the coupled model intercomparison project ("CMIP6") for periods from 2005 to 2030 for the selected Shared Socioeconomic Pathways (SSPs) scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5</li> <li>From the latest Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6)</li> <li>Country/location-specific historical climate and weather data</li> </ul>	<ul style="list-style-type: none"> <li>Building characteristics (e.g. building types and materials)</li> <li>Building asset value<sup>a</sup></li> </ul>
<b>Key Assumptions</b>	
The model considers the following assumptions: <ul style="list-style-type: none"> <li>No changes in portfolio of assets</li> <li>No implementation of mitigation</li> </ul>	
<b>Limitations</b>	
The assessment includes current assets and does not contain assets that were: <ul style="list-style-type: none"> <li>Still under development or were acquired only after the point of assessment</li> </ul>	

<sup>a</sup> Asset value is inclusive of the land value.

The VaRD calculation assumed a consistent portfolio, and values remain unchanged, and does not account for mitigation measures (e.g. maintenance, upgrading of assets to adapt to potential damages).

The results are not a financial forecast, but instead provide an understanding of the trajectory of potential financial exposure to physical risks that can be referenced and factored into decision-making and financial planning.

### SELECTED SHARED SOCIOECONOMIC PATHWAYS



**SSP5-8.5**

- Current CO<sub>2</sub> emissions projected to double by 2050
- Fossil-fueled development
- High temperature increase of 4.4°C higher by 2100






**SSP2-4.5**

- Delayed emissions reduction
- Slow transition towards sustainable economic development
- Moderate temperature increase of 2.7°C by 2100

**SSP1-2.6**

- Severe emissions reduction
- Inclusive development that respects environmental boundaries
- Limited temperature increase, below 2°C by 2100

# Environmental Stewardship

QUALITATIVE PHYSICAL RISK ASSESSMENT		
Risk Description	Description of Potential Business Impact	Business Response
 <p><b>Extreme precipitation</b> Exposure of assets to substantial exceedance in the amount of rainfall delivered</p>	Destruction of the built environment, including the physical structure of buildings, surrounding infrastructure and natural environment. Reduced accessibility may impact productivity for employees and tenants leading to financial loss.	KORE regularly assesses potential mitigation options to retrofit and improve existing assets (e.g. installation/enhancement of drainage systems, water level sensors, building elevation and usage of anti-slip materials), and reviews the resiliency of potential investments to physical climate risks.
 <p><b>Extreme water level</b> Coastal extreme sea-level elevations occurring with a confluence of events such as storms, high tides, and sea level change</p>		
 <p><b>Extreme temperature</b> Unexpected severe temperature variations above or below normal conditions</p>	Exposure to extreme temperature changes may lead to reduced durability of building materials and affect the indoor climate of buildings. Prolonged exposure to excessive heat can also cause discomfort to employees and tenants, posing health and safety risks to them, with the potential need to restrict working hours impacting productivity and incur higher operational costs to cool buildings.	KORE implements a variety of adaptation measures (e.g. installation of smart indoor temperature sensors and monitors to control HVAC systems) and actively assesses the durability of existing assets and future investments. In FY2023, the existing pneumatic HVAC control system at One Twenty Five was upgraded to Direct Digital Control, which will improve energy efficiency and reduce maintenance costs.
 <p><b>Heat wave days</b> Persistent period of high temperatures</p>		
 <p><b>Fire risk</b> Increased potential and frequency of fire-related risks associated with warmer, and low moisture conditions due to climate change</p>	Increased potential of fire risks can lead to the destruction of property and the surrounding natural environment resulting in economic losses to rebuild or replace property.	The installation of fire-retardant materials, as well as fire prevention and monitoring systems, ensure assets are well protected. Business continuity plans are regularly updated and communicated to relevant stakeholders to reduce the impact of business interruptions.

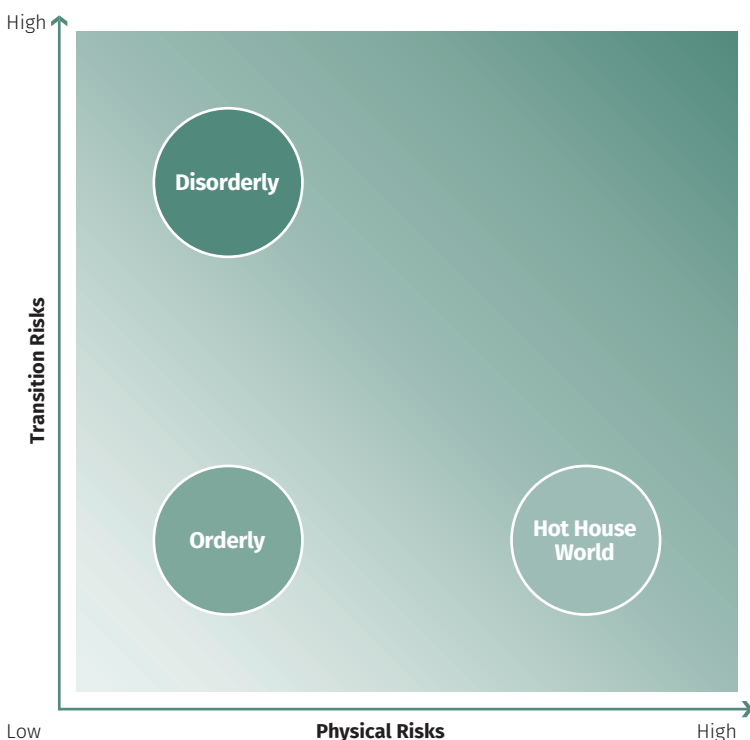
## Transition Risks and Opportunities Assessment Methodology

In 2022, a qualitative transition risk assessment was conducted to identify and assess transition risks and

opportunities that are material to KORE. Transition risks and opportunities were identified and stress-tested against three selected scenarios referenced with guidance from the Network for Greening the Financial System (NGFS)

and incorporates information on other factors from established data sources. This enables KORE to better assess the evolving implications on the organisation and its operations in various potential futures.

## SELECTED NGFS SCENARIOS



### Disorderly

#### Delayed transition

- Divergent introduction of climate policies across nations
- Varied implementation of clean technology
- Warming unlikely to remain below 2°C without strong policies

### Orderly

#### Net Zero 2050

- Limit global warming to 1.5°C
- Immediate introduction of climate policy
- Rapid innovation in clean technology
- Coordinated action

### Hot House World

#### Current policies

- Limited climate policies introduced globally
- Significant global warming
- High sea-level rise and exposure to physical risks

### Quantification of Transition Risks and Opportunities

Building upon the completion of the qualitative transition risk assessment, KORE is in the process of quantifying the potential financial impact of identified transition risks, with reference to the United Nations Environment Programme Finance Initiative guidance<sup>1</sup>, including exposure to the increasing price of carbon and increasing energy costs to enhance its understanding and improve the comprehensiveness of its

assessment of the potential financial exposure related to climate-related risks and opportunities.

Aligned with the qualitative assessment, the quantification analysis and modelling will consider science-based projections and indicators of the selected scenarios from the NGFS and incorporates information on other factors from established data sources<sup>2</sup>. The model will take into account the evolving consumption patterns of KORE's assets and its 2030 emission

targets. This enables KORE to better assess the evolving implications on the REIT and its operations, stress-testing KORE's strategy and resilience with the most extreme potential futures including i) Net Zero 2050 and ii) Current Policies scenario.

<sup>1</sup> UNEP Finance Initiative, "Beyond the Horizon: New Tools and Frameworks for transition risk assessments from UNEP FI's TCFD Banking Program".

<sup>2</sup> KORE referenced Indicators and projections from the Intergovernmental Panel on Climate Change (IPCC) and NGFS databases.

QUALITATIVE TRANSITION RISK ASSESSMENT		
Risk Description	Description of Potential Business Impact	Business Response
<b>Regulatory</b>		
<b>Increasing price of carbon</b> Direct & indirect exposure to carbon tax in the US is present due to explicit carbon prices from emissions trading systems (ETS) permit prices, net effective carbon rates, fuel excise taxes and further potential legislations	Increase in operating costs as businesses account for both direct and indirect carbon taxes through business activities including energy consumption and purchased goods and services. KORE is currently not directly exposed to carbon tax across its assets.	KORE continues to invest in emissions reduction and energy efficiency technology and initiatives. KORE consistently tracks and monitors its emissions and is currently on track to reach its emissions reduction goals.
<b>Enhanced reporting obligations</b> In Singapore, SGX has mandated issuers to provide climate-related reporting. Other upcoming frameworks such as those developed by the International Sustainability Standards Board (ISSB) will also be implemented to strengthen climate reporting	Additional costs in ensuring sufficient internal capacity and capabilities of the business in terms of data collection and reporting management leading to additional operational costs. Companies may also face potential financial penalties for non-compliance and costs related to reputational damage.	KORE is fully compliant with the current reporting obligation standards across regulators. KORE reports in accordance with GRI reporting standards, and continues to make progress to report in full compliance with SGX regulations. KORE actively monitors the development of future potential regulations including the ISSB Standards, and continues to make progress towards full alignment with the TCFD recommendations.
<b>Stricter building/sector regulations</b> US regulations and performance standards have progressively increased, becoming more stringent over time (e.g. energy efficiency)	Businesses are required to upgrade existing buildings to meet evolving sustainability standards and requirements, leading to an increase in operational costs to retrofit and invest in capital expenditures related to clean technology. Non-compliance may lead to financial penalties and reputational damage.	KORE remains fully compliant with all current building sector regulations and continues to monitor evolving developments. KORE has achieved LEED certifications and ENERGY STAR® labels across its properties.
<b>Market</b>		
<b>Increase cost of materials and consumables</b> As the building and construction industry comes under pressure to decarbonise, building prices increase due to more stringent requirements demanding low-carbon alternatives	Increased capital expenditure when purchasing materials and/or new buildings.	KORE incorporates the consideration of rising building material costs on capital expenditures, tenant fitout costs, reinstatement costs and asset enhancement works during the evaluation of investment opportunities.
<b>Increase in costs of energy and fuel</b> Expected increase in electricity costs, particularly in the short-term	Higher energy costs may lead to higher operational costs of buildings within the portfolio.	KORE continues to invest in emissions reduction and energy efficiency technology and initiatives.
<b>Technology</b>		
<b>Unsuccessful investment in/deployment of new technology</b> Investment in low-carbon technologies replaced by a lower cost, lower carbon and higher efficiency solution that may be adopted by competitors	With the rapid advancement of technology, prior investments are likely to see relatively lower return on investments as they may utilise less efficient technologies at higher costs as compared to new innovation.	KORE assesses the cost and benefit of potential technological investments for implementation across the portfolio, as well as assess the various options available.
<b>Reputation</b>		
<b>Change in stakeholder (customers and investors) expectations</b> Demand for low/net zero buildings or office spaces would increase to align investors' climate ambitions with the Paris Agreement	Failure to meet stakeholder expectations can lead to reduced capital availability from investors/lenders. As more tenants opt for low-carbon real estate, this may lead to a decrease in revenue.	KORE continues to maintain LEED certifications and ENERGY STAR® labels at several properties. To achieve its environmental goals, KORE regularly tracks its emissions and energy performance, as well as implements various emissions reduction and energy efficiency initiatives.

## Environmental Stewardship

OPPORTUNITIES		
Opportunity Description	Description of Potential Business Impact	Business Response
<b>Resource efficiency and energy source</b> Improving energy efficiency can help to reduce operating cost and attract tenants in the medium- to long-term as new technologies are introduced in the transition towards a net zero world	Increased cost savings and reduced variability of energy costs. Attracting sustainability-conscious investors and tenants can lead to an increase in capital availability and revenue.	Continue to explore and invest in potential energy efficient technologies and initiatives.
<b>Increased access to incentives and capital</b> More capital availability or diversification of funding source from ESG-focused investors/ lenders to fund growth. KORE will also benefit from the reputational gains from offering sustainable office solutions	KORE may be able to increase its access to financing to fund the acquisition of green buildings, redevelop existing buildings, implement initiatives to improve energy efficiency and expand the use of renewables.	Explore potential opportunities to access the financing to implement energy efficient technologies and initiatives and green building acquisitions.
<b>Diversification of business</b> KORE is able to diversify its business through low-carbon offerings and capitalising on renewable energy as a potential source of revenue	Increased revenue from low-carbon/ net zero building offerings and sale of renewable energy back to the grid.	KORE currently maintains its LEED certifications and ENERGY STAR® Labels at its properties.
<b>Shift in stakeholder (customer and investor) expectations</b> As market demand shifts toward low-carbon assets, KORE can improve its market competitiveness through upgrading its sustainability and energy efficiency initiatives	Increased revenues from tenants by capitalising on demand and improved reputation.	KORE actively implements energy-saving initiatives through reducing the use of energy-intensive equipment, retrofitting and increasing the usage of renewable energy.

Through its enhanced understanding of its potential exposure to climate-related risks and opportunities, KORE has initiated the process to develop a transition plan outlining the measures to holistically address climate-related risks and opportunities, building on previous and ongoing mitigation and adaptation efforts.

### Risk Management

The ERM Framework governed by KORE’s System of Management Controls, undertakes a holistic and systematic approach to risk management. The System of Management Controls outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as policies and limits in addressing and managing the key risks that have been identified. These mechanisms guide KORE in assessing the key risks and identifying mitigation actions in response to these risks. As part of the Manager’s ERM process, KORE considers climate change risks. These analyses integrate climate change and relevant sustainability-related factors with other risks, utilising common metrics and indicators to evaluate and prioritise the significance of climate-related risks. Through this process, KORE is then able to identify suitable mitigation and adaptation strategies.

The Manager acknowledges the rapidly changing landscape of ESG risks and opportunities and consistently reviews its mitigation actions to provide a prompt and effective response.

For more information on risk management, please refer to pages 86 to 87.

### Metrics and Targets

KORE continues to track its GHG emissions following the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard using the operational control approach and reports against all Scope 1, 2 and relevant Scope 3 emissions. KORE is on track and continues to work toward meeting its ESG targets, including reducing its absolute Scope 1 and 2 emissions by 30% by 2030 from 2019 levels. To meet the targets, KORE has developed roadmaps and is actively pursuing various initiatives such as achieving green certifications, as well as carrying out energy optimisation initiatives at its properties to reduce carbon emissions. KORE consistently tracks its capital expenditures, investments in emissions reductions and sustainability initiatives to ensure these sustainability targets are met.

For more information on KORE’s GHG emissions, please refer to pages 77 to 78.

### WASTE MANAGEMENT Management Approach

The integration of robust waste management practices is an essential component of the Manager’s sustainability strategy. At its properties, general waste is mainly generated from the business operations of tenants. The Manager continuously works with tenants to promote responsible waste management by encouraging them to reduce, reuse and recycle. Initiatives include providing recycling bins at various properties for tenants’ convenience, as well as recycling events to raise awareness, with an emphasis on recycling e-waste.

### Performance and Progress

KORE’s properties generated a total of 1,675 tonnes of non-hazardous waste in 2023, 4.4% more than in 2022. 1,307 tonnes of non-hazardous waste were disposed in a landfill, while 368 tonnes (22%) of waste was recycled or composted<sup>1</sup>. There was no hazardous waste generated.

### WATER MANAGEMENT Management Approach

Water conservation is a critical pillar in KORE’s environmental efforts.

<sup>1</sup> Part of the waste data has been extrapolated through an estimation due to the Manager’s limitations in the collation of waste-related information.

The Manager is committed to reducing water consumption through the implementation of water conservation initiatives and the adoption of water-efficient technologies and equipment to optimise the use of water.

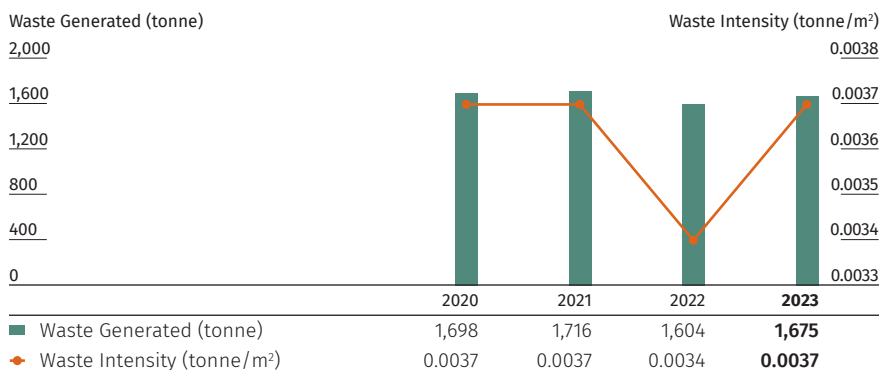
Water management initiatives include landscape management such as utilising drought tolerant plants to reduce water demand, the use of non-potable water for irrigation and remotely monitored irrigation system controllers. KORE also implements water-saving and efficient fittings and fixtures, as well as installs auto sensors in restrooms, to reduce wastage.

### Performance and Progress

KORE's assets rely on municipal supplies for water consumption monitored through direct metering. In 2023, KORE's water withdrawal was 352.2 ML, an increase of 6.4% from 2022. The increase was mainly due to increased tenant usage in tandem with the increase in physical occupancy. Water usage intensity in 2023 was 0.00078 ML/m<sup>2</sup>, a 13.0% increase from 0.00069 ML/m<sup>2</sup> in 2022.

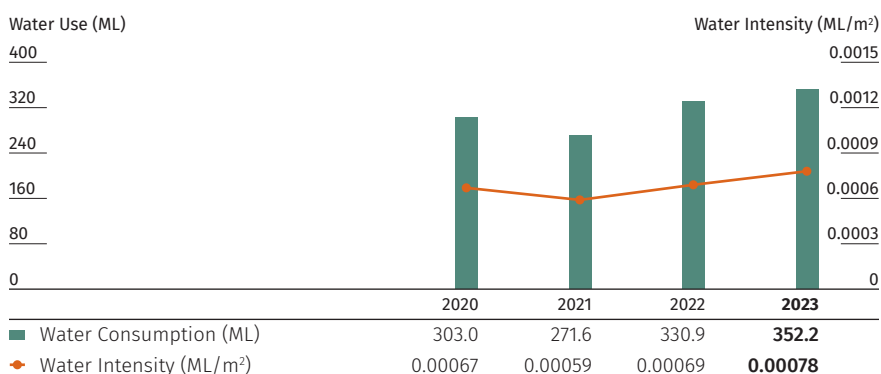
To support the reduction of water consumption as much as possible, the Manager actively tracks and progressively implements water efficiency and recycling measures, together with its tenants.

#### TOTAL WASTE GENERATED



Note: Comparison is not on a like-for-like basis as past years figures does not take into account acquired or divested properties. This will be incorporated in the future.

#### TOTAL WATER CONSUMPTION



Note: Comparison is not on a like-for-like basis as past years figures does not take into account acquired or divested properties. This will be incorporated in the future.

## Case Study

# WATER EFFICIENCY UPGRADES

The Manager annually reviews the need to upgrade and retrofit the equipment and fixtures at KORE's properties to improve water efficiency. In 2023, the Manager upgraded several of the toilets at Iron Point with EcoPower High Efficiency 1.28 gpf and 0.5 gpf flush valves as well as made hydrotec upgrades to restroom flushing devices, allowing the Manager to reduce water consumption across the property.

Across KORE's properties, drought resistant and perennial



plants are utilised throughout the landscape to reduce water usage and the need for frequent landscaping. Irrigation system

controllers have also been upgraded to remotely monitored systems, enabling greater control of water usage across KORE's premises.

# RESPONSIBLE BUSINESS

KORE is committed to sustainable and ethical principles to safeguard long-term value for its stakeholders as well as to secure their trust and confidence.

## ECONOMIC SUSTAINABILITY

### Management Approach

The economic sustainability of KORE's business is driven through its portfolio optimisation strategy and focus on driving operational excellence in asset and capital management. The Manager's strategic approach aims to build a resilient portfolio that ensures its business is conducted in a sustainable manner while promoting stable long-term growth and value for stakeholders.

As ESG considerations continue to grow in importance, the Manager seeks to integrate ESG factors into KORE's corporate strategy and business operations to uphold accountability; and ensure business resiliency to drive returns.

### Performance and Progress

KORE's economic performance is measured through key metrics such as distributable income and distribution per Unit. KORE maintains transparency with stakeholders by communicating the results of its financial performance through various channels including half-

and full-year results announcements, quarterly key business and operational updates, as well as annual reports.

More information on KORE's financial performance and recapitalisation plan that relates to the suspension of distributions can be found on pages 102 to 141 of the Annual Report.

## CORPORATE GOVERNANCE

### Management Approach

Corporate governance is the cornerstone of responsible and transparent business practices. Strong ethical principles and policies facilitate the implementation of strategic and proper oversight and conduct of KORE's decision-making and operational processes which secures and prioritises the interests of stakeholders.

The Manager adopts and aligns its corporate governance policies and practices with the Code of Corporate Governance 2018 (the Code) issued by the Monetary Authority of Singapore. By observing and complying with the principles of the Code, the Manager upholds high standards of corporate

governance, including accountability, fairness and transparency in its business practices.

As one of the core tenets of the Code, the Board's role is central to managing good corporate governance. The Code provides guidelines on how the Board should conduct its affairs with the appropriate level of independence and diversity in its composition. The majority of KORE's Board consists of Independent Directors. ESG factors are also incorporated into the Manager's and senior management's corporate scorecard, influencing remuneration.

More information regarding KORE's corporate governance guidelines and practices can be found on pages 142 to 168 of the Annual Report.

## RISK MANAGEMENT

### Management Approach

Effective risk management is crucial in identifying, assessing and mitigating potential risks. The Manager's robust and proactive risk management strategy, consisting of a comprehensive system of risk management and internal controls, creates resilience and stability across the organisation.

KORE's Enterprise Risk Management (ERM) Framework provides overarching guidance and outlines the key approach to proper risk management. This includes monitoring mechanisms, specific risk management processes and tools, reporting structure, and



KORE's policies in addressing and managing key risks identified. The ERM Framework provides guidance in assessing key risks (including its likelihood and impact) and the identification and review of mitigating actions in response to their risk drivers. The established mechanisms and policies enable the Manager to identify and prioritise risks promptly in an evolving business context and address key business and sustainability risks in a comprehensive manner.

The Board and ESG Committee provide oversight on identified ESG-related risks to ensure they are mitigated where necessary to protect long-term Unitholder value and maintain operational continuity. The risk management process also ensures the adequacy and effectiveness of KORE's ERM framework.

More information regarding its risk management strategy and processes can be found on pages 169 to 170 of the Annual Report.

### **ETHICS AND INTEGRITY Management Approach**

Upholding high standards of business integrity and ethics remains a priority for KORE. Beyond sheer compliance, maintaining an organisation known for its transparency and accountability fosters trust across stakeholders, enabling KORE to reliably conduct its business.

The Manager maintains a zero-tolerance approach towards corruption, bribery, fraud and unethical business practices. This is governed by the Employee Code of Conduct and the Anti-Bribery Policy which set out the principles and policies of conduct that guide directors and employees in carrying out their duties to the highest standards.

All of KORE's employees are required to adhere to the Employee Code of Conduct. The Employee Code of Conduct outlines the responsibilities of all employees to uphold anti-corruption and anti-bribery principles, and defines the ethical business standards for conflict of interest, the offering and receiving of gifts, as well as hospitality and promotional expenditures. All employees are required to declare potential conflicts of interest and avoid any conflict in their dealings with suppliers, customers and other third parties. Third party associates of KORE, including joint venture partners, are also required to acknowledge the Employee Code of Conduct, which includes anti-bribery and anti-corruption sections.

In addition to the Employee Code of Conduct, the Regulatory Compliance Governance Structure is in place to enhance the overall corporate governance and anti-corruption efforts. The Board regularly reviews anti-corruption policies and implements corrective

measures as necessary. The Audit and Risk Committee (ARC) supports the Board in providing oversight to ensure regulatory compliance in addition to implementing effective compliance and governance mechanisms.

The Manager ensures the consistent application of its policies by reinforcing and communicating them to all employees on an annual basis. This includes online training courses on all policies including anti-corruption and declarations of adherence to the Keppel policies. See page 158 of the Annual Report for more details on the Employee Code of Conduct and Anti-Bribery Policy.

The Insider Trading Policy on dealings in the securities of KORE sets out the implications of insider trading and guidance on such dealings. This policy is applicable to all directors and employees of KORE, while the Competition Law Compliance Manual provides guidelines for the Manager and its employees to avoid anti-competitive behaviour in its business activities. See page 157 of the Annual Report for more details on the Insider Trading Policy.

KORE's Whistle-Blower Policy provides mechanisms by which employees, and other stakeholders, such as customers and suppliers, may raise concerns or in good faith, report incidents of actual or suspected illegal and unethical conduct and violation of



## Responsible Business

laws and regulations, without fear of reprisal. Any concerns or incidents can be reported through the whistle-blower reporting channel operated by an independent third party. Governed by the ARC, all whistle blowing matters are reported directly to the ARC Chairman. The ARC reviews the Whistle-Blower Policy annually to ensure the process of investigation and follow-ups of incidents are managed properly. See pages 163 to 164 of the Annual Report for more details on the Whistle-Blower Policy.

In addition, the Manager has a grievance handling process to enable employees to raise concerns without fear of reprisal. Should there be a grievance which is work related, employee related or problems between employee and persons having business dealings with the company or any complaint or issues in relation to employee terms and conditions of employment, remuneration, working conditions, job responsibilities or health and safety, employees can submit their grievance through different channels. The grievance handling process is available on the intranet for employees' reference.

The reporting of any discrimination and harassment incident goes through a defined escalation process. Keppel has an Investigation Procedure Manual which sets out the investigation protocols including the methodology for initiating and conducting investigations into suspected misconduct<sup>1</sup>. Keppel's Internal Audit investigation team conducts independent investigations, in consultation with the Investigation Advisory Committee, with oversight from Keppel's Audit Committee. Appropriate disciplinary action, including counselling, training, suspension or termination of employment, will be taken in the event that an employee is found to have violated the rules set out in the Employee Code of Conduct.

The Keppel Human Rights Policy states its commitment to uphold and respect the fundamental principles set

out in the United Nations Universal Declaration of Human Rights and the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work.

In addition, KORE's approach to human rights is also informed and guided by the United Nations Guiding Principles on Business and Human Rights. Unethical labour practices such as child labour, forced labour, slavery and human trafficking are not tolerated in any of KORE's operations and throughout its supply chain. The human rights performance of business partners is assessed regularly, and KORE supports the elimination of all forms of exploitative labour.

### Performance and Progress

In 2023, there were no incidents relating to corruption, bribery or fraud, nor any instances of non-compliance with laws or regulations. All employees, senior management and Board of Directors of KORE received mandatory training on anti-bribery and anti-corruption policies and procedures in 2023, as part of the annual training on key policies and procedures and regular compliance trainings. To continuously enhance employees' understanding of key policies, KORE has implemented mandatory e-training.

### BUILDING AND SERVICE QUALITY Management Approach

The Manager is committed to maintaining high standards of building quality levels through the consistent

delivery of high-quality service, to attract and retain a well-diversified, quality tenant profile, and maintain high committed portfolio occupancy rates.

At each asset, a team of dedicated on-site property managers operate, repair, maintain and service the building as well as handle tenant-related feedback to ensure long-term and consistent building and service quality. This includes ensuring buildings remain operational, equipped with appropriate infrastructure and ensuring the provision of a clean, safe and secure working environment for all tenants and building occupants.

To continually improve KORE's properties, the Manager works with all on-site property managers to review adequate building maintenance processes and the exploration and implementation of asset enhancement initiatives.

More information about how KORE manages tenant health and safety is available on page 96.

### Performance and Progress

KORE has garnered various sustainability certifications and awards, as a testament to its commitment to high sustainability performance and building service quality. This includes internationally recognised standards, such as the US Green Building Council's Leadership in Energy and Environmental Design (LEED)

### SUSTAINABILITY CERTIFICATIONS AND AWARDS

Property	Certification/Award
The Plaza Buildings (Seattle – Bellevue/Redmond, Washington)	LEED Gold status 2017 Energy Star Rating
Westmoor Center (Denver, Colorado)	LEED Gold Status 2022 Energy Star Rating (Building 1, 3, 4 & 5)
105 Edgeview (Denver, Colorado)	LEED Gold Status 2022 Energy Star Rating
1800 West Loop South (Houston, Texas)	LEED Gold Status 2019 Energy Star Rating
Bellaire Park (Houston, Texas)	Energy Star Rating
Maitland Promenade I (Orlando, Florida)	LEED Gold Status 2018
Iron Point (Sacramento, California)	Energy Star Rating (Building 1110, 1130 & 1180)

<sup>1</sup> Includes bribery, corruption, fraud and misconduct such as dishonest or criminal acts, breach of laws and regulations, unethical conduct including discrimination and harassment, reprisal against a whistle-blower, or any other conduct which may cause financial or non-financial loss to Keppel or damage to Keppel's reputation.

certification and the US Environmental Protection Agency's ENERGY STAR® label.

KORE engages with an external consultant annually to conduct a satisfaction survey among tenants across KORE's portfolio to provide feedback on areas including property management, cleanliness, security and amenities. Results and feedback from the surveys are evaluated and used to improve performance and increase tenant retention. In 2023, the tenant satisfaction survey was conducted with an average response rate of 66.5% and an average satisfaction score of 89.3%, up 1.4% from 2022.

### **CYBERSECURITY AND DATA PRIVACY Management Approach**

In this evolving landscape, more organisations are looking to digitally transform their businesses, and leverage virtual networks and platforms. While this provides organisations with unparalleled efficiencies, it is paramount for organisations to implement robust cybersecurity systems and processes to provide ample data protection and privacy for itself, its customers and suppliers.

Keppel's Cybersecurity and IT teams are responsible for KORE's overall Cybersecurity and data privacy approach including the monitoring of cybersecurity incidents. Cybersecurity incidents are closely monitored by the Keppel Cyber Security Centre through performing criticality assessments, threat analysis, security monitoring, and proactive threat detection. Once a cybersecurity incident is detected, the team will manage the incident in accordance with the Keppel Cybersecurity Incident Response Plan. The plan details steps to identify, contain, eradicate and recover from a cybersecurity incident. The plan is also reviewed regularly to ensure it is up to date with regulatory requirements, technology, and industry best practices.

KORE adopts the Keppel Technology and Data Risk Management (TDRM) standards and framework which provides guidance on risk management

practices and controls to achieve data confidentiality and integrity, system security and reliability, and secures the stability and resilience of KORE's IT operating environment. The TDRM framework helps identify and assess the risks of information technology and operational technology systems, including technology, data and cyber risks, and provides guidance to develop and implement risk mitigation and control measures that commensurate with the criticality of the information assets. Coupled with the TDRM, the overarching Keppel IT Governance Framework ensures business resiliency through the enhancement of IT Security Operations Centre capabilities and IT infrastructure transformation to remain agile in addressing the increasing frequency of cybersecurity attacks.

The policies in place cover the following:

- a. Cybersecurity incidents must be assigned to the cybersecurity incident response team.
- b. All risks including technology, data and cyber risks must be considered in the annual assessment of risk.
- c. Compliance with cybersecurity is documented in agreements with vendors.
- d. For projects, system security requirements should be identified based on applicable compliance requirements and the cybersecurity risk profile of the systems.
- e. Policies and procedures governing the management of cyber incidents including preparation, identification, tracking and closure are established and reviewed on an annual basis for efficiency and effectiveness.

To ensure safeguards remain adequate, policies and procedures governing the management and monitoring of cybersecurity incidents are reviewed on an annual basis. In addition, to reinforce good cyber hygiene across the organisation, regular advisories and trainings, including an annual mandatory training session on cybersecurity threats, policies and good practices, are conducted.

### **Performance and Progress**

In 2023, there were no substantiated complaints received concerning breaches of customer privacy, nor any leaks, thefts, or loss of customer data identified. Keppel conducted a series of cybersecurity training and awareness sessions for all employees, including KORE staff. The sessions covered awareness of cybersecurity threats and timely reporting and resolution of potential security incidents.

### **SUSTAINABLE SUPPLY CHAIN MANAGEMENT**

#### **Management Approach**

The majority of KORE's supply chain is in the US and Singapore and comprises a diverse range of stakeholders and partners, including suppliers and providers such as electricity retailers, security service providers, building material suppliers, professional services providers (building consultants, banking, audit and tax services), as well as contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling.

The Manager encourages the adoption of sustainability principles throughout its supply chain and is guided by the Keppel Supplier Code of Conduct that encourages responsible business principles and practices. The Keppel Supplier Code of Conduct covers business conduct, labour practices, safety and health, as well as environmental management. Aligned with these principles, the Manager considers each supplier's track record of dependability, sustainability policies, procedures and accreditations, in its supplier selection process and where applicable.

All suppliers and vendors are required to adhere to local health and safety standards when working in KORE's premises.

#### **Performance and Progress**

In 2023, there were no known instances of non-compliance with any applicable regulations regarding human rights and labour practices throughout KORE's supply chain. Additionally, there were no known instances of operations or suppliers with significant risks of forced or compulsory labour practices that KORE is aware of.

# PEOPLE AND COMMUNITY

The Manager is dedicated to investing in the well-being of its people and the communities it operates in. Through its commitment to the development of human capital, diversity and inclusion, as well as contribution to the community, the Manager aims to secure the long-term sustainability of KORE.

By investing in the well-being of its employees and the community, KORE cultivates a positive environment for employees to contribute to the organisation.

## HUMAN CAPITAL MANAGEMENT Management Approach

A skilled and engaged workforce is pivotal to the success of the company. The Manager is committed to attracting, developing and retaining a talented and engaged workforce by providing them with robust learning and development opportunities, as well as adhering to fair employment practices. KORE recognises the diverse contributions of all its employees and strives to provide a conducive environment for people to collaborate and where efforts are recognised.

### Five Key Areas for Building Human Capital



#### Making a Difference

Provide platforms for employees to contribute to the communities

#### Having a Voice

Encourage employees to engage in company conversations and sharing of ideas for improvement

#### Feeling Valued

Foster a culture of recognition, appreciation and emphasis on employee well-being

#### Growing a Career

Enhance career development by providing pathways for skills acquisition and mentorship

#### Inspiring Growth

Provide platforms for leadership development and encouraging employees to lead by example

## Performance and Progress Employee Profile

In the United States (US), the Manager is supported by Pacific Oak Capital Advisors in the areas of investment and asset management. In Singapore, Keppel provides centralised support functions, including but not limited to investor relations and sustainability, risk and compliance, human resources, information technology, as well as legal and corporate secretarial. More information on the Manager's Board of Directors and



management team is available on pages 16 to 18.

Employees are governed by Keppel’s policies for terms of employment. These policies, reinforced by the Employee Code of Conduct, enforce the Manager’s commitment to fostering an inclusive workplace that upholds diversity and no discrimination. None of the Manager’s employees are currently covered under any collective bargaining agreements.

As at end-2023, the Manager’s workforce comprised eight permanent full-time employees. Of the total workforce, employees are split evenly with four male and four female employees. Seven employees are based in Singapore and one employee is based in the US.

Employment remained stable with one new hire and one turnover in 2023.

#### Succession Planning and Talent Management

The Manager prioritises the well-being and professional growth of its employees. The Manager offers competitive compensation and comprehensive benefits including life insurance, healthcare benefits, disability and invalidity coverage, annual, medical and parental leave entitlements, as well as contributions to the local pension fund, namely, the Central Provident Fund, for all Singapore based full-time employees.

The Manager’s performance framework, aligned with the organisation’s strategic imperatives, emphasises a balanced scorecard methodology for senior leadership, and through all

organisational levels. The framework serves to guide career planning and development through regular performance reviews. During the review, supervisors engage employees about their career goals, work satisfaction and developmental needs. As part of the review, non-financial targets covering health, safety, employee well-being, environment and governance are also considered. These targets and reviews with employees help determine development opportunities, training, promotion, and compensation. All eligible employees of the Manager received annual performance and career development reviews in 2023.

Keppel has transformed to become a global asset manager with deep operating capabilities. In line with this, the Manager seeks to empower employees with expanded opportunities for them to grow in their roles, portfolios and deepen their skills.

KORE believes in hiring the right talent and grooming them for leadership roles. A nuanced, multi-tiered strategy is adopted, fostering a talent continuum that spans across entry-level to seasoned professionals. The Manager employs a twofold approach, tapping onto graduates from educational institutions and integrating seasoned experts to bridge existing skill gaps.

#### NEW HIRES AND TURNOVER BY GENDER AND AGE GROUP

	New Hire		Turnover	
	No. of Employees	Rate (%)	No. of Employees	Rate (%)
<b>By Gender</b>				
Female	0	0	0	0
Male	1	13	1	13
<b>By Age Group</b>				
Under 30 years old	0	0	0	0
30–50 years old	1	13	1	13
50 years old & above	0	0	0	0

# People and Community



KORE recognises the diverse contributions of its employees and strives to provide a conducive environment for them to collaborate.

This holistic methodology ensures a diverse workforce, combining fresh perspectives with experience and expertise, which provides a solid foundation for the future leadership continuum. Integral to this approach is the Keppel ecosystem which the Manager is a part of. Keppel’s initiatives, such as the Keppel Internship and Associate Programmes, along with the Emerging Leaders and Advanced Leaders Programmes, serve as dynamic platforms where talent is refined and cross-functional synergies are fostered, bolstering the talent reservoir.

The Manager seeks to identify and develop talent and high-potential employees. Its talent management framework is characterised by a meticulous process of talent recognition and evolution, backed by a committed management pledged to establish a leadership reserve. Keppel’s centralised talent management unit, which utilises a tailored Leadership Potential Assessment tool for thorough bi-annual reviews, this ensures employees are recognised and nurtured.

The Manager remains focused on harnessing the right talent mix, investing in employees’ growth, and paving the way for a legacy of leadership excellence that ensures KORE’s sustainable growth.

As part of KORE’s strategic workforce planning, a Talent Mapping exercise was conducted in 2022. The objective was to assess the Manager’s current capabilities and to identify future capabilities needed to drive and execute KORE’s long-term business strategy. Using people analytics, the exercise provided the opportunity to take stock of the skills, experiences and mindsets needed for KORE’s business, identify talent gaps and develop action plans to address the gaps. Development, redeployment and recruitment decisions were made with the insights gathered from the exercise. Moving forward, talent mapping will be an ongoing and iterative process to support the Manager’s future needs.

To facilitate internal mobility, the “UP” framework was developed to build the talent pipeline and support employees’ ambitions and

professional development. The framework comprises three key components, namely, Upskill, Uplift and Upstream.

KORE’s robust processes to identify and develop talent enables the organisation to build both depth and quality in its talent pool.

KORE utilises Keppel’s bespoke leadership assessment framework, KEP (“K”apacity, Execution, People),

## Upskill, Uplift and Upstream



### Upskill

Developing employees’ organisational agility and growth mindset through skills upgrades and exposure to different roles in preparation for growth opportunities

### Uplift

Encouraging career mobility across Keppel as part of the OneKeppel culture and aligning employees’ career ambitions with Keppel’s purpose

### Upstream

Building employee resilience and engagement through inculcating the Keppel Can Do spirit

which was developed to identify leadership potential in both existing employees and incoming talents that are new to the team. Regular discussions between people leaders and senior management are carried out to discuss and review development plans for identified talent. Ongoing monitoring of planned progression ensures that follow-up actions taken are aligned with ensuring leadership development while opportunities are also provided for Board members to interact with potential successors and younger talent. At the senior management level, succession plans are developed and discussed at Nominating and Remuneration Committee meetings.

### Learning and Development

The provision of training opportunities ensures the Manager continues to groom and develop individual and collective competencies of all employees to achieve success amid an ever-changing business landscape.

KORE offers easily accessible training opportunities to enable employees to stay ahead of industry trends and develop the skills needed to advance their careers and contribute to KORE's organisational success. In 2023, the Manager achieved its target of 20 hours on average of training per employee. Employees are encouraged to take charge of their own development and supervisors are coached to discuss this during performance conversations.

#### AVERAGE TRAINING HOURS PER EMPLOYEE BY GENDER

Female		26.3
Male		13.8

#### AVERAGE TRAINING HOURS PER EMPLOYEE BY EMPLOYEE CATEGORY

Managerial <sup>1</sup>		18.0
Executive		21.8
Non Executive		7.0

<sup>1</sup> Managerial includes Senior Management and Heads of Department.

The Manager provides a variety of avenues for employees to develop across various focus areas and needs. Throughout the year, ongoing webinars were organised for employees to gain insights and perspectives. Notable highlights in 2023 include a webinar where speakers shared on the Asia Pacific Real Estate market and latest sustainability trends, as well as a webinar titled 'Sharpen the Saw Series: Decoding KORE Strategy to navigate the volatile US Market', where senior management from KORE spoke about the challenges of the organisation's market and key strategies employed to maintain long-term value and remain resilient. Educational talks and site tours were also organised with an emphasis on rising trends, such as digitalisation. Keppel organised an educational talk for employees on the new Near Field Communication technology to enable employees to leverage technology to increase workplace efficiency. A Bloomberg Terminal Training Workshop and site tour was also organised for employees to be familiar with the Bloomberg platform and its functionality.

Keppel's Annual Learning Festival serves as an opportunity for employees to place emphasis on their learning and development amid their day-to-day work. In 2023, in conjunction with Keppel's Annual Global Learning Festival, Keppel FM&I also organised a learning festival focusing on asset management to equip employees with the necessary skills and knowledge to navigate future challenges and drive transformation. Keppel invited a variety of industry experts to share on a wide array of topics, including environmental, social and governance (ESG) in Real Estate & Asset Management, Asking the Right Business Questions, as well as Geopolitical Development & Business Implications. Session recordings were uploaded onto the corporate human resources platform for employees to access at their convenience.

The employee development scheme provided by the Manager supports eligible employees who aspire to pursue a higher professional

certification to gain new skills and for career advancement.

All Keppel employees can tap on a variety of initiatives and programmes to aid in their development. In response to the increasing significance of ESG considerations, employees at Keppel were granted complimentary access to UNGC Academy courses. To accommodate employees' varied learning styles, on-demand, bite-sized learning opportunities were offered through LinkedIn Learning, which boasts a digital library with over 16,000 easily accessible courses.

### Engaging Employees

As part of its people strategy, a key goal of KORE is to strive to help employees build connections and have a sense of purpose in the work they do. Paying attention to the pulse of the company through active solicitation of feedback helps to fine-tune programmes and KORE's people strategy. The Manager prioritises listening to its employees through different feedback loops. The annual Employee Engagement Survey (EES), carried out by an external independent survey provider, serves as the main avenue to solicit feedback from KORE's employees. Through the survey, key employee engagement metrics were measured and this enabled the Manager to understand employee sentiments and their experience relating to the areas of leadership, execution, collaboration and agility, growth and development, psychological safety, engagement and job satisfaction. KORE's engagement score for 2023 remained strong at above 80%.

As a follow-up to the EES results, focus group discussions were carried out to garner in-depth data on areas identified as priorities for action. Action plans were formulated from issues distilled from the focus group discussions and formed work plans for 2024. The progress on the programmes is shared regularly with staff during townhall meetings, demonstrating the Manager's commitment to address feedback received from employees.

## People and Community

The Manager values all employees and arranges a variety of employee engagement activities across the organisation to convey its appreciation. KORE participated in Keppel’s August Appreciation Month, an annual staff recognition event where senior leaders served lunch to employees as a token of their heartfelt appreciation for the employees’ steadfast commitment in a challenging year. Employees were also encouraged to write appreciation notes to their coworkers. These appreciation notes were prominently displayed at the office cafe during the month of August and subsequently handed to the individuals as keepsakes. Additionally, an online global event, ‘K’Tunes’, was organised, with song dedications performed by a local band. Other events conducted by the Manager during the Appreciation Month include a OneKeppel carnival where management served specially curated local treats. Through this carnival, employees across divisions were able to mingle and bond with one another. To foster social bonds within the workplace, teams are also given an annual budget to organise lunches and team building activities.

### DIVERSITY AND INCLUSION

#### Management Approach

The Manager is proud to foster a workplace culture that values

diversity and inclusion. Through embracing diversity, KORE is able to gather a wide range of talents, with valuable experiences and perspectives, strengthening the value proposition of the organisation. The Manager seeks to build an inclusive workplace where all employees are empowered to participate and contribute to its collective success.

The Manager takes pride in being an equal opportunity employer regardless of race, gender, religion, disability, marital status or age. To align its processes in hiring, career development, promotion and compensation, the Manager adheres to the Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers’ Pledge of Fair Employment Practices, which is guided by the following five principles:

1. Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability;
2. Treat employees fairly and with respect, as well as implement progressive human resources management systems;

3. Provide employees with fair opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential;
4. Reward employees fairly based on their ability, performance, contribution and experience; and
5. Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

The Manager adopts a zero-tolerance approach towards any forms of discrimination. Principles of human rights and anti-discrimination are further reinforced by the Employee Code of Conduct, which outlines rules of conduct for all employees. Robust procedures have been put in place for the reporting of incidents of discrimination and the Manager actively follows up on all reports in a timely manner, investigating and remediating incidents where necessary.

In 2023, Keppel took further strides in delivering on its commitment to create an environment that celebrates diversity and promotes inclusion through the introduction of Keppel’s Diversity, Equity & Inclusion (DEI) Policy. The policy aims to promote the respect and acceptance of all individuals to ensure employees feel valued through embracing diversity and differences vital to Keppel’s success and growth. It serves as

#### PERCENTAGE BY MALES AND FEMALES PER EMPLOYEE CATEGORY

	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Board	66.7	33.3	66.7	33.3	66.7	33.3
Managerial <sup>1</sup>	100.0	0	100.0	0	100.0	0
Executive	40.0	60.0	40.0	60.0	50.0	50.0
Non-executive	0	100.0	0	100.0	0	100.0

#### PERCENTAGE BY AGE GROUP PER EMPLOYEE CATEGORY

	2023			2022			2021		
	<30 years old	30 to 50 years old	50 years old & above	<30 years old	30 to 50 years old	50 years old & above	<30 years old	30 to 50 years old	50 years old & above
Board	0	16.7	83.3	0	16.7	83.3	0	33.3	66.7
Managerial <sup>1</sup>	0	50.0	50.0	0	50.0	50.0	0	100.0	0
Executive	20.0	80.0	0	20.0	80.0	0	0	100.0	0
Non-executive	0	0	100.0	0	100.0	0	0	100.0	0

<sup>1</sup> Managerial includes Senior Management and Heads of Department.

a framework covering Keppel's approach to Non-discrimination, Anti-Harassment, DEI practices and expected workplace behaviours.

### Performance and Progress

In 2023, there were no incidents of discrimination reported. As of end-2023, the Manager continued to meet its target of at least one-third female representation on the Board.

The Manager provides parental leave to eligible employees and encourages all employees, regardless of gender, to utilise the provisioned leave without prejudicing their employment security and career path. Through this, it also hopes to encourage equitable sharing of responsibilities.

To promote diversity and inclusion in the workplace, talks including discussions on various diversity and inclusion matters were held. This includes topics on how an inclusive culture can build a thriving workplace and the need to confront bias within the workforce. The Manager also provides online digital learning modules to promote awareness and education.

In October 2023, KORE participated in Keppel's inaugural two-day Global Inclusion Festival to mark World Inclusion Day and to promote inclusivity. Over 980 employees across eight countries from Keppel participated. The inaugural festival focused on ways to build inclusive teams and included a session on disability etiquette. Guest speakers from the Singapore Cancer Society also shared on topics such as displaying empathy and compassion, as well as managing difficult conversations.

### EMPLOYEE HEALTH AND WELL-BEING Management Approach

The health, safety and well-being of all employees are of utmost priority to the Manager. The Manager has implemented comprehensive health and safety management practices focusing on the identification and elimination of hazards and minimisation of risks.



The Keppel Zero Fatality Strategy outlines actionable measures to prevent workplace fatalities through five strategic thrusts, namely building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonising global safety practices and competency, as well as streamlining learnings from incidents.

Employees are expected to comply with all relevant safety policies and procedures. To prevent and mitigate potential safety incidents, employees are encouraged to remain proactive and report any safety issues encountered. Employees are also allowed to remove themselves from work situations that they believe can pose a potential risk of injury or ill health and they can do so without fear of reprisal. Annual health and safety audits are conducted at selected properties on a rotational basis to ensure compliance with all relevant regulations, adherence to best practices and to identify and address any potential areas for improvement. If any health and safety issues are identified, corrective action will be taken, including updating safety policies and procedures, and deployment of other measures as necessary.

Annual events including the Keppel Safety Convention and Global Safety Time-Out are conducted to reinforce a strong culture of safety. The events facilitate learning about best practices in health and safety and serve as a platform for employees, contractors and partners to share knowledge and experiences.

### Performance and Progress

In 2023, there were no fatalities, work-related injuries or safety incidents reported.

Thematic months are designated to spotlight different aspects of employee well-being. Physical Well-being Month was held in June. Throughout the month, employees were encouraged to lead an active and healthy lifestyle by participating in the Global 'K' Steps Challenge. The Keppel Care Foundation also continued its annual initiative to donate S\$1,000 to Conservation International, for every 10 million steps clocked. Conservation International is a non-governmental organisation which seeks to improve people's lives by protecting oceans, forests and other living ecosystems. The active participation of Keppel's employees led to 217,632,404 steps



## People and Community

“It was an amazing experience at the Vincent Van Gogh immersive exhibition. I enjoyed the 3D experience in the magical garden using the virtual reality headset, which allowed me to walk through eight of Van Gogh’s most iconic pieces, and experience a trip through the countryside. I am thankful to Keppel for organising this activity and providing me with the opportunity to step into the life of Van Gogh.”

**ISSAC CHOO**, MDAS Member

clocked, exceeding the 180 million steps target and raising S\$21,000 for Conservation International. Other initiatives include the sharing of health tips on Keppel’s internal communications platform and health webinars on work ergonomics, heart health and healthy eating to promote physical well-being.

In conjunction with Global World Mental Health Day in October, the month was dedicated as the Mental Well-being month with the theme of “Level up, Mind Fit”. K’ED Talks were organised where employees from Keppel shared personal stories on how they manage their priorities and care for their mental well-being. Other activities conducted include webinars on topics relating to dealing with stress and ways to prevent burnout, as well as mindfulness activities such as walks at Mount Faber and Pandan Reservoir, and a tea appreciation workshop to help promote relaxation, improve mood

and reduce stress. Through the Employee Assistance Programme, the Manager also continues to offer employees and their families mental health support. The Singapore Counselling Centre offers face-to-face or online counselling sessions with qualified counsellors on a confidential basis for employees and their dependants.

Financial Well-being remains an essential component of an employee’s holistic development. The Financial Well-being Month sought to host activities to support employees in building core financial capabilities across different financial literacy levels. Financial literacy webinars on topics such as retirement income needs, emergency fund, investing amid inflation and estate planning were organised. In addition, the Manager also hosted a games session for employees to learn financial literacy skills via financial-themed games including ‘Rich Dad Cashflow 101’.

This game uses the best components of stock investing, business building and real estate investing games to challenge one’s perception of generation and sustenance wealth.

### TENANT HEALTH AND SAFETY Management Approach

Health and safety management practices are applied across the operations of all of KORE’s buildings, with processes in place to identify potential health and safety concerns. Measures are taken to improve health and safety performance throughout the portfolio and building life cycles. Any health and safety incident that occurs within the asset will be reported by the property manager to the Manager.

On-site staff and tenants at all of KORE’s properties conduct annual safety procedures, such as emergency evacuation drills, to familiarise building occupants with safety, fire hazards, use of protective gears and emergency exit routes. In 2023, on-site managers hosted tenant fire warden training sessions to review safe practices in building evacuations in the event of a fire or other emergencies. Active shooter trainings were also conducted to provide guidance on survival tactics by providing tenants with key information including site-specific surveys, building security details, medical response options such as CPR training and civilian response protocols.

Annual health and safety audits are also conducted at selected properties to ensure adherence to industry best practices in health and safety management, as well as compliance with all relevant regulations and company policies.



The Manager values all employees and arranges a variety of employee engagement activities across the organisation.

“Volunteering and organising events with MDAS are more than a task to me, it is a purposeful journey. Contributing to a good cause fills my heart with purpose and gratitude. Counting my volunteer hours, not just in numbers, but in smiles and shared moments. The most beautiful thing is to see a person smiling, but it is even more meaningful to know that you are the reason behind it.”

**SEE AI LIN**, employee of the Manager

**Performance and Progress**

There were zero cases of tenant health and safety incidents, nor violation of laws, regulations or voluntary codes concerning tenant health and safety in 2023.

**COMMUNITY DEVELOPMENT AND ENGAGEMENT**

**Management Approach**

The Manager seeks to not only conduct its business responsibly but also actively contribute to the community through the involvement of its employees in meaningful initiatives. All employees are provided two days of paid volunteerism leave each year to participate in community initiatives of their choice.

The Manager also engages its tenant community proactively through various activities. These activities span social causes including breast cancer awareness fundraisers, food drives, back-to-school supply drives, blood donation drives as well as sustainability initiatives such as e-waste recycling events and Earth Day celebration events to raise awareness on the importance of our environment. The Manager shows appreciation to its tenants through community bonding activities on red-letter days, including Valentine’s Day, Halloween and other holiday events, providing themed food, beverages and fun activities.

**Performance and Progress**

The Manager, together with Keppel FM&I, continued to partner and support its adopted charity, the Muscular Dystrophy Association (Singapore) (MDAS).

In 2023, as part of its efforts to make a positive impact on the community, the Manager, together with Keppel FM&I, dedicated more than 900 hours to community outreach activities.

**Key Highlights of Community Engagement Activities Conducted in 2023**



**Bento-making Workshop**

Volunteers and MDAS beneficiaries participated in a bento-making workshop to celebrate Mother’s Day.



**Van Gogh Exhibit Museum Tour**

Together with Keppel volunteers, MDAS beneficiaries immersed themselves in two-storey projections of Van Gogh’s compelling works with the help of cutting-edge technology.



**Board Games at Mind Cafe**

MDAS beneficiaries and Keppel volunteers engaged in an afternoon of fun playing board games.



**Beach Clean-up at Sembawang Park**

In partnership with Blossom World Society to promote awareness on the impact of plastic pollution, Keppel organised a beach clean up activity at Sembawang Park.

# GRI Content Index

<b>Statement of Use</b>	Keppel Pacific Oak US REIT has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023
<b>GRI 1 Used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	Not applicable

GRI Standard	Disclosure Number	Disclosure Title	Page References	Omission
<b>General Disclosure</b>				
<b>Organisational Profile</b>				
GRI 2: General Disclosures 2021	2-1	Organisational details	5, 6, 40 to 59, 70 to 71	
	2-2	Entities included in the organisation’s sustainability reporting	70	
	2-3	Reporting period, frequency and contact point	70	
	2-4	Restatements of information	78	
	2-5	External assurance	70	
	2-6	Activities, value chain and other business relationships	There are no significant changes to the organisation and its supply chain.	
	2-7	Employees	94	
	2-8	Workers who are not employees	Not relevant. KORE does not have non-employees.	
	2-9	Governance structure and composition	16 to 18	
	2-10	Nomination and selection of the highest governance body	161	
	2-11	Chair of the highest governance body	16	
	2-12	Role of the highest governance body in overseeing the management of impacts	72 to 73	
	2-13	Delegation of responsibility for managing impacts	72 to 73	
	2-14	Role of the highest governance body in sustainability reporting	72 to 73	
	2-15	Conflicts of interest	87	
	2-16	Communication of critical concerns	87	
	2-17	Collective knowledge of the highest governance body	16 to 17	
	2-18	Evaluation of the performance of the highest governance body	162 to 163	
	2-19	Remuneration policies	149 to 152	
	2-20	Process to determine remuneration	149 to 152	
	2-21	Annual total compensation ratio		Confidentiality constraints. Due to the highly competitive conditions in the industry where poaching of senior management is commonplace, the Manager is not able to disclose this information. For more details on our remuneration policy and structure, please refer to pages 149 to 152.
	2-22	Statement on sustainable development strategy	71 to 72	
	2-23	Policy commitments	71 to 72, 87 to 89	
	2-24	Embedding policy commitments	71 to 72, 87 to 89	
	2-25	Processes to remediate negative impacts	87 to 88	
	2-26	Mechanisms for seeking advice and raising concerns	87 to 88	
	2-27	Compliance with laws and regulations	87 to 88	
	2-28	Membership associations	75	
	2-29	Approach to stakeholder engagement	76	
	2-30	Collective bargaining agreements	91	
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	73
3-2		List of material topics	73	

GRI Standard	Disclosure Number	Disclosure Title	Page References	Omission
<b>Topic Specific Disclosures</b>				
<b>Environmental Stewardship</b>				
<b>Energy</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	77	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	78 to 79	
	302-2	Energy consumption outside of the organisation	78 to 79	
	302-3	Energy intensity	78 to 79	
<b>Emissions</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	77 to 78	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	77 to 78	
	305-2	Energy indirect (Scope 2) GHG emissions	77 to 78	
	305-3	Other indirect (Scope 3) GHG emissions	77 to 78	
	305-4	GHG emissions intensity	77 to 78	
<b>Climate Change Adaptation</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	79 to 84	
<b>Waste Management</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	84	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	84	
	306-2	Management of significant waste-related impacts	84	
<b>Water Management</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	84 to 85	
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	84 to 85	
	303-3	Water withdrawal	84 to 85	
<b>Responsible Business</b>				
<b>Economic Sustainability</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	86	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	86	
<b>Corporate Governance</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	86	
<b>Ethics and Integrity</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	87 to 88	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	87 to 88	
	205-3	Confirmed incidents of corruption and actions taken	87 to 88	
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	87 to 88	

**SUSTAINABILITY REPORT**  
**GRI Content Index**

GRI Standard	Disclosure Number	Disclosure Title	Page References	Omission
<b>Building and Service Quality</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	88 to 89	
<b>Cybersecurity and Data Privacy</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	89	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	89	
<b>Sustainable Supply Chain Management</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	89	
<b>People and Community</b>				
<b>Human Capital Management</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	90	
GRI 401: Employment	401-1	New employee hires and employee turnover	91	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	91	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	93	
	404-2	Programs for upgrading employee skills and transition assistance programs	93	
	404-3	Percentage of employees receiving regular performance and career development reviews	91	
<b>Diversity and Inclusion</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	94	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	94 to 95	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	95	
<b>Employee Health and Well-being</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	95	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	95 to 96	
	403-2	Hazard identification, risk assessment, and incident investigation	95 to 96	
	403-5	Worker training on occupational health and safety	95 to 96	
	403-6	Promotion of worker health	95 to 96	
	403-9	Work-related injuries	95 to 96	
<b>Community Development and Engagement</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	97	

# Directors' Statement & Financial Statements

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## Report of the Trustee

For the financial year ended 31 December 2023

Perpetual (Asia) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Keppel Pacific Oak US REIT (the “Trust”) held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders of the units (“Unitholders”) in the Trust. In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel Pacific Oak US REIT Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 22 September 2017 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements, set out on pages 107 to 141, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,  
**Perpetual (Asia) Limited**



**Sin Li Choo**  
Director

Singapore  
22 February 2024

## Statement by the Manager

For the financial year ended 31 December 2023

In the opinion of the directors of Keppel Pacific Oak US REIT Management Pte. Ltd. (the “Manager”), the Manager of Keppel Pacific Oak US REIT (the “Trust”), the accompanying financial statements set out on pages 107 to 141 comprising the Statements of Financial Position of the Group and the Trust as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders’ Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders’ Funds of the Trust for the financial year ended 31 December 2023, Consolidated Portfolio Statement of the Group as at 31 December 2023 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2023, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders’ funds, consolidated cash flows and consolidated portfolio holdings of the Group and changes in unitholders’ funds of the Trust for the financial year ended 31 December 2023, are in accordance with the International Financial Reporting Standards and the relevant provisions of the Trust Deed between Perpetual (Asia) Limited and the Manager dated 22 September 2017 (as amended) and relevant requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,  
**Keppel Pacific Oak US REIT Management Pte. Ltd.**



**Soong Hee Sang**  
Director

Singapore  
22 February 2024



# Independent Auditor's Report to the Unitholders of Keppel Pacific Oak US REIT

For the financial year ended 31 December 2023

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Keppel Pacific Oak US REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial year ended to 31 December 2023, Consolidated Portfolio Statement of the Group as at 31 December 2023 and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Changes in Unitholders' Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs") Accounting Standards, relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2023, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows and consolidated portfolio holdings of the Group, and changes in unitholders' funds of the Trust for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Valuation of investment properties

As at 31 December 2023, the carrying amount of investment properties was US\$1,326.3 million (2022: US\$1,423.4 million) which accounted for 95.2% (2022: 93.7%) of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of assumptions and estimates made by the external appraisers engaged by the Manager.

As disclosed in Note 24(d), valuations of investment properties are sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates, capitalisation rates and terminal yield rates. This is aggravated by an increase in the level of estimation uncertainty and judgement required arising from the rapid changes in market and economic conditions. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external appraisers, the determination of the scope of work of the appraisers, and a review of the valuation reports issued by the external appraisers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate and valuation specialists to assist us in assessing the reasonableness of the valuation model and the reasonableness of the significant assumptions and estimates by reference to historical rates and market data. Our procedures also included checking the reliability of property related data used by the external appraisers, assessing the appropriateness of the valuation techniques and basis for the significant assumptions and estimates used, including key valuation adjustments made by the external appraisers, in response to the changes in market and economic conditions. We assessed the overall reasonableness of the movements in fair value of the investment properties and the associated deferred tax consequences. We also assessed the adequacy of disclosures relating to investment properties in the notes to the consolidated financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Manager for the Financial Statements**

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRS Accounting Standards, relevant provisions of the Trust Deed and relevant requirements of the CIS Code issued by the Monetary Authority of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditor's Report to the Unitholders of Keppel Pacific Oak US REIT

For the financial year ended 31 December 2023

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.



**Ernst & Young LLP**

Public Accountants and  
Chartered Accountants

Singapore

22 February 2024

# Statements of Financial Position

As at 31 December 2023

	Note	GROUP		TRUST	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
<b>Current assets</b>					
Cash and cash equivalents	4	43,777	63,436	4,417	10,605
Trade and other receivables	5	4,275	3,898	34,480	33,314
Prepaid expenses		343	441	262	312
Derivative assets	6	687	1,492	687	1,492
		<b>49,082</b>	<b>69,267</b>	<b>39,846</b>	<b>45,723</b>
<b>Non-current assets</b>					
Derivative assets	6	18,284	26,865	18,284	26,865
Investment properties	7	1,326,310	1,423,370	–	–
Investment in subsidiaries	8	–	–	1,238,559	1,234,687
		<b>1,344,594</b>	<b>1,450,235</b>	<b>1,256,843</b>	<b>1,261,552</b>
<b>Total assets</b>		<b>1,393,676</b>	<b>1,519,502</b>	<b>1,296,689</b>	<b>1,307,275</b>
<b>Current Liabilities</b>					
Trade and other payables	9	33,259	27,368	5,045	5,008
Loans and borrowings	10	74,957	10,220	74,957	10,220
Rental security deposits		1,105	1,220	–	–
Rent received in advance		6,720	6,197	–	–
		<b>116,041</b>	<b>45,005</b>	<b>80,002</b>	<b>15,228</b>
<b>Non-Current Liabilities</b>					
Loans and borrowings	10	524,610	567,497	524,610	567,497
Rental security deposits		5,060	4,942	–	–
Derivative liability	6	338	283	338	283
Preferred units	11	1,124	1,374	–	–
Deferred tax liabilities	12	23,299	54,324	–	–
		<b>554,431</b>	<b>628,420</b>	<b>524,948</b>	<b>567,780</b>
<b>Total liabilities</b>		<b>670,472</b>	<b>673,425</b>	<b>604,950</b>	<b>583,008</b>
<b>Net assets attributable to Unitholders</b>		<b>723,204</b>	<b>846,077</b>	<b>691,739</b>	<b>724,267</b>
Represented by:					
<b>Unitholders' funds</b>		<b>723,204</b>	<b>846,077</b>	<b>691,739</b>	<b>724,267</b>
<b>Units in issue ('000)</b>	13	<b>1,044,450</b>	<b>1,044,450</b>	<b>1,044,450</b>	<b>1,044,450</b>
<b>Net asset value per unit (US\$) attributable to Unitholders</b>	14	<b>0.69</b>	<b>0.81</b>	<b>0.66</b>	<b>0.69</b>

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	GROUP	
		2023 US\$'000	2022 US\$'000
Gross revenue	15	150,757	147,976
Property expenses	16	(64,657)	(63,701)
<b>Net property income</b>		<b>86,100</b>	84,275
Finance income		818	152
Finance expenses	17	(24,643)	(18,658)
Manager's base fees		(5,803)	(6,559)
Trustee's fee		(191)	(190)
Fair value change in derivatives	6	(9,441)	31,321
Other trust expenses	18	(3,325)	(3,314)
<b>Net income for the year before gain on divestment of investment properties and net fair value change in investment properties</b>		<b>43,515</b>	87,027
Gain on divestment of investment properties		–	185
Net change in fair value of investment properties	7	(142,263)	(39,179)
<b>Net (loss)/income for the year before tax</b>		<b>(98,748)</b>	48,033
Tax credit	19	31,023	452
<b>Net (loss)/income for the year attributable to Unitholders</b>		<b>(67,725)</b>	48,485
<b>Earnings per unit (US cents)</b>			
Basic and diluted	20	(6.48)	4.65

The accompanying notes form an integral part of the financial statements.

# Distribution Statement

For the financial year ended 31 December 2023

	GROUP	
	2023 US\$'000	2022 US\$'000
Income available for distribution to Unitholders at the beginning of the year	29,036	26,417
Net (loss)/income for the year	(67,725)	48,485
Distribution adjustments (Note A)	119,948	12,093
<b>Income available for distribution to Unitholders</b>	<b>81,259</b>	<b>86,995</b>
Distribution to Unitholders during the year		
– Distribution of 2.54 US cents per Unit for the period 6 August 2021 to 31 December 2021	–	(26,417)
– Distribution of 3.02 US cents per Unit for the period 1 January 2022 to 30 June 2022	–	(31,542)
– Distribution of 2.78 US cents per Unit for the period 1 July 2022 to 31 December 2022	(29,036)	–
– Distribution of 2.50 US cents per Unit for the period 1 January 2023 to 30 June 2023	(26,112)	–
<b>Income available for distribution to Unitholders at the end of the year</b>	<b>26,111</b>	<b>29,036</b>
Distribution per Unit (DPU) (US cents) <sup>1</sup> :	<b>2.50</b>	5.80
<b>Note A - Distribution adjustments comprise:</b>		
Property related non-cash items <sup>2</sup>	1,491	1,218
Manager's base fees paid in Units	–	1,657
Trustee's fee	191	190
Amortisation of upfront debt-related transaction costs <sup>3</sup>	674	1,057
Deferred tax credit	(31,025)	(459)
Fair value change in derivatives	9,441	(31,321)
Net change in fair value of investment properties	142,263	39,179
Gain on divestment of investment properties	–	(185)
Others <sup>4</sup>	(3,087)	757
Net distribution adjustments	119,948	12,093

<sup>1</sup> No distribution declared for the financial period from 1 July to 31 December 2023 ("2H 2023"). For more details, please refer to Note 3.10 Distribution Policy.

<sup>2</sup> This mainly comprise straight-line rent adjustments and amortisation of lease incentives.

<sup>3</sup> Upfront debt-related transaction costs are amortised over the life of the borrowings.

<sup>4</sup> This includes non tax-deductible items and other adjustments.

# Statements of Changes in Unitholders' Funds

For the financial year ended 31 December 2023

	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
<b>GROUP</b>				
<b>At 1 January 2023</b>		708,832	137,245	846,077
Net loss for the year		–	(67,725)	(67,725)
<b>Net decrease in net assets resulting from operations</b>		–	(67,725)	(67,725)
<b>Unitholders' transactions</b>				
Distribution to Unitholders	13	(21,830)	(33,318)	(55,148)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		(21,830)	(33,318)	(55,148)
<b>At 31 December 2023</b>		<b>687,002</b>	<b>36,202</b>	<b>723,204</b>
<b>At 1 January 2022</b>		721,468	132,426	853,894
Net income for the year		–	48,485	48,485
<b>Net increase in net assets resulting from operations</b>		–	48,485	48,485
<b>Unitholders' transactions</b>				
Issue of new Units:				
– Manager's base fees paid in Units	13	1,657	–	1,657
Distribution to Unitholders	13	(14,293)	(43,666)	(57,959)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		(12,636)	(43,666)	(56,302)
<b>At 31 December 2022</b>		<b>708,832</b>	<b>137,245</b>	<b>846,077</b>

The accompanying notes form an integral part of the financial statements.

	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
<b>TRUST</b>				
<b>At 1 January 2023</b>		708,832	15,435	724,267
Net income for the year		–	22,620	22,620
<b>Net increase in net assets resulting from operations</b>		–	22,620	22,620
<b>Unitholders' transactions</b>				
Distribution to Unitholders	13	(21,830)	(33,318)	(55,148)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		(21,830)	(33,318)	(55,148)
<b>At 31 December 2023</b>		687,002	4,737	691,739
<b>At 1 January 2022</b>		721,468	(7,527)	713,941
Net income for the year		–	66,628	66,628
<b>Net increase in net assets resulting from operations</b>		–	66,628	66,628
<b>Unitholders' transactions</b>				
Issue of new Units:				
– Manager's base fees paid in Units	13	1,657	–	1,657
Distribution to Unitholders	13	(14,293)	(43,666)	(57,959)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		(12,636)	(43,666)	(56,302)
<b>At 31 December 2022</b>		708,832	15,435	724,267

The accompanying notes form an integral part of the financial statements.



# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	GROUP	
		2023 US\$'000	2022 US\$'000
<b>Operating activities</b>			
Net (loss)/income before tax		(98,748)	48,033
Adjustments for:			
Property related non-cash items		1,491	1,218
Manager's base fees paid in Units	13	–	1,657
Interest income		(818)	(152)
Reversal of expected credit losses		(350)	(86)
Finance expenses	17	24,643	18,658
Gain on divestment of investment properties		–	(185)
Fair value change in derivatives	6	9,441	(31,321)
Net change in fair value of investment properties	7	142,263	39,179
		<b>77,922</b>	<b>77,001</b>
<b>Changes in working capital</b>			
Trade and other receivables and prepaid expenses		71	(50)
Trade and other payables		5,719	2,961
Rental security deposits		3	(262)
Rental received in advance		523	(269)
		<b>84,238</b>	<b>79,381</b>
<b>Cash generated from operations</b>			
Tax paid		(2)	(7)
		<b>84,236</b>	<b>79,374</b>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from divestment of investment properties, net of transaction and other related costs		–	35,878
Payment for capital expenditure relating to investment properties	7	(46,694)	(43,630)
Interest received		818	152
		<b>(45,876)</b>	<b>(7,600)</b>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issuance of preferred units	11	–	874
Redemption of preferred units	11	(250)	–
Proceeds from new loans		31,920	281,520
Repayment of loans		(10,220)	(264,720)
Payment of debt related transaction costs		(524)	(1,744)
Financing expense paid on loans and borrowings		(23,654)	(17,216)
Financing expense paid on preferred units		(143)	(70)
Distribution to Unitholders		(55,148)	(57,959)
		<b>(58,019)</b>	<b>(59,315)</b>
<b>Net cash used in financing activities</b>			
		<b>(19,659)</b>	<b>12,459</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		63,436	50,977
		<b>43,777</b>	<b>63,436</b>
<b>Cash and cash equivalents at end of the year</b>			

The accompanying notes form an integral part of the financial statements.

## Portfolio Statement

As at 31 December 2023

Description of property	Location	Tenure of land	Fair value as at 31 December 2023 US\$'000	Fair Value as at 31 December 2022 US\$'000	Percentage of total net assets as at 31 December 2023 %	Percentage of total net assets as at 31 December 2022 %
The Plaza Buildings	Seattle, Washington, US	Freehold	307,700	340,000	42.6	40.2
Bellevue Technology Center	Seattle, Washington, US	Freehold	140,600	155,000	19.4	18.3
The Westpark Portfolio	Seattle, Washington, US	Freehold	224,000	230,000	31.0	27.2
Great Hills Plaza	Austin, Texas, US	Freehold	43,600	41,200	6.0	4.9
Westech 360	Austin, Texas, US	Freehold	47,100	47,300	6.5	5.5
Westmoor Center	Denver, Colorado, US	Freehold	105,700	130,220	14.6	15.4
105 Edgeview	Denver, Colorado, US	Freehold	56,710	59,950	7.8	7.1
Bridge Crossing	Nashville, Tennessee, US	Freehold	41,300	43,300	5.7	5.1
1800 West Loop South	Houston, Texas, US	Freehold	75,600	76,900	10.5	9.1
Bellaire Park	Houston, Texas, US	Freehold	47,300	51,300	6.5	6.0
One Twenty Five	Dallas, Texas, US	Freehold	107,000	105,600	14.8	12.5
Maitland Promenade I & II	Orlando, Florida, US	Freehold	91,500	93,800	12.7	11.1
Iron Point	Sacramento, California, US	Freehold	38,200	48,800	5.3	5.8
<b>Total investment properties</b>			<b>1,326,310</b>	<b>1,423,370</b>	<b>183.4</b>	<b>168.2</b>
Other assets and liabilities (net)			<b>(603,106)</b>	<b>(577,293)</b>	<b>(83.4)</b>	<b>(68.2)</b>
<b>Net assets</b>			<b>723,204</b>	<b>846,077</b>	<b>100.0</b>	<b>100.0</b>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2023

## 1. GENERAL

Keppel Pacific Oak US REIT (the “Trust”) is a Singapore real estate investment trust constituted pursuant to the trust deed (the “Trust Deed”) dated 22 September 2017 (as amended) between Keppel Pacific Oak US REIT Management Pte. Ltd. (the “Manager”) and Perpetual (Asia) Limited (the “Trustee”). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust.

The Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 9 November 2017.

The registered office and principal place of business of the Trustee is located at 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981 and 16 Collyer Quay, #07-01, Singapore 049318 respectively.

The principal activity of the Trust is investment holding. The principal activities of the Trust’s subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The Group’s key objectives are to provide sustainable distribution and strong total returns for Unitholders.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fees structures of these services are as follows:

### a. Manager’s fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

#### Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of the Trust’s annual distributable income (calculated before accounting for the base fee and performance fee, if any). The base fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

For the financial year ended 31 December 2023, the Manager has elected to receive 100.0% of its base fee in the form of cash. The Manager has received 100.0% of its base fee in the form of Units for 1Q 2022 and in the form of cash from 2Q 2022 to 4Q 2022.

The base fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the base fee is payable in Units, the Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

#### Performance fee

Pursuant to the Trust Deed, the Manager is entitled to an annual performance fee of 25.0% per annum of the difference in Distribution Per Unit (“DPU”) in a period with the DPU in the preceding period (calculated before accounting for performance fee but after accounting for the base fee in each period) multiplied by the weighted average number of Units in issue for such period. The performance fee is payable if the DPU in any period exceeds the DPU in the preceding period, notwithstanding that the DPU in the period where the performance fee is payable may be less than the DPU in any preceding period.

The performance fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

No performance fee was recorded for the financial year ended 31 December 2023 and 31 December 2022.

#### Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to an acquisition fee of 1.0% of the purchase price of investment property acquired, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion. The acquisition fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

**Divestment fee**

Pursuant to the Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of investment property sold or divested, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion.

The divestment fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

**b. Trustee's fees**

The Trustee fees are charged on a scaled basis of up to 0.015% per annum of the value of all the gross assets of the Group ("Deposited Property"), excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time.

**c. Development management fee**

Pursuant to the Trust Deed, the Manager is entitled to a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Manager on behalf of the Trust. When the estimated total project costs are above US\$100.0 million, the Manager will be entitled to receive a development fee equivalent to 3.0% for the first US\$100.0 million. For the remaining total project costs in excess of US\$100.0 million, the independent directors will first review and approve the quantum of the remaining development management fee, whereupon the Manager may be directed by the independent directors to reduce the remaining development management fee. The development management fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Any increase in the rate or any change in the structure of the Manager's fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

**2. BASIS OF PREPARATION****2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the relevant provisions of the Trust Deed.

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

As at 31 December 2023, the Group's current liabilities exceed its current assets by US\$67.0 million (2022: current assets exceed its current liabilities by US\$24.3 million) and the Trust's current liabilities exceed its current assets by US\$40.2 million (2022: current assets exceed its current liabilities by US\$30.5 million) respectively. In 2023, the Group recorded a net loss of US\$67.7 million (2022: Net income of US\$48.5 million), mainly due to the net fair value loss on investment properties of US\$142.3 million (2022: Net fair value loss on investment properties of US\$39.2 million).

Notwithstanding the above, the financial statements have been prepared on a going concern basis. Barring any unforeseen circumstances, based on the Group and Trust's existing financial resources, the Manager is of the opinion that the Group and the Trust will be able to refinance its borrowings and meet its current obligations as and when they fall due. Additionally, to improve the Group's financial position and flexibility, the Manager determined the best option for the Group and its Unitholders is to suspend distributions beginning 2H 2023. The suspension of distribution ensures that the Group maintains sufficient liquidity to meet its current obligations as and when they fall due within the next twelve months as well as maintaining a lower aggregate leverage thereby improving the likelihood of refinancing of the loans maturing in 2024.

**2.3 Functional and presentation currency**

The financial statements are presented in United States dollars ("US\$"), which is the functional currency of the Trust. All financial information presented in United States dollars has been rounded to the nearest thousand (US\$'000), unless otherwise stated.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

### 2. BASIS OF PREPARATION (continued)

#### 2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses at the end of each reporting period. Actual results may defer from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are disclosed in Note 23 (Tax risk) and Note 24(d) (Valuation of investment properties).

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms to perform valuations. The Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as per Note 24(a).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

### 3. ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

#### 3.1 Basis of consolidation

##### Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values as at acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. Any excess of the sum of fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as a fair value adjustment to investment properties as incurred.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The financial statements of the subsidiaries are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

## **3.2 Foreign currency**

### **Foreign currency transactions and balances**

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The Manager has determined the currency of the primary economic environment in which the Group operates, i.e. the functional currency, to be the US\$.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

### **Foreign operations**

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to functional currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

## **3.3 Investment properties**

Investment properties are properties that are held to earn rental income or for capital appreciation, or for both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in profit or loss. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognised in profit or loss.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

### 3. ACCOUNTING POLICIES (continued)

#### 3.4 Financial instruments

##### Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's non-derivative financial assets comprise of cash and cash equivalents and trade and other receivables ("Loans and receivables"). Loans and receivables are classified in the amortised cost measurement category.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using effective interest method and are subject to impairment. Financial assets measured at amortised cost are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

##### Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. On derecognition, the difference between the carrying amounts and the sum of the consideration received is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as financial liabilities measured at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

Other financial liabilities comprise other payables, rental security deposits and loans and borrowings.

##### Preferred units

Preferred units are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expenses in profit or loss as accrued.

##### Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. The Group elects not to adopt hedge accounting.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised in profit or loss.

### 3.5 Impairment of financial assets

#### Non-derivative financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

The recoverable amount of an asset or cash generating units (“CGU”) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a prior loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

### 3.6 Unitholders’ funds

Unitholders’ funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders’ funds.

### 3.7 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change in investment properties recognised in profit or loss. Tenant lease incentives are included in the cost basis of the investment property and recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.



## Notes to the Financial Statements

For the financial year ended 31 December 2023

### 3. ACCOUNTING POLICIES (continued)

#### 3.7 Revenue recognition (continued)

##### Recoveries income

Recoveries from tenants are recognised as revenue in the period in which the applicable costs are incurred. The operating lease agreements include certain services to tenants comprising the overall property management, including common area maintenance services (such as cleaning, security, landscaping, utilities, and repairs and maintenance) as well as other administrative and support services. These services are specified in the lease agreements and separately invoiced. The Group has determined that these services constitute distinct non-lease components and are within the scope of IFRS 15 Revenue from Contracts with Customers. The Group has allocated the consideration in the contract to the separate lease and non-lease components on a relative basis. These services, which are provided to tenant in exchange for operating cost recoveries, are considered to be a single performance obligation delivered to tenants over time. Under IFRS 15, service component within leasing contracts is accounted for separately from rental income. The pattern of revenue recognition has however remained unchanged.

##### Other operating income

Other operating income comprise car park income and other non-rental income recognised as earned. Car park income consists of contractual and transient car park income, which is recognised upon utilisation of parking facilities. In addition, car park income paid by tenants represents the right to park in pre-determined parking stalls on certain tenant leases.

##### Finance income

Interest income is recognised as it accrues, using the effective interest method.

#### 3.8 Finance expenses

Finance expenses comprise interest expense on borrowings, amortisation of borrowing-related transaction costs and commitment fees incurred on the borrowings and dividends on preferred units that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

#### 3.9 Taxes

##### a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### b. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the United States, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### **3.10 Distribution policy**

Keppel Pacific Oak US REIT's (KORE) distribution policy is to distribute at least 90.0% of its annual distributable income to Unitholders for each financial year. This distribution policy is also subject to the conditions as stipulated in Appendix 6 to the Code on Collective Investment Schemes, in that, if KORE were to declare a distribution in excess of profits, the Manager should be able to certify, in consultation with Perpetual (Asia) limited, in its capacity as trustee of KORE (the "Trustee"), that it is able to satisfy on reasonable grounds that, immediately after making the distribution, KORE will be able to fulfil, from the deposited property of KORE, the liabilities of KORE as they fall due.

In order to recapitalise the balance sheet and address the Group's capital needs and leverage concerns for the next two years, the Manager has decided to temporarily suspend distributions for the period starting 2H 2023.

The temporary suspension of distributions aligns with the Group's proactive approach to maintaining leverage within regulatory limits as well as preventing any potential breach of bank covenants.

### **3.11 Leases – as lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.7.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the investment properties.

### **3.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

### **3.13 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group's investment properties are primarily commercial office properties and are located in the United States. Therefore, the directors consider that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in the financial statement.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

### 3. ACCOUNTING POLICIES (continued)

#### 3.14 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (“IBOR”) is replaced with an alternative nearly risk-free interest rate (“RFR”). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes requires by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### Effect of IBOR reform

Following the global financial crisis, the reform and replacement IBOR has become a priority for global regulators. The Group’s risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the London Interbank Offered Rate (“LIBOR”). The interest rate risk of floating rate borrowings are managed using interest rate swaps, LIBOR has ceased publication after 30 June 2023, and it is replaced by the Secured Overnight Financing Rate (“SOFR”).

As at 31 December 2023, all financial instruments that the Group and Trust holds has transited to SOFR. The following table contains details of all the financial instruments that the Group and Trust holds as at 31 December 2023:

	GROUP AND TRUST	
	Borrowings US\$'000	Derivatives US\$'000
Borrowings/derivatives in SOFR as at 1 January 2023	(505,220)	17,116
Transited to SOFR during the period	(75,000)	687
Net borrowings/derivatives entered during the year in SOFR	(21,700)	830
<b>Gross carrying amount as at 31 December 2023</b>	<b>(601,920)</b>	<b>18,633</b>

The transition from LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years. For the financial instruments transited from LIBOR to SOFR during the year, the transition had no material effect on the amounts reported for the current and prior financial year.

#### 3.15 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those previously applied under IFRS Accounting Standards except that in the current financial year, the Group has adopted all the IFRS Accounting Standards which are effective for annual financial period beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

#### 3.16 New standards issued but not yet effective

The Group has not adopted the following standards as applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-21: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Group expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

#### 4. CASH AND CASH EQUIVALENTS

	GROUP		TRUST	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Cash at bank	43,777	63,436	4,417	10,605

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash at bank denominated in foreign currency are as follows:

	GROUP AND TRUST	
	2023 US\$'000	2022 US\$'000
Singapore Dollar	8	22

#### 5. TRADE AND OTHER RECEIVABLES

	GROUP		TRUST	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Trade receivables	3,214	3,746	–	–
Less: Allowance for impairment of receivables	(74)	(424)	–	–
Trade receivables – Net	3,140	3,322	–	–
Other receivables	1,135	576	1,127	571
Amounts due from subsidiaries	–	–	33,353	32,743
<b>Total trade and other receivables</b>	<b>4,275</b>	<b>3,898</b>	<b>34,480</b>	<b>33,314</b>
Add: Cash and cash equivalents (Note 4)	43,777	63,436	4,417	10,605
Less: GST receivables	(1,141)	(572)	(1,133)	(568)
<b>Total financial assets carried at amortised cost</b>	<b>46,911</b>	<b>66,762</b>	<b>37,764</b>	<b>43,351</b>

Other receivables and amounts due from subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to US\$1.3 million as at 31 December 2023 (2022: US\$0.7 million) that are past due at the end of the reporting period but not impaired. The analysis of their aging at the end of the reporting period is as follows:

	GROUP	
	2023 US\$'000	2022 US\$'000
Past due 0 to 1 month	649	585
Past due 1 to 3 months	425	69
Past due 3 to 6 months	229	6
	<b>1,303</b>	<b>660</b>

The Manager assessed the expected credit loss for these trade receivables by considering the tenants' good payment records and the sufficiency of security deposits placed with the Group in the form of bankers' guarantee, insurance bonds or cash security deposits.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 5. TRADE AND OTHER RECEIVABLES (continued)

Expected credit loss

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	GROUP	
	2023 US\$'000	2022 US\$'000
Movement in allowance accounts		
At 1 January	424	510
Charge for the year	48	228
Written off	(398)	(314)
At 31 December	74	424

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP AND TRUST		
	Contract/ Nominal amount US\$'000	Assets US\$'000	Liabilities US\$'000
<b>2023</b>			
<b>Current</b>			
Interest rate swaps	40,000	687	–
<b>Non-current</b>			
Interest rate swaps	404,200	18,284	(338)
Derivative financial instruments as a percentage of the Group's net assets			2.58%
Derivative financial instruments as a percentage of the Trust's net assets			2.69%
<b>2022</b>			
<b>Current</b>			
Interest rate swaps	80,000	1,492	–
<b>Non-current</b>			
Interest rate swaps	364,200	26,865	(283)
Derivative financial instruments as a percentage of the Group's net assets			3.32%
Derivative financial instruments as a percentage of the Trust's net assets			3.88%

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps to provide fixed rate funding for terms of 2 to 6 years (2022: 2 to 6 years).

The changes in fair value of the interest rate swaps are recognised in the profit or loss.

## 7. INVESTMENT PROPERTIES

	GROUP	
	2023 US\$'000	2022 US\$'000
<b>Consolidated Statement of Financial Position</b>		
As at 1 January	1,423,370	1,455,830
Capital expenditure capitalised	46,694	43,630
Divestment	–	(35,693)
Fair value changes in investment properties	(143,754)	(40,397)
As at 31 December	<b>1,326,310</b>	<b>1,423,370</b>
<b>Consolidated Statement of Comprehensive Income</b>		
Fair value changes in investment properties	(143,754)	(40,397)
Net effect of amortisation and straight lining <sup>1</sup>	1,491	1,218
Net fair value change recognised in the Statement of Comprehensive Income	<b>(142,263)</b>	<b>(39,179)</b>

<sup>1</sup> Arising from accounting for rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flow is included in the carrying values of the investment properties and subsequently adjusted to the fair value changes in investment properties recognised in profit or loss.

Investment properties comprise commercial office properties which are leased to external tenants.

On 28 July 2022, the Group had completed the divestment of Northridge Center I & II in Atlanta, Georgia to an unrelated third-party purchaser at a gross divestment price of US\$22.1 million, which was satisfied in cash. The consideration was arrived at after negotiations on a willing-buyer and willing-seller basis.

On 22 December 2022, the Group had completed the divestment of Powers Ferry in Atlanta, Georgia to an unrelated third-party purchaser at a gross divestment price of US\$16.1 million, which was satisfied in cash. The consideration was arrived at after negotiations on a willing-buyer and willing-seller basis.

### Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023. The valuations were performed by Jones Lang LaSalle for all properties. The independent valuers have the relevant professional qualification and recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in Note 24(d).

Independent valuations for the year ended 31 December 2022 were performed by Cushman and Wakefield for all properties.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 8. INVESTMENT IN SUBSIDIARIES

	TRUST	
	2023 US\$'000	2022 US\$'000
Unquoted equity investment at cost		
At 1 January	1,234,687	1,240,559
Incorporation of subsidiary	–	445,907
Capital injection/(reduction)	3,872	(451,779)
As at 31 December	1,238,559	1,234,687

Details of the subsidiaries of the Trust are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust	
			2023 %	2022 %
<b>Direct subsidiaries:</b>				
KORE S1 Pte Ltd*	Investment holding	Singapore	100	100
KORE S2 Pte Ltd*	Investment holding	Singapore	100	100
KORE S3 Pte Ltd*	Investment holding	Singapore	100	100
KORE S4 Pte Ltd*	Investment holding	Singapore	100	100
KORE S5 Pte Ltd*	Investment holding	Singapore	100	100
KORE S6 Pte Ltd*	Investment holding	Singapore	100	100
<b>Indirect subsidiaries:</b>				
KORE US Parent REIT, INC <sup>^</sup>	Investment holding	United States	100	100
KORE US Properties REIT, INC <sup>^</sup>	Investment holding	United States	100	100
KORE Bellevue Technology Center, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Plaza Buildings, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Iron Point, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Westmoor Center, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Great Hills Plaza, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Westech 360, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE 1800 West Loop, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE West Loop I and II, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Powers Ferry Landing, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Northridge Center, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Maitland Promenade, INC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Westpark, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust	
			2023 %	2022 %
KORE Maitland Promenade I, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE 125 John Carpenter, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE 105 Edgeview, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Bridge Crossing, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE Bellevue Plaza Apartments, LLC <sup>^</sup>	Investment in real estate properties	United States	100	100
KORE US TRS, LLC <sup>^</sup>	Provision of non-customary property services	United States	100	100
Keppel-KBS US REIT B1 SRL <sup>#</sup>	Dormant	Barbados	100	100
Keppel-KBS US REIT B2 SRL <sup>#</sup>	Dormant	Barbados	100	100

\* Audited by Ernst & Young LLP Singapore

<sup>^</sup> Audited by Ernst & Young LLP United States for group consolidation purpose

<sup>#</sup> Undergoing liquidation and exempted from statutory audit

## 9. TRADE AND OTHER PAYABLES

	GROUP		TRUST	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Trade payables	6	19	–	–
Other payables	22	73	20	48
Amounts due to related companies	1,561	1,784	1,596	1,816
Accrued expenses	31,670	25,492	3,429	3,144
<b>Total trade and other payables</b>	<b>33,259</b>	<b>27,368</b>	<b>5,045</b>	<b>5,008</b>
Add:				
– Loans and borrowings (Note 10)	599,567	577,717	599,567	577,717
– Rental security deposits	6,165	6,162	–	–
– Preferred units (Note 11)	1,124	1,374	–	–
<b>Total financial liabilities carried at amortised cost</b>	<b>640,115</b>	<b>612,621</b>	<b>604,612</b>	<b>582,725</b>

Amounts due to related companies are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.



## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 10. LOANS AND BORROWINGS

	Maturity	GROUP AND TRUST	
		2023 US\$'000	2022 US\$'000
<b>Current</b>			
Revolving credit facility (unsecured)	2023	–	10,220
Revolving credit facility (unsecured)	2024	75,000	–
		75,000	10,220
Less: Unamortised transaction costs		(43)	–
Total current loans and borrowings		74,957	10,220
<b>Non-current</b>			
Revolving credit facility (unsecured)	2024	–	75,000
USD term loan at SOFR + 1.66% (unsecured)	2025	115,000	115,000
USD term loan at SOFR + 1.60% (unsecured)	2025	40,000	40,000
USD term loan at SOFR + 1.65% (unsecured)	2026	40,000	40,000
USD term loan at SOFR + 1.60% (unsecured)	2027	120,000	120,000
USD term loan at SOFR + 1.50% (unsecured)	2028	180,000	180,000
Revolving credit facility (unsecured)	2027	26,000	–
Revolving credit facility (unsecured)	2028	5,920	–
		526,920	570,000
Less: Unamortised transaction costs		(2,310)	(2,503)
Total non-current loans and borrowings		524,610	567,497
Total loans and borrowings		599,567	577,717
Percentage of total borrowings to Group's net assets value		82.9%	68.3%
Percentage of total borrowings to Trust's net assets value		86.7%	79.8%

As at 31 December 2023, the Group has US\$68.1 million (2022: US\$39.8 million) of unutilised facilities to meet its future obligations.

A reconciliation of liabilities arising from the financing activities is as follows:

	Cash flows			Non-cash changes		31 December US\$'000
	1 January US\$'000	Net proceeds US\$'000	Upfront payment of transaction costs US\$'000	Amortisation of upfront debt-related transaction US\$'000	Changes in fair values US\$'000	
<b>GROUP</b>						
<b>2023</b>						
Loans and borrowings	577,717	21,700	(524)	674	–	599,567
Preferred units	1,374	(250)	–	–	–	1,124
Derivative liability	283	–	–	–	55	338
<b>2022</b>						
Loans and borrowings	561,604	16,800	(1,744)	1,057	–	577,717
Preferred units	500	874	–	–	–	1,374
Derivative liability	5,805	–	–	–	(5,522)	283

	Cash flows			Non-cash changes		31 December US\$'000
	1 January US\$'000	Net proceeds US\$'000	Upfront payment of transaction costs US\$'000	Amortisation of upfront debt-related transaction US\$'000	Changes in fair values US\$'000	
<b>TRUST</b>						
<b>2023</b>						
Loans and borrowings	577,717	21,700	(524)	674	–	599,567
Derivative liability	283	–	–	–	55	338
<b>2022</b>						
Loans and borrowings	561,604	16,800	(1,744)	1,057	–	577,717
Derivative liability	5,805	–	–	–	(5,522)	283

## 11. PREFERRED UNITS ISSUED

	GROUP	
	2023 US\$'000	2022 US\$'000
At 1 January	1,374	500
(Redemption)/Issuance of preferred units	(250)	874
At 31 December	1,124	1,374

The preferred units rank senior to all units of the indirect subsidiaries. Each holder of the preferred units is entitled to receive cumulative non-discretionary preferential cash dividends (recorded as finance expense) at a rate of 12.0% – 12.5% (2022: 12.0% – 12.5%) per annum on the subscription price of US\$1,000 per unit plus all accrued and unpaid dividends which is payable annually in arrears.

The preferred units are not convertible or exchangeable for any other property or securities of the subsidiaries. The Board of Directors of the subsidiaries may, in its sole and absolute discretion, cause the subsidiaries to redeem units of the preferred units at US\$1,000 per unit plus all accrued and unpaid dividends.

The preferred units have been classified as financial liabilities in accordance with IFRS 9.

## 12. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 December relate to the following:

	GROUP	
	2023 US\$'000	2022 US\$'000
Investment properties	23,299	54,324

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 January 2022 US\$'000	Statement of Comprehensive Income (Note 19) US\$'000	At 31 December 2022 US\$'000	Statement of Comprehensive Income (Note 19) US\$'000	At 31 December 2023 US\$'000
<b>Deferred tax liabilities</b>					
Investment properties					
– Change in fair values of investment properties	28,431	(10,872)	17,559	(39,478)	(21,919)
– Reversal of prior period fair value losses from the divestment of investment properties	–	3,329	3,329	–	3,329
– Tax depreciation	26,352	7,084	33,436	8,453	41,889
	54,783	(459)	54,324	(31,025)	23,299

## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 13. UNITS IN ISSUE

	GROUP AND TRUST			
	2023		2022	
	No. of Units '000	US\$'000	No. of Units '000	US\$'000
<b>Units issued</b>				
As at 1 January	1,044,450	708,832	1,040,052	719,801
Issue of new Units:				
– Manager's base fees paid in Units	–	–	4,398	3,324
– Capital distribution	–	(21,830)	–	(14,293)
<b>Total Units issued as at 31 December</b>	<b>1,044,450</b>	<b>687,002</b>	<b>1,044,450</b>	<b>708,832</b>

During the financial year ended 31 December 2023, no new units were issued to the Manager as payment for Manager's base fees. The Trust issued 4,398,214 new Units to the Manager as payment of 100% of the Manager's base fees for the period from 1 October 2021 to 31 March 2022.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- Have the right to receive notice of, attend and one vote per Unit at any meeting of the Unitholders.

The Unitholders are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the Unitholders are entitled to a return of capital based on the asset value per Unit of the Trust.

The restriction on Unitholders include the following:

- A Unitholder's right is limited to the right to acquire due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provision of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units for the Private Placement.

## 14. NET ASSET VALUE PER UNIT

	Note	GROUP		TRUST	
		2023	2022	2023	2022
<b>Net asset value per Unit is based on:</b>					
– Net assets (US\$'000)		723,204	846,077	691,739	724,267
– Total Units issued at 31 December ('000)	13	1,044,450	1,044,450	1,044,450	1,044,450

## 15. GROSS REVENUE

	GROUP	
	2023 US\$'000	2022 US\$'000
Rental income	105,916	107,056
Recoveries income	40,579	37,635
Other operating income	4,262	3,285
	<b>150,757</b>	<b>147,976</b>

Recoveries income includes, amongst others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

## 16. PROPERTY EXPENSES

	GROUP	
	2023 US\$'000	2022 US\$'000
Utilities	9,833	9,424
Repair and maintenance expenses	7,385	7,315
Property management fees	7,916	7,683
Property taxes	16,989	18,109
Other property expenses	22,534	21,170
	<b>64,657</b>	<b>63,701</b>

Other property expenses include, amongst others, US\$0.05 million (2022: US\$0.2 million) of net impairment loss on trade receivables due to movement in allowance for expected credit losses.

## 17. FINANCE EXPENSES

	GROUP	
	2023 US\$'000	2022 US\$'000
Effective interest expense on borrowings	24,443	18,497
Dividends on preferred units	143	70
Commitment fees	57	91
	<b>24,643</b>	<b>18,658</b>

## 18. OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	GROUP	
	2023 US\$'000	2022 US\$'000
Audit fees paid/payable to auditors of the Group for the financial year	583	537
Non-audit fees paid/payable to auditors of the Group	470	453
Internal audit fees paid to a related company	25	29
Valuation fees	93	135
Other expenses	2,154	2,160
	<b>3,325</b>	<b>3,314</b>

Other expenses include legal fees, investor relations and miscellaneous expenses.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 19. TAX CREDIT

The major components of tax credit for the year ended 31 December 2023 and 31 December 2022 are:

	GROUP	
	2023 US\$'000	2022 US\$'000
<b>Current tax expense</b>		
Income tax	2	7
<b>Deferred tax credit</b>		
Movement in temporary differences	(31,025)	(459)
<b>Tax credit</b>	<b>(31,023)</b>	<b>(452)</b>
<b>Reconciliation of effective tax rate</b>		
Net (loss)/income for the year before tax	(98,748)	48,033
Tax calculated using Singapore tax rate of 17% (2022: 17%)	(16,787)	8,166
Effects of:		
– Income not subject to taxation	(7,398)	(14,826)
– Different tax rate in foreign jurisdictions	(6,838)	6,208
	<b>(31,023)</b>	<b>(452)</b>

## 20. EARNINGS PER UNIT

Basic earnings per Unit is based on:

	GROUP	
	2023 US\$'000	2022 US\$'000
Net (loss)/income for the year	(67,725)	48,485

	GROUP	
	2023 No. of Units '000	2022 No. of Units '000
Weighted average number of Units	1,044,450	1,043,516

Basic EPS is calculated based on the weighted average number of Units for the year. This comprises:

- i. The weighted average number of Units in issue for the year; and
- ii. The estimated weighted average number of Units to be issued as payment of Manager's base fees for the year.

Diluted earnings per Unit is equivalent to the basic earnings per Unit as there were no dilutive instruments in issue during the year.

## 21. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the year, in addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	GROUP	
	2023 US\$'000	2022 US\$'000
Manager's base fees paid/payable to the Manager	5,803	6,559
Divestment fee paid to the Manager	–	194
Trustee fees paid/payable	191	190

## 22. FINANCIAL RATIOS

	GROUP	
	2023 %	2022 %
Ratio of expenses to weighted average net assets <sup>1</sup>		
– Including performance component of the Manager's management fees	1.13	1.16
– Excluding performance component of the Manager's management fees	1.13	1.16
Portfolio turnover rate <sup>2</sup>	–	–

<sup>1</sup> The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance expenses, net foreign exchange differences and income tax expense. The Group incurred performance fee of NIL (2022: NIL) for the financial year ended 31 December 2023.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value in accordance with the formula stated in the CIS Code.

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to tax risk, market risk, interest rate risk, credit risk, liquidity risk and capital management risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### Tax risk

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect the Group.

Any change in the tax status of the Group, or change in taxation legislation, administrative guidance, or regulation (or any disagreement as to the interpretation thereof) that applies to the Group, could adversely affect the distribution paid by the Group.

In addition, any such tax changes could adversely affect the value of the Group's investments, and/or increase the U.S. and non-U.S. tax liabilities of the Group and/or affect the Group's ability to achieve its investment objectives. Such changes could have a significant negative impact on the Group and its unitholders.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

### 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Tax risk (continued)

For example, in late 2017, the enactment of Section 267A of the United States Internal Revenue Code potentially affected the deductibility of certain interest expenses for taxable years beginning after 31 December 2017. As a result, the Group restructured certain subsidiaries (the “Barbados Restructuring”) on 1 January 2018 to comply specifically with the interpretations of Section 267A enacted then.

On 20 December 2018, the United States Department of the Treasury released proposed regulations under Section 267A (the “Proposed 267A Regulations”) and subsequently on 7 April 2020, the final regulations under Section 267A (the “Final Regulations”) were released. Pursuant to the Final Regulations, the Manager had completed the restructuring of the Group on 16 April 2020 to a structure which does not involve the Barbados entities, largely following the structure which the Group used when it was initially listed, and which was disclosed in its Prospectus dated 2 November 2017.

#### Operational risk

The Manager oversees an active asset management program that has been put in place to oversee leasing, capital projects and the operations at the properties, including managing expenses, monitoring rental payments from tenants and evaluating the Group’s counter-parties on an ongoing basis. Measures have been put in place to manage expenses, actively monitor rental payments from tenants and evaluate the Group’s counter-parties on an ongoing basis. The Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, reviews disaster and pandemic business continuity plans, and updates and modifies them regularly.

#### Market risk

##### Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group’s business is not exposed to significant currency risk as the portfolio of properties are located in the US and the cash flows from the operations of the properties are denominated in US\$. The Group also borrows in the same currency as the assets in order to manage the foreign currency risk. The Trust will receive US\$ distributions from the investment properties which will be passed to the Unitholders, either in US\$ or converted to Singapore Dollar (“S\$”) at the spot foreign exchange rate. The Trust is exposed to fluctuations in the cross-currency rates of the US\$ and S\$ for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk. The Group has minimal exposure to currency risk.

##### Interest rate risk

The Group’s exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. The Manager will actively monitor and manage the Group’s net exposure to interest rate risk through the use of interest rate hedging instruments and/or fixed rate borrowings, where applicable.

As at 31 December 2023, the Group had US\$444.2 million (2022: US\$444.2 million) of gross variable rate interest borrowings which are hedged with interest rate swaps, and US\$157.7 million (2022: US\$136.0 million) of gross unhedged variable rate interest loans and borrowings. The Group had not been exposed to significant cash flow risk.

##### Sensitivity analysis for interest rate risk

At the reporting date, if the interest rates of borrowings had been 1.0% (2022: 1.0%) per annum higher/lower with all other variables constant, the Group’s net profit before tax would have been US\$1.6 million (2022: US\$1.4 million) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged.

##### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements.

The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes too significant a percentage of the Group’s gross revenue and obtaining security deposits or letter of credits from the tenants, where applicable. At the end of the reporting period, approximately 59.6% (2022: 52.2%) of the Group’s trade receivables were due from 5 (2022: 4) major tenants.

In measuring the lifetime expected credit loss allowance for trade and other receivables, debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables. Impaired receivables (net of security deposits and bank guarantees) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where such receivables are provided for, the Manager continues to engage in enforcement activity to attempt to recover these receivables due. Where recoveries are made, these are recognised in profit or loss.

Cash and cash equivalents are placed and derivative instruments are entered into with banks and financial institution counterparties which are of good ratings.

As at the reporting date, the Group believes that there is little or no credit risk inherent in the Group's trade and other receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

There were no significant trade and other receivables that are past due but not impaired.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
			Within 1 year US\$'000	After 1 year but within 5 years US\$'000	After 5 years US\$'000
<b>GROUP</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	33,259	33,259	33,259	–	–
Loans and borrowings	599,567	716,803	116,594	600,209	–
Rental security deposits	6,165	6,165	1,105	3,974	1,086
Preferred units	1,124	1,804	136	543	1,125
	<b>640,115</b>	<b>758,031</b>	<b>151,094</b>	<b>604,726</b>	<b>2,211</b>
<b>Derivative financial liability</b>					
Interest rate swap	338	1,549	369	1,180	–
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	27,368	27,368	27,368	–	–
Loans and borrowings	577,717	698,614	42,632	473,925	182,057
Rental security deposits	6,162	6,162	1,220	3,717	1,225
Preferred units	1,374	2,203	166	663	1,374
	<b>612,621</b>	<b>734,347</b>	<b>71,386</b>	<b>478,305</b>	<b>184,656</b>
<b>Derivative financial liability</b>					
Interest rate swap	283	226	43	183	–



## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## Liquidity risk (continued)

	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
			Within 1 year US\$'000	After 1 year but within 5 years US\$'000	After 5 years US\$'000
<b>TRUST</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	5,045	5,045	5,045	–	–
Loans and borrowings	599,567	716,803	116,594	600,209	–
	<b>604,612</b>	<b>721,848</b>	<b>121,639</b>	<b>600,209</b>	<b>–</b>
<b>Derivative financial liability</b>					
Interest rate swap	338	1,549	369	1,180	–
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	5,008	5,008	5,008	–	–
Loans and borrowings	577,717	698,614	42,632	473,925	182,057
	<b>582,725</b>	<b>703,622</b>	<b>47,640</b>	<b>473,925</b>	<b>182,057</b>
<b>Derivative financial liability</b>					
Interest rate swap	283	226	43	183	–

**Capital management risk**

The group's ability to secure financing is susceptible to factors such as the cyclical nature of the property market and risks associated with market disruptions, potentially impacting liquidity, interest rates and the overall availability of funding sources. While the Group may face challenges with its future borrowing capacity to fund working capital, capital expenditure and refinancing existing debt obligations, the Manager continues to adopt a prudent and proactive approach towards capital management.

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits as set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Group's properties. To maintain and achieve an optimal capital structure, the Manager may issue new units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as the net property income from the property divided by the latest valuation of the property, on the properties acquired. The Manager also monitors the level of distribution to Unitholders.

The Group is subjected to the aggregate leverage limits as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 50.0% of the fund's deposited property.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreements.

The aggregate leverage ratio is calculated as the total borrowings and deferred payments divided by the total assets. The aggregate leverage ratio is 43.2% (2022: 38.2%) as at 31 December 2023. The Group has complied with the Aggregate Leverage limit of 50% (2022: 50.0%) during the financial year.

## 24. FAIR VALUE OF ASSETS AND LIABILITIES

### a. Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### b. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the financial year:

	2023 US\$'000			Total
	Fair value measured at the end of the financial year using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>GROUP</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
Derivative assets				
– <i>Interest rate swap</i>	–	18,971	–	18,971
<b>Total financial assets</b>	–	18,971	–	18,971
<b>Non-financial assets</b>				
Investment properties				
– <i>Commercial</i>	–	–	1,326,310	1,326,310
<b>Total non-financial assets</b>	–	–	1,326,310	1,326,310
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative liability				
– <i>Interest rate swap</i>	–	338	–	338
<b>Total financial liabilities</b>	–	338	–	338

## Notes to the Financial Statements

For the financial year ended 31 December 2023

## 24. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

## b. Assets and liabilities measured at fair value (continued)

	2023 US\$'000			Total
	Fair value measured at the end of the financial year using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>TRUST</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
Derivative assets				
– Interest rate swap	–	18,971	–	18,971
<b>Total financial assets</b>	–	18,971	–	18,971
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative liability				
– Interest rate swap	–	338	–	338
<b>Total financial liabilities</b>	–	338	–	338

	2022 US\$'000			Total
	Fair value measured at the end of the financial year using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>GROUP</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
Derivative assets				
– Interest rate swap	–	28,357	–	28,357
<b>Total financial assets</b>	–	28,357	–	28,357
<b>Non-financial assets</b>				
Investment properties				
– Commercial	–	–	1,423,370	1,423,370
<b>Total non-financial assets</b>	–	–	1,423,370	1,423,370
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative liabilities				
– Interest rate swap	–	283	–	283
<b>Total financial liabilities</b>	–	283	–	283

	2022 US\$'000			Total
	Fair value measured at the end of the financial year using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>TRUST</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
Derivative assets				
– <i>Interest rate swap</i>	–	28,357	–	28,357
<b>Total financial assets</b>	–	28,357	–	28,357
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative liabilities				
– <i>Interest rate swap</i>	–	283	–	283
<b>Total financial liabilities</b>	–	283	–	283

**c. Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

**Derivatives**

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

**d. Level 3 fair value measurements**

**i. Information about significant unobservable inputs used in Level 3 fair value measurement**

***Investment properties***

Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

## Notes to the Financial Statements

For the financial year ended 31 December 2023

**24. FAIR VALUE OF ASSETS AND LIABILITIES** (continued)**d. Level 3 fair value measurements** (continued)**i. Information about significant unobservable inputs used in Level 3 fair value measurement** (continued)*Investment properties* (continued)

The fair value of investment properties of the Group was US\$1,326.3 million as at 31 December 2023 (2022: US\$1,423.4 million).

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the key unobservable inputs used:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Discounted cash flow approach	• Rental rates per square foot per year of US\$13.00 to US\$46.00 (2022: US\$13.00 to US\$43.00)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Discount rate of 7.50% to 9.50% (2022: 7.25% to 9.25%)	Higher discount rate or terminal yield would result in a lower fair value, while lower rate would result in a higher fair value.
	• Terminal yield of 7.00% to 8.00% (2022: 6.00% to 8.50%)	
Direct capitalisation method	• Rental rates per square foot per year of US\$13.00 to US\$46.00 (2022: US\$13.00 to US\$43.00)	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Capitalisation rate of 6.75% to 8.50% (2022: 5.25% to 8.25%)	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.
Direct comparison approach	• Price per square foot of US\$151.34 to US\$570.40 (2022: US\$158.03 to US\$639.52)	Higher price per square foot would result in a higher fair value, while lower rate would result in a lower fair value.

**ii. Movements in Level 3 assets and liabilities measured at fair value**

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 7.

**iii. Valuation policies and procedures**

The Group's Chief Executive Officer ("CEO"), who is assisted by the Chief Financial Officer ("CFO") and Senior Investment Analyst, oversees the Group's valuation process and is responsible for setting the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

Given the volatile macroeconomic environments as well as the operational risks at property level, there is a material uncertainty in the estimation to the valuations of the investment properties as compared to a standard market condition.

**e. Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value**

The carrying amount of the Group and the Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

**25. COMMITMENTS**

**Operating lease commitments – as lessor**

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of up to eleven years (2022: eleven years).

Future minimum payments receivable under non-cancellable operating leases at the end of the financial year are as follows:

	<b>GROUP</b>	
	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Not later than one year	<b>99,472</b>	98,474
Later than one year but not later than five years	<b>253,493</b>	234,099
Later than five years	<b>69,505</b>	47,933
	<b>422,470</b>	380,506

The above operating lease receivable are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

**26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements were authorised for issue by the Manager on 22 February 2024.

## Corporate Governance

The Board of Directors (the “Board”) and management of Keppel Pacific Oak US REIT Management Pte. Ltd. (the “Manager”), the manager of Keppel Pacific Oak US REIT (“KORE”), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2018 (as amended from time to time)<sup>1</sup> (the “2018 Code”) issued by the Monetary Authority of Singapore as its benchmark for corporate governance policies and practices. The following sections describe the Manager’s main corporate governance policies and practices, with specific reference to the 2018 Code and its accompanying Practice Guidance. The Manager is pleased to share that KORE has complied with the principles of the 2018 Code as well as complied in all material aspects with the provisions and practices in the 2018 Code. Where there are deviations from the provisions of the 2018 Code, appropriate explanations have been provided in this Annual Report.

### THE MANAGER OF KORE

The Manager has general powers of management over the assets of KORE. The Manager’s main responsibility is to manage the assets and liabilities of KORE for the benefit of Unitholders. The Manager manages the assets of KORE with a focus on delivering sustainable distributions and creating long-term value for Unitholders.

The primary role of the Manager is to set the strategic direction of KORE and make recommendations to Perpetual (Asia) Limited as trustee of KORE (the “Trustee”) on the acquisitions to, and divestments from, KORE’s portfolio of assets, as well as enhancement of the assets of KORE, in accordance with its investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Manager. The Manager is also responsible for the risk management of KORE.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for KORE, at arm’s length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for KORE with a view to delivering sustainable distributions;
2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the prevailing investment policy and investment strategy that the Manager has for KORE;
3. supervising and overseeing the management of KORE’s properties (including lease management, systems control, data management and business plan implementation);
4. undertaking regular individual asset performance analysis and market research analysis;
5. managing the finances of KORE, including accounts preparation, capital management, co-ordination of the budget process, forecast modelling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
6. ensuring compliance with the applicable provisions of relevant legislation pertaining to the operations of KORE, the Securities and Futures Act and all other relevant legislation, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX”), the Code on Collective Investment Schemes (including the Property Funds Appendix) issued by the Monetary Authority of Singapore (“MAS”), and applicable tax rulings including those issued by the Inland Revenue Authority of Singapore on taxation of KORE and its Unitholders. In this regard, the Manager confirms that it continues to maintain measures to ensure that KORE US

Parent REIT, Inc. continues to qualify as a US REIT;

7. managing regular communications with Unitholders; and
8. supervising the property managers who perform day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for KORE’s properties, pursuant to the property management agreements signed for the respective properties.

KORE, constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of KORE. All directors (the “Directors”) and employees of the Manager are remunerated by the Manager, and not by KORE.

The Manager is appointed in accordance with the terms of the Trust Deed dated 22 September 2017 as amended and supplemented by a First Supplemental Deed dated 5 September 2019 and a Second Supplemental Deed dated 7 April 2020 (the “Trust Deed”)<sup>2</sup>. The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager and its related parties) being disenfranchised, vote to remove the Manager.

### BOARD MATTERS: THE BOARD’S CONDUCT OF AFFAIRS

#### Principle 1:

*The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company*

<sup>1</sup> The Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018, as amended from time to time.

<sup>2</sup> The Trust Deed is available for inspection by Unitholders at the registered office of the Manager during usual business hours and Unitholders should make an appointment with the Manager if they wish to do so.

**Principle 3:**

*There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making*

The Board is responsible for the overall management and the corporate governance of KORE and the Manager, including establishing goals for management and monitoring the achievement of these goals. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Manager and Keppel Pacific Oak US REIT.

**Role:** The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to KORE's and the Manager's activities of a significant nature, including decisions on strategic direction, guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of KORE and the Manager, establish, with management, the strategies and financial objectives (including appropriate focus on value creation, innovation and sustainability) to be implemented by management, and monitor the performance of management and ensure that the Manager has necessary resources to meet its strategic objectives;
- hold management accountable for performance and ensure proper accountability within KORE and the Manager;

- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes;
- be responsible for the governance of risk and ensure that management maintains a sound system of risk management and internal controls, to safeguard the interests of KORE and its stakeholders; and
- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

**Internal Limits of Authority:** The Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, divestments and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines and clearly communicated to management in writing. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

The Board has reserved authority to approve certain matters including:

- material acquisitions, investments and divestments;
- issuance of new units in Keppel Pacific Oak US REIT ("Units");
- income distributions and other returns to Unitholders; and

- matters which involve a conflict of interest for a controlling unitholder or a Director.

**Independent Judgement:** All Directors are fiduciaries who are expected to act objectively and exercise independent judgement in the best interests of KORE and hold management accountable for performance. When reviewing management's proposals or decisions, the Directors bring their objective independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. All Directors have discharged this duty consistently well.

**Conflicts of Interest:** All Directors are required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with KORE or the Manager as soon as is practicable after the relevant facts have come to his knowledge, and recuse themselves when the conflict-related matter is discussed unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion, and abstain from voting in relation to conflict-related matters. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions.

**Board Committees:** To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC"), the Nominating and Remuneration Committee ("NRC") and the Environmental, Social and Governance Committee ("ESGC") have been constituted with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board, and play important roles in

The number of Board and Board committee meetings held in FY2023, as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	Board Meetings Attended	ARC Meetings Attended	NRC Meetings Attended	ESGC Meetings Attended
Mr Peter McMillan III	4	–	–	–
Mr Soong Hee Sang	4	4	2	3
Mr Kenneth Tan Jhu Hwa	4	4	2	3
Ms Sharon Wortmann	4	4	2	3
Mr Lawrence D. Sperling <sup>1</sup>	4	–	–	3
Ms Bridget Lee	4	–	–	–
<b>No. of Meetings held in FY2023</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>3</b>

<sup>1</sup> Mr Lawrence D. Sperling was appointed to the ARC of KORE on 23 February 2024. Accordingly, he did not attend any ARC meeting in FY2023.



## Corporate Governance

ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

**Meetings:** The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for KORE, proposed acquisitions and divestments, the annual budget, the performance of the business and the financial performance of KORE and the Manager. The Board also reviews and approves the release of the financial results. In addition, the Board reviews the risks to the assets of KORE, and acts upon any comments from the internal and external auditors of KORE and the Manager. Board meetings are scheduled in advance and the scheduled dates are circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation.

The Manager's constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

If a Director is unable to attend a Board or Board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. The Director will review them and will advise the Chairman or Board committee Chairman of his or her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

**Closed Door Directors' Meetings:** Time is also set aside at the end of each scheduled quarterly Board meeting, and as and when required, for closed door discussions without the presence of management to discuss matters such as board processes, corporate governance initiatives, succession planning, and performance management and remuneration matters.

**Company Secretary:** The Company Secretary administers, attends and prepares minutes of Board proceedings. He assists the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to

ensure timely and good information flow to the Board and its Board committees, and between management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Manager's Constitution and relevant rules and regulations are complied with. He also assists the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. He is also the primary channel of communication between KORE and the SGX. The appointment and removal of the Company Secretary is subject to the approval of the Board.

**Access to Information:** The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals and that for this to happen, the Board must be kept well informed of KORE's businesses and affairs and be knowledgeable about the industry in which the businesses operate.

Management provides the Board with complete, adequate, relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis to enable the Board to make informed decisions and discharge its duties and responsibilities. The information provided to the Board includes management controls, management accounts, financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KORE's business, performance, business and financial environment, risk and prospects on a regular basis. The financial results are also compared against the respective budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

As a general rule, Board papers are required to be distributed to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be

focused on questions that the Directors may have. Directors are provided with tablet devices to facilitate their access to and review of Board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Directors also have separate and independent access to management and the Company Secretaries, and are also provided with the names and contact details of senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary. The Directors are entitled to request from management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions. In addition, Directors also have separate and independent access to external advisers (where necessary).

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of KORE or the Manager, as appropriate.

The Board reviews the budgets on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. A Board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of KORE, to give the Directors a better understanding of KORE and its businesses, and to provide an opportunity for the Directors to familiarise themselves with the management team so as to facilitate the Board's review of KORE's succession planning.

**Director Orientation:** A formal letter is sent to newly-appointed Directors upon their appointment explaining their roles, duties, obligations and responsibilities as a Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of KORE. Site visits are organised by management periodically for Directors and other employees.

**Training:** Changes to laws, regulations, policies, accounting and financial reporting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KORE and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via the circulation of Board papers and updates. The Directors are also provided with opportunities to develop and maintain their skills and knowledge through continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act or other applicable legislation and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members.

Directors who are appointed to the Board from time to time either have prior experience as a director of an issuer listed on the SGX or will undergo the training required under Rule 210(5) (a) of the Listing Manual. Rule 720(7) of the Listing Manual requires all directors of an issuer to undergo training on sustainability matters as prescribed by the SGX. All Directors have undergone the required sustainability training prescribed by the SGX.

**Chairman and CEO:** The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of KORE's operations.

The Chairman sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information is provided in a timely manner to the Board for the Board to make good decisions. The Chairman also encourages constructive relations between the Board and management. At Board

meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting.

At annual general meetings ("AGM") and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and management. The Chairman sets the right ethical and behavioural tone and takes a leading role in KORE's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and management.

The CEO, assisted by management, makes strategic proposals to the Board and after robust and constructive Board discussion, executes the agreed strategy, manages and develops KORE's businesses and implements the Board's decisions.

The clear separation of roles and division of responsibilities between the Chairman and CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberations on the business activities of KORE.

**BOARD MATTERS:  
BOARD COMPOSITION AND GUIDANCE**

**Principle 2:**

*The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company*

**Principle 4:**

*The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board*

**NOMINATING AND  
REMUNERATION COMMITTEE**

The Manager has established the NRC to, among other things, make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession plans and conducting annual review of board diversity, board size, board independence and directors' commitment. The NRC comprises three Directors (including the lead independent Director, Mr Soong Hee Sang

("Lead Independent Director")), all of whom, including the Chairman of the NRC, are independent.

The composition of the NRC is as follows:

Mr Kenneth Tan (Independent Director)	Chairman
Mr Soong Hee Sang (Lead Independent Director)	Member
Ms Sharon Wortmann (Independent Director)	Member

The NRC has its written terms of reference setting out its scope and authority in performing the functions of the NRC. The responsibilities of the NRC are disclosed in the Appendix hereto.

In addition, Provision 3.3 of the 2018 Code recommends appointing an independent director to be the lead independent director in certain circumstances, including where the Chairman is not independent. As such, Mr Soong Hee Sang was appointed as Lead Independent Director of the Board in February 2021, and continues to serve as Lead Independent Director of the Board for FY2023.

Mr Soong Hee Sang as the Lead Independent Director provides leadership among the Directors in a way that enhances the objectivity and independence of the Board and he acts as an additional conduit to the Board for communicating Unitholder concerns when the normal channels are not able to resolve the matter or when the result is not appropriate or adequate. Questions or feedback may be submitted via email to the Lead Independent Director at [enquires@koreusreit.com](mailto:enquires@koreusreit.com). The Lead Independent Director may also arrange and chair periodic meetings with other independent Directors as and when required, without the presence of management and provides feedback to the Chairman.

**Process for Appointment of  
New Directors and Succession  
Planning for the Board**

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

## Corporate Governance

- a. the NRC reviews annually the balance and diversity of skills, talents, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision-making;
- b. in light of such review and in consultation with management, the NRC assesses if there are any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- c. external help (for example, the Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make suggestions; and
- d. the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- e. the NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

### Criteria for Appointment of New Directors

All new appointments are subject to the recommendations of the NRC based on the following objective criteria:

1. Integrity;
2. Independent mindedness;
3. Diversity – possess core competencies that meet the current needs of KORE and the Manager and complement the skills, talents and competencies of the existing Directors on the Board;
4. Able to commit time and effort to carry out duties and responsibilities effectively;
5. Track record of making good decisions;
6. Experience in high-performing corporations or property funds;

7. Financially literate; and
8. Fit and proper person in accordance with the guidelines issued by the MAS.

### Endorsement by Unitholders of Appointment of Directors

Keppel Capital Holdings Pte. Ltd. (“Keppel Capital”) and KORE Pacific Advisors Pte. Ltd. (“KPA”) had on March 2022 provided an undertaking to the Trustee (the “Undertaking”) to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at the AGM. Pursuant to the Undertaking, each of Keppel Capital and KPA undertakes to the Trustee:

- a. to procure the Manager to seek Unitholders’ endorsement for the appointment of the persons who are Directors as of the date of the Undertaking no later than the AGM of KORE to be held in 2024, provided that the Manager shall seek Unitholders’ endorsement for at least one-third of the existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the annual general meetings to be held in 2022 and 2023;
- b. to procure the Manager to seek Unitholders’ re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director’s appointment was last endorsed or re-endorsed, as the case may be;
- c. (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders’ endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
- d. to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of

the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager, Keppel Capital or KPA from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of the SGX) and the constitution of the Manager.

The Undertaking shall remain in force for so long as:

- a. Keppel Capital and KPA continue to hold shares in the Manager; and
- b. Keppel Pacific Oak US REIT Management Pte. Ltd. remains as the manager of Keppel Pacific Oak US REIT.

As the appointments of Mr Lawrence D. Sperling and Mr Kenneth Tan Jhu Hwa were endorsed by Unitholders at the AGM held in 2023, the Manager is seeking the endorsement of the appointments of Ms Sharon Wortmann and Ms Bridget Lee at the AGM to be held in 2024.

### Alternate Director

The Manager has no alternate Directors on the Board.

### Board Diversity

The Manager recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenge needed to support good decision-making for the benefit of KORE, and is committed to ensuring that the Board comprises Directors who, as a group, provide an appropriate balance and mix of skills, talents, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink, foster constructive debate and ensure that KORE has the opportunity to benefit from all available talent.

It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, talents, knowledge and experience on the Board to support the needs and long-term sustainability of KORE's and the Manager's businesses. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Manager will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

The Manager has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

The Board will, taking into consideration the recommendations of the NRC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to ensuring that at least one-third of the Board comprise female Directors and as at the date of this Annual Report, there were two female Directors out of a total of six Directors on the Board, thereby meeting the one-third female board representation target.

#### **Annual Review of Board Size and Composition**

The Board consists of six members, four of whom are non-executive independent Directors, in compliance with Provisions 2.2 and 2.3 of the 2018 Code.

The NRC is of the view that, taking into account the nature and scope of KORE's operations, the present Board size is appropriate and facilitates effective decision making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out in the Appendix hereto.

The NRC has recently conducted its assessment in January 2024 and is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, talents,

knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The NRC is also satisfied that the Directors, as a group, possess core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective.

The composition of the Board is also determined using the following principles:

- i. The Chairman of the Board should be a non-executive Director of the Manager;
- ii. The Board comprises Directors with a broad range of commercial experience including expertise in fund management, audit and accounting and the property industry; and
- iii. At least half of the Board comprises independent Directors.

Further, in accordance with Provision 2.2 of the 2018 Code, independent Directors make up a majority of the Board as the Chairman is not an independent Director.

The composition is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

#### **Board Independence**

The Board determines on an annual basis, taking into account the views of the NRC, whether or not a Director is independent, bearing in mind the 2018 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations").

Under the 2018 Code, a Director who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in

the best interests of KORE, is considered to be independent. In addition, under the SF(LCB) Regulations, an independent Director is one who:

- i. is independent from the management of the Manager and KORE;
- ii. is independent from any business relationship with the Manager and KORE;
- iii. is independent from every substantial shareholder of the Manager, and every substantial Unitholder of KORE;
- iv. is not a substantial shareholder of the Manager, or a substantial Unitholder of KORE; and
- v. has not served as a director of the Manager for a continuous period of nine years or longer.

Taking into account the views of the NRC, the Board has determined that:

- i. each of Mr Soong Hee Sang, Mr Kenneth Tan Jhu Hwa, Ms Sharon Wortmann and Mr Lawrence D. Sperling (1) has been independent from management and business relationships with the Manager and KORE, (2) has not been a substantial shareholder of the Manager or a substantial Unitholder of KORE, and (3) has been independent from every substantial shareholder of the Manager and substantial Unitholder of KORE;
- ii. Mr Peter McMillan III is not considered independent from KORE Pacific Advisors Pte. Ltd. which is a substantial shareholder of the Manager. Mr McMillan holds about 49% of the voting shares in KORE Pacific Advisors Pte. Ltd. which in turns holds 50% of the voting shares in the Manager. Mr McMillan is also not considered independent from Pacific Oak Strategic Opportunity REIT, Inc which is a substantial Unitholder of KORE as he is a director of Pacific Oak Strategic Opportunity REIT, Inc.; and
- iii. Ms Bridget Lee is not considered independent from Keppel Capital which is a substantial shareholder

## Corporate Governance

of the Manager and a substantial Unitholder of Keppel Pacific Oak US REIT. Ms Lee is the Chief Executive Officer of Keppel Capital Alternative Asset and Chief Investment Officer, Real Estate, Keppel Ltd, which are related corporations of Keppel Capital.

As at the date of this Annual Report, none of the Directors have served on the Board for a continuous period of nine years or longer.

The Chairman and CEO are separate persons, the independent Directors currently comprise a majority of the Board, and the Board committees are chaired by and comprise at least a majority of independent Directors. In addition to the foregoing, the Board appointed Mr Soong Hee Sang as the Lead Independent Director on 1 February 2021 to diligently maintain the high standards of corporate governance. If the Chairman is conflicted, the Lead Independent Director will lead the Board. In addition, the Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the Chairman of the ARC (the "ARC Chairman").

In addition, the current Board comprises individuals who are business leaders and professionals with real estate, corporate finance and investment management backgrounds. Together, the Board as a group provides an appropriate balance and diversity of skills with core competencies such as industry knowledge, business and management experience, age, gender (two female Directors) and strategic planning. Their varied backgrounds enable management to benefit from their diverse expertise and experience to further the interests of KORE and its Unitholders.

Taking into account the strong independent character and diversity of the Board, the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of KORE.

### Annual Review of Directors' Time Commitments

The NRC assesses annually whether a Director is able to and has been adequately carrying out his or her duties as a Director. Instead of fixing a maximum number of listed company board representation and/or other principal commitments that a Director may have, the NRC assesses holistically whether a Director is able to and has been adequately carrying out his or her duties as a Director, taking into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's listed company board representations and/or other principal commitments, and the Director's actual conduct and participation on the Board and Board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NRC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the Directors.

Taking into account the abovementioned factors, the NRC is of the view that each Director has given sufficient time and attention to the affairs of KORE and the Manager and has been able to discharge his or her duties as Director effectively.

### ESG Committee

On 30 December 2022, the Board constituted the ESG Committee for the primary purpose of, among others developing and articulating KORE's ESG strategy. As of the date of this Annual Report, the ESG Committee comprised four independent Directors:

Mr Lawrence D. Sperling (Independent Director)	Chairman
Mr Soong Hee Sang (Lead Independent Director)	Member
Ms Sharon Wortmann (Independent Director)	Member
Mr Kenneth Tan (Independent Director)	Member

The detailed responsibilities of the ESG Committee are disclosed at page 162.

### Key Information regarding Directors

The following key information regarding Directors are set out in the following pages of this Annual Report:

Pages 14 to 15: Corporate governance at a glance, setting out key metrics of the Board such as the level of independence, age profile, tenure and gender diversity;

Pages 16 to 17: Academic and professional qualifications, Board committee served on (as a member or Chairman), date of first appointment as a Director, listed company directorships and other principal commitments both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, whether considered by the Board to be independent;

Pages 165 to 167: The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking endorsement by Unitholders at the annual general meeting; and

Pages 174 to 175: Unitholdings in KORE as at 27 February 2024.

### BOARD MATTERS: BOARD PERFORMANCE

#### Principle 5:

*The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors*

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and each of its Board committees separately, the contribution by the Chairman and each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

**Independent Coordinator:** To ensure that the assessments are done promptly and fairly, the Board has appointed an independent<sup>3</sup> third party (the "Independent Co-ordinator") to assist in collating and analysing the feedback from the Board members. Ernst & Young Advisory Pte. Ltd. ("EY"), was appointed for this role.

<sup>3</sup> While EY and Ernst & Young LLP (the auditor of KORE and the Manager) are both member firms of Ernst & Young global network of firms, EY is a separate entity that provides, among others, consulting services that are independent and unrelated to the audit services that Ernst & Young LLP provide to KORE and the Manager.

### **Formal Process and Performance**

**Criteria:** The evaluation processes and performance criteria are set out in the Appendix hereto.

**Evaluation Results:** For FY2023, the outcomes of the evaluations of the Board and Board Committees, Individual Directors and the Chairman were satisfactory and the Directors as a whole provided affirmative ratings across all the performance criteria.

**Objectives and Benefits:** The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

### **REMUNERATION MATTERS**

#### **Principle 6:**

*The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration*

#### **Principle 7:**

*The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company*

#### **Principle 8:**

*The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation*

The composition of the NRC has been set out at the section "Board Matters: Board Composition and Guidance" on page 145. The NRC comprises entirely non-executive Directors, a majority of whom are independent Directors and includes the Lead Independent Director.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, Unit grants and termination terms) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Manager and administers the Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external remuneration consultant where required. In FY2023, the NRC sought views from external remuneration consultant, Willis Towers Watson, on market practice and trends, as well as benchmarks against comparable organisations. The NRC undertook a review of the independence and objectivity of the external remuneration consultant through discussions with the external remuneration consultant. The NRC has confirmed that the external remuneration consultant had no relationships with the Manager which would affect their independence and objectivity.

### **ANNUAL REMUNERATION REPORT**

Although the remuneration of the Directors and employees of the

Manager is paid by the Manager, and not by KORE, the Manager is disclosing the following information on the remuneration of its Directors, CEO and key management personnel.

### **Policy in Respect of Directors' Remuneration**

The remuneration of Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities. Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office. In FY2023, the NRC, in consultation with Willis Towers Watson, conducted a review of the non-executive Directors' fee structure. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmarks, as well as the roles and responsibilities of the Board and Board committees. Recognising that Directors have ongoing oversight responsibilities towards the Manager, a revised Directors' fee structure was developed to include payment of Units to Directors. The incorporation of an equity component in the total remuneration of the Directors is intended to achieve the objective of aligning the interests of the Directors with those of Unitholders and the long-term interests of KORE.

Each of the Directors will receive 70% of his or her total Director's fees in cash and the balance 30% in the form of Units. The Director's fees for Ms Bridget Lee will be paid in cash to Keppel.

### **Remuneration Policy in Respect of Key Management Personnel**

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus

## Corporate Governance

long-term remuneration and between cash versus equity incentive remuneration, to attract, retain and motivate key management personnel for the longer term.

The current total remuneration structure reflects four key objectives:

- a. **Unitholder Alignment:** To incorporate performance measures that are aligned to Unitholder's interests
- b. **Long-term orientation:** To motivate employees to drive sustainable long-term growth
- c. **Simplicity:** To ensure that the remuneration structure is easy to understand and communicate to stakeholders
- d. **Synergy:** To facilitate talent mobility and enhance collaboration across businesses

The total remuneration structure comprises three components – annual fixed pay, annual performance bonus and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks against the relevant industry market data. The size of the Manager's annual performance bonus pot is determined by KORE's financial and non-financial performance, and is distributed to employees based on their individual performance. The long-term incentive is in the form of two Unit plans, being the Restricted Unit Plan ("RUP") and the Performance Unit Plan ("PUP"). A portion of the annual performance bonus is granted in the form of deferred Units that are awarded under the RUP. The PUP comprises performance targets determined on an annual basis and which vest over a longer term horizon.

Executives who have greater ability to influence strategic outcomes have a

greater proportion of their overall remuneration at risk. The Manager performs regular benchmarking reviews on employees' total remuneration to ensure market competitiveness. Eligible employees of the Manager are granted existing Units in KORE already owned by the Manager. Therefore, no new Units are or will be issued by KORE to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

Taking advice from an external independent remuneration consultant, the NRC exercises broad discretion and independent judgement in ensuring that the amount and mix of remuneration are aligned with the interests of Unitholders and promote the long-term success of KORE. The mix of fixed and variable reward is considered appropriate for the Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performances. This link is achieved in the following ways:

1. By placing a significant portion of executive's remuneration at risk ("at-risk component") and in some cases, subject to a vesting schedule;
2. By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
  - a. There are four scorecard areas that the Manager has identified as key to measuring its performance –
    - i. Financial;
    - ii. Process;
    - iii. Stakeholders; and
    - iv. People.

Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk

management, compliance and controls measures, corporate social responsibility activities, sustainability efforts, employee engagement, talent development and succession planning;

- b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually;
3. By selecting performance conditions for the KORE PUP such as Assets under Management, Distribution per Unit and absolute Total Unitholder Return that are aligned with Unitholders' interests;
4. By requiring those KPIs or conditions to be met in order for the at-risk components of remuneration to be awarded or to vest; and
5. Forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of KORE and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

1. Prudent funding of annual performance bonus;
2. Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP;

The framework for determining the Directors' fees is shown in the table below:

	Chairman	Lead Independent Director	Member
Main Board	S\$75,000 per annum	S\$55,200 per annum	S\$46,000 per annum
Audit and Risk Committee	S\$23,000 per annum	–	S\$14,000 per annum
Nominating and Remuneration Committee	S\$14,500 per annum	–	S\$7,500 per annum
ESG Committee	S\$12,000 per annum	–	S\$6,000 per annum

- Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met;
- Potential forfeiture of variable incentives in any year due to misconduct;
- Requiring the CEO and eligible key management personnel to hold a minimum number of units under the unit ownership guideline; and
- Exercising discretion to ensure that remuneration decisions are aligned to the Manager's long-term strategy and performance and discourage excessive risk taking.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC took into account the extent to which the performance conditions, as set out above, had been met. The NRC is of the view that remuneration is aligned to performance during FY2023.

In order to align the interests of the CEO and key management personnel with those of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager. Under the unit ownership guideline, the CEO is required to hold at least two times of their

annual fixed pay in the form of Units, while other key senior management who are eligible for PUP, are required to hold at least one point five times of their annual fixed pay in the form of Units delivered to them under PUP and RUP, so as to maintain a beneficial ownership stake in the Manager, thus further aligning their interests with Unitholders.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO and key management personnel in bands of S\$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. While such non-disclosure is a deviation from Provision 8.1 of the 2018 Code, the Manager is of the view that such disclosure or non-disclosure (as the case may be) is consistent with the intent of Principle 8 of the 2018 Code and will not be prejudicial to the interests of Unitholders as (i) the NRC, which comprises entirely of independent directors, conducted reviews of the Manager's remuneration policies and packages; and (ii) sufficient information is provided on the Manager's remuneration framework

to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 149 to 151.

#### Long-term Incentive Plans – KORE Unit Plans

The RUP and the PUP (the "KORE Unit Plans") are long-term incentive schemes implemented by the Manager since 2019. No employee share option schemes or share schemes have been implemented by KORE.

The KORE Unit Plans are put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KORE Unit Plans also aim to strengthen the Manager's competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. The range of performance targets to be set under the PUP emphasises stretched or strategic targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to KORE or the Manager. Outstanding performance bonuses under the KORE Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

The level and mix of each of the Directors' remuneration for 2023 are set out below:

#### LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 31 DECEMBER 2023

Name of Director	Base/ Fixed Salary (S\$)	Variable or Performance-related Income/Bonuses (S\$)	Directors' Fees <sup>1</sup> (S\$)	Benefits-in-kind (S\$)
Peter McMillan III	–	–	75,000	–
Soong Hee Sang <sup>2</sup>	–	–	91,700	–
Kenneth Tan Jhu Hwa	–	–	80,500	–
Sharon Wortmann	–	–	73,500	–
Lawrence D. Sperling	–	–	58,000	–
Bridget Lee <sup>3</sup>	–	–	46,000	–

Notes:

<sup>1</sup> Unless otherwise stated, each of the Directors will receive 70% of his/her total Director's fee in cash and the balance 30% in the form of Units.

<sup>2</sup> Mr Soong Hee Sang director's fee includes a lead independence fee for his appointment as Lead Independent Director.

<sup>3</sup> Ms Bridget Lee's director's fee will be paid 100% in cash to Keppel.



## Corporate Governance

The level and mix of the remuneration of the CEO and each of the other key management personnel for 2023, in bands of S\$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel <sup>1</sup>	Base/ Fixed Salary	Variable or Performance-related Income/ Bonuses <sup>2</sup>	Benefits-in-kind	Contingent Award of Cash/Shares	
				PUP <sup>3</sup>	RUP <sup>3</sup>
<b>Above S\$750,000 to S\$1,000,000</b>					
David Eric Snyder	47%	17%	4%	15%	17%
<b>Above S\$250,000 to S\$500,000</b>					
Andy Gwee	56%	29%	3%	3%	9%

Notes:

<sup>1</sup> The Manager has less than five key management personnel other than the CEO as at 31 December 2023.

<sup>2</sup> The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for FY2023 were met.

<sup>3</sup> Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at 28 April 2023 (being the grant date), the estimated value of each unit granted in respect of the contingent awards under the PUP was S\$0.26. As at 15 February 2024 (being the grant date for the contingent deferred units under the RUP), the volume-weighted average unit price granted in respect of the contingent awards under the RUP was S\$0.38. For the PUP, the figures were based on the value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.

### Remuneration of Employees who are Substantial Shareholders/Unitholders or Immediate Family Members of a Director, the Chief Executive Officer or a Substantial Shareholder/Unitholder

No employee of the Manager was a substantial shareholder of the Manager or a substantial unitholder of KORE or an immediate family member of a Director, the CEO, a substantial shareholder of the Manager or a substantial Unitholder of KORE and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2023.

“Immediate family member” refers to the spouse, child, adopted child, step-child, brother, sister and parent.

### ACCOUNTABILITY AND AUDIT: AUDIT COMMITTEE

#### Principle 10:

*The Board has an Audit Committee which discharges its duties objectively*

### AUDIT AND RISK COMMITTEE

The ARC has been appointed by the Board from among the Directors of the Manager and comprises four non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Soong Hee Sang and the members are Mr Kenneth Tan Jhu Hwa, Ms Sharon Wortmann and Mr Lawrence D. Sperling.

None of the ARC members were former partners or directors of the external auditors within a period of two years commencing on the date of their ceasing

to be a partner or director of the external auditors nor holding any financial interest in the external auditor.

All the members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC’s role includes assisting the Board to ensure the integrity of financial reporting and that a sound internal control and risk management system is in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. KORE’s and the Manager’s internal audit function has been outsourced to Keppel Ltd’s Internal Audit department (“Internal Audit”) and Protiviti Inc. Internal Audit, together with the external auditors, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in FY2023. In addition, the ARC met with the external auditor and the internal auditor at least once during FY2023, in each case without the presence of management.

During FY2023, the ARC performed independent reviews for KORE before the announcement of KORE’s key business and operational updates in the first and third quarter, and half-year and full-year results. In the process, the ARC reviewed the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financials.

The ARC also reviewed and approved both the internal auditor’s and external auditor’s plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KORE and the Manager. Such significant controls comprise financial, operational, compliance and technology controls. All significant audit findings and recommendations reported by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at the ARC meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions

with the external auditor as well as reviewing the non-audit services provided by them and the corresponding fees paid to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY2023, an aggregate amount of US\$1,053,000, comprising non-audit service fees of US\$470,000 and audit service fees of US\$583,000, was paid/payable to the external auditor of KORE and its subsidiaries.

Cognisant that the external auditor should be free from any business or other relationships with KORE that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to KORE's relationships with them during FY2023. In determining the independence of the external auditor, the ARC reviewed all aspects of KORE's relationships with it including the processes, policies and safeguards adopted by KORE and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of non-audit services in FY2023 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of KORE's statutory financial audit. KORE has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to its appointment of audit firms.

The ARC also reviewed the independence and performance of the internal audit function and Protiviti Inc., and is satisfied that the team was independent, effective, and adequately resourced to perform its functions, and had appropriate standing within KORE and the Manager.

The ARC reviewed the "Whistle-Blower Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting

or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of any control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Policy annually to ensure that it remains current. The details of the Policy are set out on pages 163 to 164 herein.

The ARC members are kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of KORE.

#### **ACCOUNTABILITY AND AUDIT: RISK MANAGEMENT AND INTERNAL CONTROLS**

##### **Principle 9:**

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*The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders*

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The ARC assists the Board in examining the adequacy and effectiveness of KORE's and the Manager's risk management system to ensure that it remains robust. The ARC also reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, in order to safeguard Unitholders' interests and KORE's assets. The ARC reports to the Board any critical risk issues, material matters, findings and recommendations in respect of significant risk matters. The responsibilities of the ARC are disclosed in the Appendix hereto.

#### **Risk Assessment and Management of Business Risk**

Identifying and managing risks is central to the business of KORE and to protecting Unitholders' interests

and value. KORE operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Board met four times in FY2023. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

KORE's Enterprise Risk Management framework ("ERM Framework") provides KORE and the Manager with a holistic and systematic approach to risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. Details of the Manager's approach to risk management and internal controls and the management of key business risks are set out in the "Risk Management" section on pages 169 to 170 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), as disclosed on page 169.

The Manager has in place a risk management assessment framework (the "Assessment Framework") which was established to facilitate the Board's assessment on the adequacy and effectiveness of KORE's and the Manager's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of KORE and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

In addition, the Manager has adopted, among others, the Whistle-Blower Policy, Insider Trading Policy, Dealing in Securities Policy and Safeguarding Information Policy which reflect the management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

# Corporate Governance

## Independent Review of Internal Controls

KORE's and the Manager's internal auditor conducts an annual risk-based review of the adequacy and effectiveness of KORE's and the Manager's material internal controls, including financial, operational, compliance and technology controls and risk management systems, and emerging risks. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made by the internal auditor in this respect.

KORE and the Manager also have in place the KORE's System of Management Controls Framework (the "Framework") outlining KORE's and the Manager's internal control and risk management processes and procedures. The Framework comprises the Three Lines Model to ensure the adequacy and effectiveness of KORE's and the Manager's system of internal controls and risk management.

Under the First Line of Business Governance, management, supported by their respective line functions, are responsible for the identification and mitigation of risks (including financial, operational, compliance and technology risks) facing KORE and the Manager in the course of running their business. Appropriate policies, procedures and controls are implemented and operationalised in line with KORE's and the Manager's risk appetite to address

such risks. Employees are also guided by the Manager's core values and expected to comply strictly with the Employee Code of Conduct.

Under the Second Line, Management Assurance Frameworks are established to enable oversight and governance over operations and activities undertaken by management under the First Line. KORE and the Manager are required to conduct a control self-assessment exercise ("CSA") to assess the status of their respective internal controls on an annual basis. Remedial actions are implemented to address all control gaps identified during the CSA exercise. Under KORE's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory Compliance works alongside business management to ensure relevant policies, processes and controls are effectively designed, implemented and managed to mitigate compliance risks that KORE and the Manager face in the course of their business.

The Technology Governance Framework aims to align technology strategy to enterprise vision, whilst strengthening technology controls and security and manage technology risks for KORE and the Manager. This framework was further strengthened with the formalisation of an enhanced Keppel Cybersecurity Governance structure which includes the repurposing of Keppel's existing IT Security Operations Centre into a Cybersecurity Centre with enhanced capabilities to ensure that the baseline

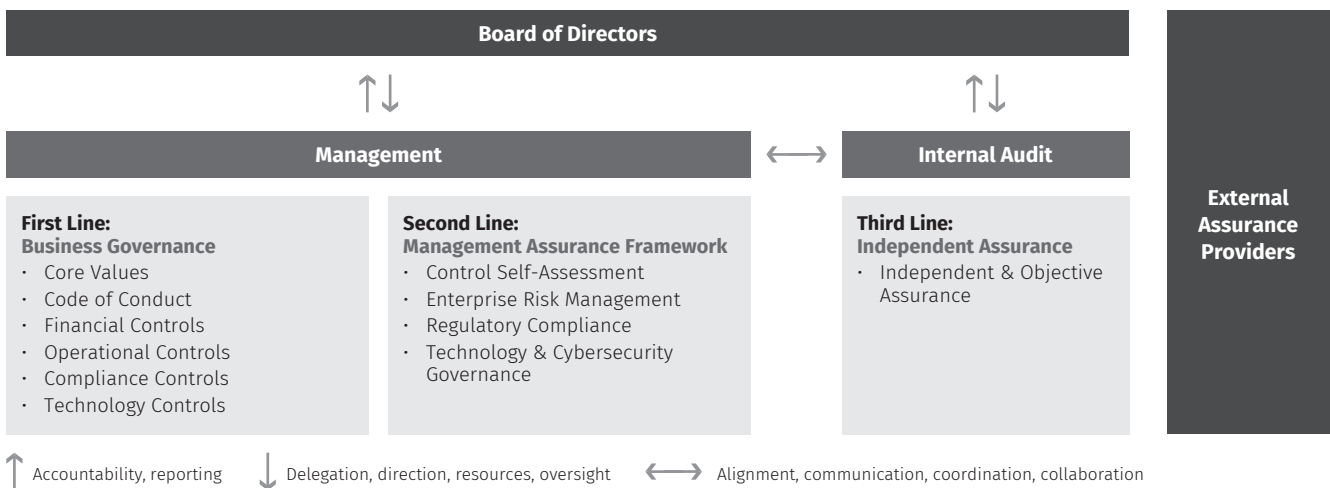
security posture of KORE and the Manager is maintained, and is overseen by a dedicated Keppel Cybersecurity function which drives the enterprise vision, strategy and programme to ensure that KORE's and the Manager's technology assets are adequately protected. The Technology and Cybersecurity Governance Frameworks balance strategic technology adoption, business resiliency and security outcomes towards effective business continuity and technology risk mitigations.

The Third Line comprises independent assurance, including internal and external audit. Internal audit provides the Board and the senior management with independent assurance over the adequacy and effectiveness of the system of internal controls, risk management and governance, while external audit considers the internal controls relevant to KORE's and the Manager's preparation of financial statements and performs tests on such internal controls where they are assessed to be necessary in support of the audit opinion issued on the financial statements of KORE and the Manager.

The Board has received assurance:

- a. from the CEO and CFO that, as at 31 December 2023, the financial records of KORE has been properly maintained and the financial statements for the year ended 31 December 2023 give a true and fair view of KORE's operations and finances; and

### KORE'S SYSTEM OF MANAGEMENT CONTROLS (KSMC)



- b. from the CEO and CFO, and other key management personnel responsible for risk management and internal control systems that, as at 31 December 2023, the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective to address the risks which KORE and the Manager considers relevant and material to its current business scope and environment, and they are not aware of any material weaknesses in KORE's overall system of internal controls.

Based on the internal controls and enterprise-wide risk management framework established and maintained by KORE and the Manager, work performed by internal and external auditors, and reviews performed by management, the ARC, as well as the assurances set out above, the Board is of the view that, as at 31 December 2023, KORE's and the Manager's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which KORE and the Manager considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by KORE and the Manager provides reasonable, but not absolute, assurance that KORE and the Manager will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud and other irregularities.

The ARC concurs with the Board's view that, as at 31 December 2023, KORE's and the Manager's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which KORE and the Manager

considers relevant and material to its operations.

#### **INTERNAL AUDIT**

The role of the internal auditor is to provide independent assurance to the ARC that KORE and the Manager maintain a sound system of internal controls by conducting risk-based reviews of key controls and procedures and their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high-risk areas. The ARC approves the evaluation of the internal auditor, or the accounting or auditing firm or corporation to which the internal audit function is outsourced. KORE and the Manager's internal audit function is performed by Keppel Ltd's Internal Audit department ("Internal Audit") and Protiviti Inc.

Both the Internal Audit and Protiviti Inc. are guided by the International Professional Practices Framework established by the IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2021 for Keppel Internal Audit. The results re-affirmed that the internal audit activity generally conforms to the International Standards for the Professional Practice of Internal Auditing. The professional competence of Internal Audit and third party service provider are maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to ensure that their technical knowledge and skill sets remain current and relevant.

The internal auditors are independent of Management and report directly to the Chairman of the ARC. The internal auditor has unfettered access to all of KORE and the Manager's documents, records, properties and personnel, including access to the ARC.

Internal Audit and Protiviti Inc. adopts a risk-based approach to audit planning and execution, that focuses on key risks, including financial, operational, compliance and technology risks. An annual audit plan is developed

based on a structured risk and control assessment framework. This plan is reviewed and approved by the ARC, who are also apprised on material changes to the plan regularly prior to the commencement of the internal audit work.

Internal Audit and Protiviti Inc. reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, significant audit findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of the implementation of the actions agreed by management is tracked and reported to the ARC. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made by Internal Audit and Protiviti Inc.

The ARC reviewed the adequacy and effectiveness of Internal Audit and Protiviti Inc. and is satisfied that the team is independent, effective and adequately resourced with persons with relevant qualifications and experience and has appropriate standing within KORE and the Manager.

#### **UNITHOLDER RIGHTS, CONDUCT OF UNITHOLDER MEETINGS AND ENGAGEMENT WITH UNITHOLDERS AND STAKEHOLDERS**

##### **Principle 11:**

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*The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects*

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##### **Principle 12:**

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*The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company*

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## Corporate Governance

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### Principle 13:

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*The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served*

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The Board is responsible for providing a balanced and understandable assessment of KORE's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of KORE. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNet, media releases, as well as KORE's corporate website. The Manager maintains regular and two-way communication with Unitholders to share views and address any queries on KORE's business strategies and operating performance.

The Manager employs various platforms to enhance its outreach to Unitholders, with an emphasis on timely, accurate, fair and transparent disclosure of information. The Manager has arrangements in place to identify and engage with its key stakeholder groups, including employees, clients, regulatory authorities, business partners, investors and local communities, to gather feedback on the sustainability matters which have significant impact to the business and operations of KORE and to manage its relationships with such groups in order to review and assess the material factors relevant to KORE's business activities. Please refer to Sustainability Report on pages 66 to 100 of this Annual Report, which sets out information on KORE's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and KORE's strategy and key areas of focus to the management of stakeholder relationships during FY2023.

In FY2023, the Manager engaged with approximately 760 investors and analysts across Malaysia, Singapore,

South Korea and Thailand through a mix of in-person and virtual investor conferences, roadshows, and teleconferences.

More details on the Manager's investor relations activities are found on pages 20 to 21 of this Annual Report.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNet. The Manager ensures that unpublished price sensitive information are not selectively disclosed, and if on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public via SGXNet.

Unitholders are also kept abreast of the latest announcements and updates regarding KORE via its website at [www.koreusreit.com](http://www.koreusreit.com). Unitholders and members of the public can post questions via the feedback and general enquiries email, or to the investor relations contact available on the REIT's website, through which they are able to ask questions and receive responses in a timely manner. Interested parties may also opt-in for email alerts via the website.

The Manager actively engages with Unitholders with a view to solicit and understand their views. The Manager has in place an Investor Relations Policy which sets out the principles and best practices that the Manager applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions. The Manager's Investor Relations Policy allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with Unitholders. The Investor Relations Policy is published on KORE's website and reviewed regularly to ensure relevance and effectiveness.

Unitholders are informed of Unitholders' meetings and rules governing such meetings through notices published via SGXNet and KORE's website, and annual reports or circulars sent to all Unitholders and/or notices published in the newspapers, via SGXNet and KORE's website. Unitholders are invited to such meetings to put forth any questions they may have on the motions

to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and class shall be specified). The Manager tables separate resolutions at Unitholders' meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager explains the reasons and material implications in the notice of meeting.

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, KORE's Annual General Meeting ("AGM") was convened in a wholly physical format on 19 April 2023. Unitholders were given the ability to participate, vote and pose 'live' questions to the Board and to senior management in a clear and effective manner. At the meeting, the Board and senior management reported on KORE's performance for FY2022, and addressed questions and comments from Unitholders. Unitholders were also invited to submit their questions to the Manager prior to the AGM, for the Manager to respond to substantial and relevant questions prior to the AGM. Prior to the meeting, the Manager also responded to substantial and relevant questions that had been submitted by Unitholders in advance.

All AGM resolutions were polled with an independent scrutineer appointed to count and validate the AGM's votes. Results of the AGM were announced during the meeting, as well as published on SGXNet and KORE's website. Minutes of the meeting and presentation slides were published on SGXNet and KORE's website.

Where possible, all Directors will attend Unitholders' meetings. In particular, the Chairman of the Board, the respective Chairman of the ARC and the NRC as well as the Lead Independent Director are required to be present to address questions at general meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Trust Deed allows for absentia voting at general meetings by way of proxy. While the Manager has implemented absentia voting by way of proxy through the proxy forms disseminated to Unitholders, the Manager has not implemented other absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary of the Manager prepares minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board and management. These minutes will also be published on KORE's website.

#### Protection of Creditors' Rights

To protect creditors' rights, the Manager monitors compliance with various loan covenants as well as applicable laws and regulations, including leverage limits set out in the Property Funds Appendix. The Manager strives to diversify sources of funding, achieve a well-spread debt maturity profile to reduce concentration risks, as well as implements appropriate hedging strategies to manage interest rate exposure for KORE. In addition, the Manager endeavours to secure favourable credit facilities and terms to fund capital and operational needs as well as monitor risk exposure to ensure effectiveness of its prudent

capital management strategy against evolving market conditions.

#### SECURITIES TRANSACTIONS

##### Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of KORE, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Manager's Directors, officers and employees. It has also adopted the best practices on securities dealings issued by the SGX. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Manager issues notices informing that the Manager and its officers must not deal in listed securities of KORE if they are in possession of unpublished price-sensitive information and during the period commencing one month before the release of the half-year and full-year results and ending on the date of the announcement of the relevant results. The Manager's Directors, officers and employees are also informed that they should not deal in KORE's securities on short-term considerations.

##### Dealing in Securities Policy

In addition to the Insider Trading Policy, the Manager has a formal Dealing in Securities Policy, which applies to all employees and the securities accounts that employees have a beneficial interest. Pursuant to this policy, the trading of rights and the subscription of excess rights of KORE's Units are subject to trade clearance/restrictions. In general, a list of securities which employees are not allowed to trade without pre-clearance from the Keppel compliance team is maintained. All employees must, before trading, check if the intended securities are listed on this restricted list. The restricted list is broadcasted to all employees at the beginning of each week and as and when it is updated. The policy also

informs all representatives of the Manager that they are required to maintain a register of interests in securities in the prescribed form and to immediately notify the Keppel compliance team of any changes no later than seven days after the relevant change. Upon request, representatives are required to submit position statements, including the accounts which they have a beneficial interest, to facilitate reconciliation of trades executed during each period. In addition, the policy also states that all employees should not trade on short-term considerations or be engaged in same day turnaround trades or swing trading.

#### CONFLICTS OF INTERESTS

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

1. The Manager will not manage any other real estate investment trust which invests in the same type of properties as KORE.
2. All resolutions in writing of the Directors in relation to matters concerning KORE must be approved by at least a majority of the Directors, including at least one independent Director.
3. At least one-third of the Board shall comprise independent Directors.
4. In respect of matters in which Pacific Oak Capital Advisors LLC and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by KPA and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of KPA and/or its subsidiaries.

Director	Unitholders Meetings Attended
Mr Peter McMillan III	1
Mr Soong Hee Sang	1
Mr Kenneth Tan Jhu Hwa	1
Ms Sharon Wortmann	1
Mr Lawrence D. Sperling	1
Ms Bridget Lee	1
<b>No. of Meetings held in FY2023</b>	<b>1</b>

## Corporate Governance

5. In respect of matters in which Keppel and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee Directors of Keppel and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party (meaning any “interested person” as defined in the Listing Manual and/or, as the case may be, an “interested party” as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of KORE, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including its independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee’s right to take such action as it deems fit against such Related Party.

### EMPLOYEE CODE OF CONDUCT

The Manager has in place an employee code of conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This code sets out important principles to guide employees in executing their duties and responsibilities to the

highest standards of business integrity, as well as issues of workplace harassment. The code encompasses topics ranging from conduct in the workplace to business conduct, including clear provisions on prohibitions against bribery and corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests amongst others. The code also requires all staff to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The code requires the business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption rules are also spelt out to protect the business, resources and reputation of KORE and the Manager. Employees must not offer or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, or any benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

The employee code of conduct is published on the intranet which is accessible by all employees of the Manager. New employees are briefed on the code when they join the Manager. Subsequently, all employees are required to acknowledge and comply with the policy annually to ensure awareness.

### RELATED PARTY TRANSACTIONS

#### The Manager’s Internal Control System

The Manager has established an internal control system to ensure that all Related Party transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of KORE and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. Each of those assets must be acquired from the Related Party at a price not more than the higher of the two assessed values, or sold to the Related Party at a price not less than the lower of the two assessed values. The ARC may further choose to appoint an independent financial adviser to evaluate and provide an opinion that the transaction is on normal commercial terms and is not prejudicial to the interests of KORE and the Unitholders.

The Manager maintains a register to record all Related Party transactions which are entered into by KORE and the bases used for evaluation, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager also incorporates into its internal audit plan a review of all Related Party transactions entered into by KORE. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding

\$5100,000 in value but below 3.0% of the value of KORE's net tangible assets will be subject to review by the ARC at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of KORE's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of KORE and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of KORE's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning KORE relate to transactions entered into or to be entered into by the Trustee for and on behalf of KORE with a Related Party of KORE or the Manager, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of KORE and the Unitholders; and

- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of KORE or the Manager. If the Trustee is to sign any contract with a Related Party of KORE or the Manager, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to REITs.

KORE will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of KORE's latest audited net tangible assets.

The aggregate value of all Related Party transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in KORE's annual report for that financial year. The disclosure will include the fees paid to the Manager by KORE in accordance with the Trust Deed and the details are set out on page 133 herein.

#### **Role of the Audit and Risk Committee for Related Party Transactions**

The Manager's internal control procedures are intended to ensure that Related Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Related Party transactions which are entered into by KORE and the bases used for evaluation, including any quotations from unrelated parties and independent valuations, on which they are entered into.

On a semi-annual basis, management reports to the ARC the Related Party transactions entered into by KORE. The Related Party transactions are also reviewed by Internal Audit and all findings, if any, are reported during the ARC meetings. The Trustee also has the right to review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

The ARC reviews all Related Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

### **APPENDIX BOARD COMMITTEES – RESPONSIBILITIES**

#### **A. Audit and Risk Committee**

1. Reviewing financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgements contained in them, for better assurance of the integrity of such statements and announcements.
2. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls, including financial, operational, compliance (including processes to mitigate conflicts of interests in respect of the sourcing of potential acquisitions) and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
3. a. Review the Board's comment on the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls systems, and state whether it concurs with the Board's comments.



## Corporate Governance

- b. Where there are material weaknesses identified in the Manager's and KORE's risk management and internal control systems, to consider and recommend the necessary steps to be taken to address them.
4. Review the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls systems.
5. Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions or policies taken by management on the recommendations and observations.
6. Reviewing the nature and extent of non-audit services performed by the external auditors, to ensure their independence and objectivity.
7. Meeting with external auditors (without the presence of management and internal auditors) and internal auditors (without the presence of management and external auditors), at least annually.
8. Making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
9. Reviewing the adequacy, effectiveness and independence of the Manager's and KORE's external audit function and internal audit function, at least annually, and report the Committee's assessment to the Board.
10. Reviewing the scope and results of the external audit function and internal audit function, at least annually.
11. Ensuring at least annually that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager and KORE.
12. Approving the accounting/auditing firm or corporation to which the internal audit function is outsourced.
13. Reviewing the policy and arrangements (such as whistle-blower policy) by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
14. Reporting significant matters raised through the whistle-blowing channel to the Board.
15. Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).
16. Reviewing Related Party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" ("Interested Person Transactions") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("Interested Party Transactions", and together with Interested Person Transactions, "Related Party Transactions").
17. Investigating any matters within the Audit and Risk Committee's purview, whenever it deems necessary.
18. Reviewing and monitoring of hedging policies and instruments to be implemented by KORE.
19. Reviewing and recommending to the Board hedging policies and monitoring the implementation of such policies.
20. Obtaining recommendations on risk tolerance and strategy from management, and where appropriate, reporting and recommending to the Board for its determination:
  - i. the nature and extent of significant risks which the Manager and KORE may take in achieving its strategic objectives; and
  - ii. overall levels of risk tolerance, risk parameters and risk policies.
21. Reviewing and discussing, as and when appropriate, with management on the Manager's and KORE's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, risk mitigation and monitoring processes and procedures.
22. Reviewing the Information Technology (IT) governance and cybersecurity framework to ascertain alignment with business strategy and risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery.
23. Receiving and reviewing at least quarterly reports from management on the Manager and KORE's risk profile and major risk exposures, and the steps taken to monitor, control and mitigate such risks, to ensure that such risks are managed within acceptable levels.
24. Reviewing the Manager's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types.
25. Receiving and reviewing updates from management to assess the adequacy and effectiveness of the Manager's compliance framework in line with relevant laws, regulations and best practices.
26. Through interactions with the Risk and Compliance Director who has a direct reporting line to the Committee, reviewing and overseeing performance of the Manager's implementation of compliance programmes.

27. Reviewing and monitoring the Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.
  28. Reviewing the adequacy, effectiveness and independence of the Risk and Compliance function, at least annually, and report the Committee's assessment to the Board.
  29. Reviewing and monitoring management's responsiveness to the critical risks, compliance issues and material matters identified and recommendations of the Risk and Compliance function.
  30. Providing timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.
  31. Ensuring that the Risk and Compliance Director has direct and unrestricted access to the Chairman of the Committee.
  32. Review the Audit and Risk Committee terms of reference annually and recommend any proposed changes to the Board.
  33. Perform such other functions as the Board may determine from time to time.
  34. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.
- B. Nominating and Remuneration Committee**
1. Recommend to the Board the appointment and re-appointment of Directors (including alternate directors, if any).
  2. Annual review of the structure and size of the Board and Board Committees, and the balance and mix of skills, talents, knowledge, experience and other aspects of diversity such as gender and age.
  3. Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative, objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives.
  4. Annual review of the independence of each Director, and to ensure that the Board comprises (i) majority non-executive Directors, and (ii) at least one-third, or (if Chairman is not independent) a majority of, independent Directors.
  5. Assess, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Company.
  6. Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and each Director.
  7. Annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and individual Directors.
  8. Review the succession plans for the Board (in particular, the Chairman) and key management personnel.
  9. Review talent development plans.
  10. Review the training and professional development programmes for Board members. The NRC has noted that all Directors must undergo training on sustainability matters as prescribed by the SGX, and that if the NRC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed.
  11. Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as the key management personnel, including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Company's long-term strategy and performance.
  12. Consider all aspects of remuneration to ensure that they are fair, and review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
  13. Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
  14. Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.
  15. Review the level and structure of remuneration for Directors and key management personnel relative to the internal and external peers and competitors to ensure that the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the company and key management personnel to successfully manage the Company for the long term.
  16. Set performance measures and determine targets for any performance-related pay schemes.
  17. Administer the Company's long-term incentive schemes in accordance with the rules of such schemes.
  18. Report to the Board on material matters and recommendations.
  19. Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board for approval.
  20. Perform such other functions as the Board may determine.
  21. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

## Corporate Governance

### C. Environmental, Social and Governance Committee

1. Develop and articulate KORE's Environmental, Social and Governance strategy.
2. Provide an oversight of sustainability initiatives across KORE's business operations. This includes, but is not limited to, the setting, disclosure and achievement of ESG targets, reviewing the effectiveness of the sustainability risk management framework, people development and community involvement, as well as where needed, provide oversight of and advice to the Manager's sustainability committee.
3. Recommend the management's proposals to the Board, including policies, strategies, workplans and targets pertaining to sustainability and ESG matters (collectively, "ESG Framework") and reviewing the effectiveness of the ESG Framework benchmarked against global and local ESG trends and best practices, as well as the implementation and integration of the ESG Framework. KORE's ESG Framework, which will form an integral part of KORE's strategies and core competencies, will drive long-term value creation.
4. Provide an oversight over the Manager's compliance with sustainability-related legal and regulatory requirements imposed on the Manager under applicable law and regulation, including but not limited to the SGX's Listing Rules and other disclosure requirements.
5. Review the adequacy of resources allocated to achieving compliance as well as strategies, workplans and targets pertaining to the ESG Framework.
6. Report to the Board on sustainability and ESG performance, incidents, rectifications, risk management and other material matters.
7. Perform such other functions as the Environmental, Social and Governance committee may determine.

### BOARD ASSESSMENT Evaluation Processes

#### Board and Board Committees

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the Independent Co-ordinator or the NRC Chairman will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

#### Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman. Thereafter, the report is presented to the NRC. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

#### Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman on the report.

### Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfil its duties, responsibilities and performance objectives in accordance with the established Board processes of the Company.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he or she provides valuable inputs, his or her ability to analyse, communicate and contribute to the productivity of meetings, and his or her understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's board committee work contribution, whether the Director takes his or her role of Director seriously and works to further improve his own performance, whether he or she listens and discusses objectively and exercises independent judgement, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at board and board committee meetings, whether he or she is available when needed, and his or her informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his or her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills, talents, knowledge, experience and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective

functioning of the Board, whether he ensured that the time devoted to Board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

#### **WHISTLE-BLOWER POLICY**

The Whistle-Blower Policy (the "Policy") was established and has been put in place to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Manager and other persons making such reports will be treated fairly and, to the extent possible, their identities and participation in the investigations will be protected.

Reportable Conduct refers to any act or omission by an employee of the Manager or contract worker appointed by the Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- a. Dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
- b. Fraudulent;
- c. Corrupt;
- d. Illegal;
- e. Other serious improper conduct;
- f. An unsafe work practice; or
- g. Any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action, including termination of employment or other contract, as the case may be.

Similarly, a person may be subject to administrative and/or disciplinary measures, including but not limited to termination of employment or contract if he subjects (i) a person who has made or intends to make a Protected Report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the Protected Report or be a witness.

The Head of Internal Audit is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation, and oversight of ongoing compliance with the Policy. The Head of Internal Audit reports directly to the AC chairman.

#### **Reporting Mechanism**

The Whistle-Blower's role is as a reporting party. Whistle-Blowers are not investigators or finders of fact, nor do they determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Manager are encouraged to make a Protected Report in relation to a suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor shall not, upon receiving or becoming aware of any Protected Report, take any independent action or start any investigation in connection with such Protected Report unless otherwise directed by the ARC Chairman or the Receiving Officer. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he or she may make the report directly to the ARC Chairman, via the established reporting channel.

Other Whistle-Blowers (other than employees) may make a Protected Report in relation to suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channel.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

#### **Investigation**

Every Protected Report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed.

The ARC Chairman and the Investigation Advisory Committee will use their respective best endeavours to ensure there is no conflict of interests on the part of any party involved in any way in the investigations. An Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation in relation to the Protected Report and any matters arising therefrom or in connection therewith. The ARC Chairman will also require the matter to be reported to the authorities if a crime is involved, and/or to the relevant insurance company in accordance with the terms of the applicable insurance policies. All employees of the Manager have a duty to cooperate with investigations initiated under the Policy. An employee

## Corporate Governance

may be placed on an administrative leave or investigatory leave when it is determined by the ARC Chairman (whether in the exercise of his or her own discretion or in consultation with the ARC), that such a leave would be in the best interests of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All persons who are interviewed, asked to provide information or otherwise participate in an investigation must refrain from discussing or disclosing the investigation or their testimony with anyone, other than such persons from Internal Audit or third parties conducting the investigation. In no circumstance should such persons discuss with the Investigation Subject(s) the nature of the evidence requested or provided or testimony given to the investigators unless agreed by the investigators.

Confidentiality of the identity of Whistle-Blowers, investigation subject(s) and persons who participate (or who intend to participate) in investigations initiated under this policy will, to the extent possible, be maintained.

### Protection from Reprisal

No person shall be subject to any reprisal for having made a Protected Report in accordance with the Policy. The protection from Reprisal also extends to persons who may have been called as witnesses or otherwise participated in the investigation arising from a Protected Report. A reprisal means personal disadvantage by:

- a. Dismissal;
- b. Demotion;
- c. Suspension;
- d. Termination of employment/contract;
- e. Any form of harassment or threatened harassment;
- f. Discrimination; or
- g. Current or future bias.

A Whistle-Blower or any person who participated or intends to participate in an investigation arising from a Protected Report, who believes that he or she is subject to Reprisal and that the Protected Report is a contributing factor to the Reprisal may complain to the Receiving Officer (who shall refer the matter to the ARC Chairman) or the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation contained in the Protected Report. However, the ARC Chairman will take into account the fact that he/she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him/her.

### NATURE OF CURRENT DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEES

	<b>Board Membership</b>	<b>Audit and Risk Committee Membership</b>	<b>Nominating and Remuneration Committee Membership</b>	<b>Environmental, Social and Governance Committee Membership</b>
Mr Peter McMillan III	Chairman and Non-Executive Director	–	–	–
Mr Soong Hee Sang	Lead Independent Director	Chairman	Member	Member
Mr Lawrence D. Sperling <sup>1</sup>	Independent Director	Member <sup>1</sup>	–	Chairman
Mr Kenneth Tan Jhu Hwa	Independent Director	Member	Chairman	Member
Ms Sharon Wortmann	Independent Director	Member	Member	Member
Ms Bridget Lee	Non-Executive Director	–	–	–

<sup>1</sup> Mr Lawrence D. Sperling was appointed to the Audit and Risk Committee of KORE on 23 February 2024.

**Rule 720(6) of the Listing Manual of the SGX-ST**

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking endorsement by Unitholders at the annual general meeting to be held in 2024 is set out below.

<b>Name of Director</b>	<b>Ms Sharon Riley Wortmann</b>	<b>Ms Bridget Lee Siow Pei</b>
Date of Appointment	20 April 2021	20 October 2021
Date of last re-appointment (if applicable)	N.A.	N.A.
Age	62	52
Country of principal residence	United States of America	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out in pages 145 to 146 of this Annual Report.	The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out in pages 145 to 146 of this Annual Report.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director; Member of Audit and Risk Committee; Member of Nominating and Remuneration Committee; Member of ESG Committee	Non-executive and Non-independent Director
Professional qualifications	Bachelor of Business Administration (Major in Real Estate Finance & Urban Development, Minor in International Business), Georgia State University	Master of Management, J.L. Kellogg Graduate School of Management, Northwestern University; Bachelor of Accountancy, Nanyang Technological University
Working experience and occupation(s) during the past 10 years	<p>From 2022 to Present Managing Director JLL Industrial Services Group</p> <p>From 2020 to 2022 Executive Vice President JLL Industrial Services Group</p> <p>From 2017 to 2020 Senior Vice President, Tenant and Landlord Representation Broker Jones Lang LaSalle</p> <p>From 2016 to 2017 Director, Broker CBRE</p> <p>From 2015 to 2016 Director, Acquisitions Colony Capital, Inc.</p> <p>From 2004 to 2015 Director Metropolitan Life Insurance Company</p>	<p>From June 2023 to Present Chief Investment Officer, Real Estate, Keppel Ltd</p> <p>From April 2022 to Present Director, Keppel Credit Fund Management Pte. Ltd.</p> <p>From February 2021 to May 2023 Chief Operating Officer Keppel Capital International Pte. Ltd. / Keppel Capital Holdings Pte. Ltd.</p> <p>From July 2019 to Present Chief Executive Officer and Director Keppel Capital Alternative Asset Pte. Ltd.</p> <p>From January 2019 to June 2019 Executive Director Keppel Capital International Pte Ltd</p> <p>From June 2017 to December 2018 Director, Strategic Investments Keppel Capital International Pte. Ltd. / Keppel Capital Holdings Pte. Ltd.</p> <p>From February 2012 to May 2017 General Manager, Investments - China Mapletree Investment Pte Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	35,280 (direct)	25,000 (direct)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No

## Corporate Governance

<b>Name of Director</b>	<b>Ms Sharon Riley Wortmann</b>	<b>Ms Bridget Lee Siow Pei</b>
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships – Present	Chairman, Community Service, ICON Conference Committee and CONVERGE Conference Committee of NAIOP Inland Empire Chapter	See above.
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c. Whether there is any unsatisfied judgment against him?	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

<b>Name of Director</b>	<b>Ms Sharon Riley Wortmann</b>	<b>Ms Bridget Lee Siow Pei</b>
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :	No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience	Keppel Pacific Oak US REIT Management Pte. Ltd. (the manager of Keppel Pacific Oak US REIT)	Keppel Pacific Oak US REIT Management Pte. Ltd. (the manager of Keppel Pacific Oak US REIT)
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		



## Corporate Governance

### Summary of Disclosures of 2018 Code

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports for financial years commencing on or after 1 January 2019.

This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirement under the 2018 Code.

Principles	Page Reference in this Report
<b>BOARD MATTERS</b>	
<b>The Board's Conduct of Affairs</b>	
<b>Principle 1</b>	
Provision 1.1	Pages 142 to 143, 157 to 158
Provision 1.2	Pages 142 to 145
Provision 1.3	Pages 142 to 143
Provision 1.4	Pages 142 to 153, 159 to 162
Provision 1.5	Pages 143, 148
Provision 1.6	Page 144
Provision 1.7	Page 144
<b>Board Composition and Guidance</b>	
<b>Principle 2</b>	
Provision 2.1	Pages 147 to 148
Provision 2.2	Pages 147 to 148
Provision 2.3	Page 147
Provision 2.4	Pages 146 to 147
Provision 2.5	Pages 144 to 145
<b>Chairman and Chief Executive Officer</b>	
<b>Principle 3</b>	
Provision 3.1	Pages 145, 148
Provision 3.2	Pages 142 to 143
Provision 3.3	Page 145
<b>Board Membership</b>	
<b>Principle 4</b>	
Provision 4.1	Pages 145 to 148
Provision 4.2	Pages 145 to 146
Provision 4.3	Pages 145 to 148
Provision 4.4	Pages 145 to 148
Provision 4.5	Pages 16 to 17, 145 to 148
<b>Board Performance</b>	
<b>Principle 5</b>	
Provision 5.1	Pages 149, 162 to 163
Provision 5.2	Pages 149, 162 to 163
<b>REMUNERATION MATTERS</b>	
<b>Procedures for Developing Remuneration Policies</b>	
<b>Principle 6</b>	
Provision 6.1	Pages 149 to 152
Provision 6.2	Pages 149, 176
Provision 6.3	Pages 149 to 152
Provision 6.4	Page 149
<b>Level and Mix of Remuneration</b>	
<b>Principle 7</b>	
Provision 7.1	Pages 149 to 152
Provision 7.2	Pages 149 to 152
Provision 7.3	Pages 149 to 152
<b>Disclosure on Remuneration</b>	
<b>Principle 8</b>	
Provision 8.1	Pages 149 to 152
Provision 8.2	Page 152
Provision 8.3	Pages 149 to 152

Principles	Page Reference in this Report
<b>ACCOUNTABILITY AND AUDIT</b>	
<b>Risk Management and Internal Controls</b>	
<b>Principle 9</b>	
Provision 9.1	Page 153
Provision 9.2	Pages 154 to 155
<b>Audit Committee</b>	
<b>Principle 10</b>	
Provision 10.1	Pages 152 to 155, 159 to 161, 163 to 164
Provision 10.2	Page 152
Provision 10.3	Page 152
Provision 10.4	Page 155
Provision 10.5	Page 152
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>	
<b>Shareholder Rights and Conduct of General Meetings</b>	
<b>Principle 11</b>	
Provision 11.1	Pages 155 to 157
Provision 11.2	Page 156
Provision 11.3	Pages 143, 157
Provision 11.4	Page 157
Provision 11.5	Page 156
Provision 11.6	Pages 121, 155 to 157
<b>Engagement with Shareholders</b>	
<b>Principle 12</b>	
Provision 12.1	Pages 155 to 157
Provision 12.2	Page 156
Provision 12.3	Pages 155 to 157
<b>MANAGING STAKEHOLDERS RELATIONSHIP</b>	
<b>Engagement with Stakeholders</b>	
<b>Principle 13</b>	
Provision 13.1	Pages 155 to 157
Provision 13.2	Pages 155 to 157
Provision 13.3	Pages 155 to 157, back cover

# Risk Management

Proactive and effective risk management is a fundamental part of Keppel Pacific Oak US REIT's (KORE) business strategy.

KORE's Enterprise Risk Management (ERM) framework, which is a component of KORE's System of Management Controls, provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as KORE's policies and limits in addressing and managing the identified key risks. The ERM framework also allows KORE to respond promptly and effectively to changes in the constantly evolving business landscape.

## ROBUST ERM FRAMEWORK

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review. A robust ERM framework enables the Manager and KORE to manage risks systematically and remain nimble in capitalising on opportunities.

Risk assessment takes into account both the impact and likelihood of occurrence, as well as covers the strategic, investment, financial, operational, reputational and other major aspects of KORE's business. Tools deployed include risk matrices, key risk indicators and risk registers to assist the Manager in its risk management process.

The Board of Directors (the "Board"), supported by the Audit and Risk Committee ("ARC") is responsible for the governance of risks and ensures that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and KORE's assets. The Board and the ARC provide valuable advice to management in the formulation of various risk policies and procedures. The terms of reference of the ARC are disclosed on pages 159 to 161 of this Report.

The Board and management of the Manager meet quarterly, or more frequently, when necessary, to review KORE's performance; assess its current and emerging risks; as well as respond to feedback from the risk and compliance manager and auditors.

The Board, supported by the ARC, has in place three Risk Tolerance Guiding Principles for the Manager and KORE. These principles, which determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives, are:

1. Risks taken should be carefully evaluated, commensurate with rewards, and be in line with the Manager's and KORE's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so significant as to endanger the Manager and KORE.
3. KORE does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

The risk management assessment framework also guides the Manager and the Board in assessing the adequacy and effectiveness of the risk management system within KORE. In 2023, the Board, with the concurrence of the ARC, assessed and deemed KORE's risk management system to be adequate and effective in addressing the key risks identified below:

### 1. Operational Risks

- All operations are aligned with KORE's focus on delivering sustainable distributions and creating long-term value for Unitholders.
- The Manager works closely with the property managers to optimise asset performance and control property expenses. The Manager oversees an active asset management programme that has been put in place to oversee leasing, capital projects and operations at the properties.
- Measures include prompt lease renewals to reduce rental voids, active monitoring of rental payments from tenants to minimise rental arrears and bad debts, controlling property expenses to maximise net property income and evaluating counterparties on an ongoing basis.
- Through the property managers and leasing agents, the Manager actively engages and fosters

close relationships with tenants to manage a well-spread lease expiry profile.

- Business continuity plans are updated and tested periodically to ensure KORE is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, operations and assets.
- KORE's assets undergo regular audits to review the operational property management processes of the buildings, as well as ensure safety standards and security processes are in line with latest local requirements.
- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.
- Insurance coverage is reviewed annually to ensure that KORE's assets are adequately and appropriately insured.

### 2. Economic and Taxation Risks

- KORE may be adversely affected by economic and real estate market conditions in the US as well as changes in taxation legislation, administrative guidance or regulations.
- The Manager manages this by closely monitoring the US political environment, economic developments and tax regime. The Manager also works closely with tax agents and advisors to anticipate and evaluate the impact of any changes in taxation, legislation, administrative guidance and regulations on the business of KORE and its Unitholders.

### 3. Liquidity and Financing Risks

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing the tenure of borrowings, to ensure a well-staggered debt maturity profile.

## Risk Management

- The Manager maintains an appropriate working capital to ensure there are adequate liquid reserves to meet financial obligations. Steps have also been taken to plan for capital and expense requirements to manage the cash position at any point of time.

### 4. Exposure to Financial Markets Risks

- The Manager constantly monitors exposure to interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.
- In 2023, KORE was not exposed to significant foreign currency risk as its functional currency was in USD and the cash flows from the operations of its properties were denominated in USD. Distribution to Unitholders will be declared in USD and Unitholders can choose to receive the distribution either in USD or in SGD, which will be converted from USD at the exchange rate announced prior to payout of distribution. KORE also borrows in USD to provide a partial natural hedge to the properties.

### 5. Credit Risks

- Credit risk assessments of tenants are carried out prior to signing of lease arrangements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.
- Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby preventing rental arrears.
- The Manager also monitors the tenant mix to ensure a resilient portfolio with low tenant concentration risk.

### 6. Investment Risks

- Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing

economic climate, market conditions and ESG considerations.

- The Board reviews and approves all investment proposals after evaluating the benefits and risks involved.
- Considered risks are taken in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

### 7. Compliance Risks

- As a Capital Markets Services Licence holder, the Manager complies with applicable laws and regulations, including the SGX-ST Listing Rules, the Code of Corporate Governance, the Code on Collective Investment Schemes, Property Funds Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act, as well as tax rulings in the relevant jurisdictions in which it operates.

- The Manager closely monitors changes in legislation and regulations, as well as new developments in its operating environment.
- KORE and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.
- Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KORE's business operations.
- KORE adopts a strong anti-corruption and anti-bribery stance and regularly communicates key policy requirements to all employees, ensuring relevant policies, processes and controls are effectively designed, managed and implemented, so that compliance risks and controls are effectively managed.

### 8. Climate Change

- KORE's climate change risk forms part of the material environmental, social and governance issues addressed by the Board and the Manager. The Manager and KORE support the Task Force on Climate-related Financial Disclosures and has incorporated its recommendations in its reporting framework.
- Sustainability is at the core of KORE's strategy with climate change risk reviewed and assessed within its ERM framework. The ERM framework guides the Manager and KORE on the processes and methods applied in identifying, assessing and managing sustainability-related risks.
- As part of climate change risk management, the Manager has embarked on assessing both physical and transition risks for KORE and strengthening its organisational capabilities in response. In 2022, KORE commenced a climate change physical risk financial impact assessment as well as a qualitative assessment of climate-related transition risks. More details are provided in the Sustainability Report 2023.

### 9. Cyber Security risks

- Technology, cyber security and data-related risks, including outsourced services, are a part of KORE's and the Manager's operational risks. The Manager recognises the criticality of global cyber threats and have established technology and cyber governance structures and frameworks to address both general technology and cyber security controls, covering key areas such as business disruption, theft/loss of confidential data and data integrity. KORE and the Manager continually monitors its technology and cyber security related risks.

### 10. Emerging Risks

- The Manager will continue to monitor evolving or emerging risks. Risks identified are considered and actions are taken to mitigate the risks as necessary.

## Additional Information

### INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		FY2023 US\$'000	FY2023 US\$'000
<b>Keppel Pacific Oak US REIT Management Pte. Ltd.</b>	Manager of the REIT		
- Manager's base fees		5,803	Nil
- Divestment fee		Nil	Nil
<b>Perpetual (Asia) Ltd</b>	Trustee of the REIT		
- Trustee fees		191	Nil

Certain other interested person transactions outlined in the Prospectus dated 02 November 2017 are deemed to have been approved by the Unitholders and are therefore not subjected to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of fees charged thereunder which will adversely affect Keppel Pacific Oak US REIT.

Keppel Pacific Oak US REIT has not obtained a general mandate from Unitholders for interested person transactions for the financial year under review.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by Keppel Pacific Oak US REIT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of Keppel Pacific Oak US REIT.

Please also see significant related party transactions on Note 21 in the financial statements.

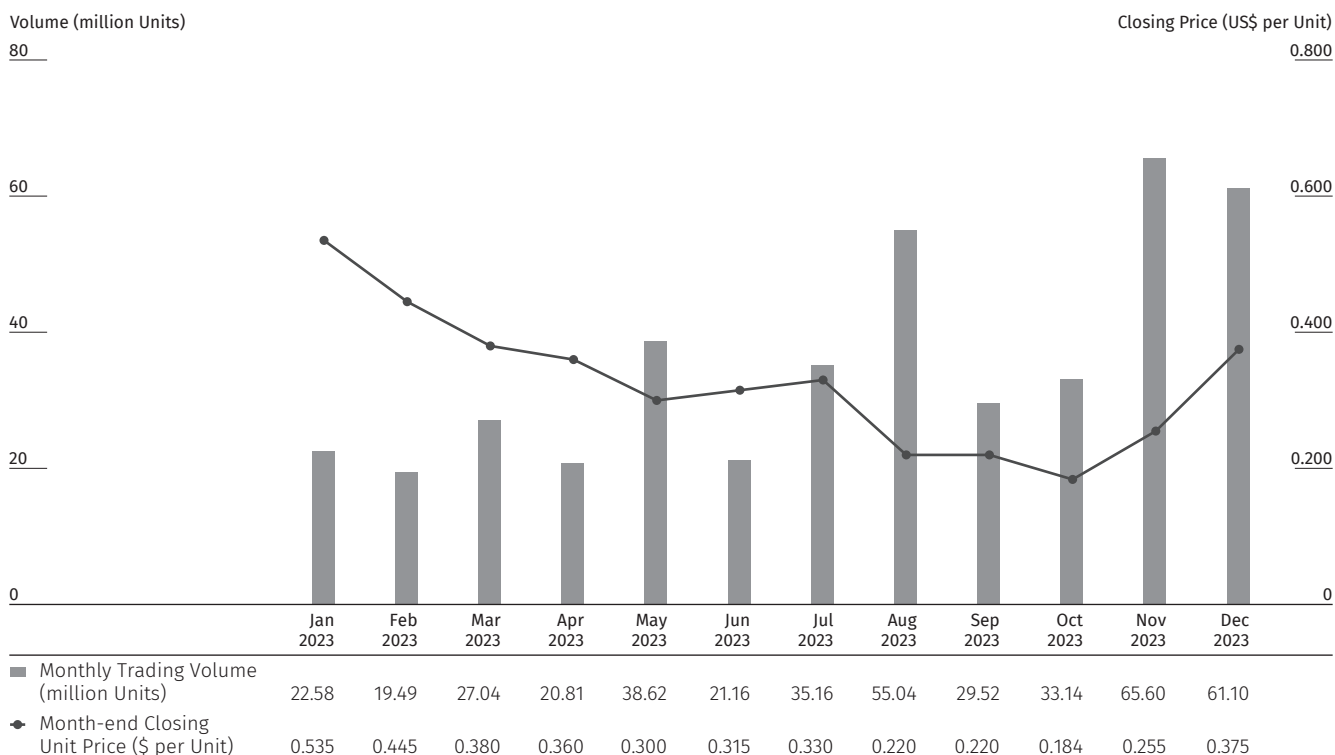
OTHER INFORMATION

# Unit Price Performance

Keppel Pacific Oak US REIT (KORE) closed at US\$0.375 per Unit on 31 December 2023, as compared to US\$0.460 a year ago. Approximately 429.3 million KORE Units were traded for the whole of 2023.

Distribution per Unit (DPU) was 2.50 US cents for the financial period from 1 January 2023 to 30 June 2023. No distribution declared for the financial period from 1 July 2023 to 31 December 2023 arising from the recapitalisation plan. Total Unitholder return in 2023 was -7.1%.

## 2023 MONTHLY TRADING PERFORMANCE



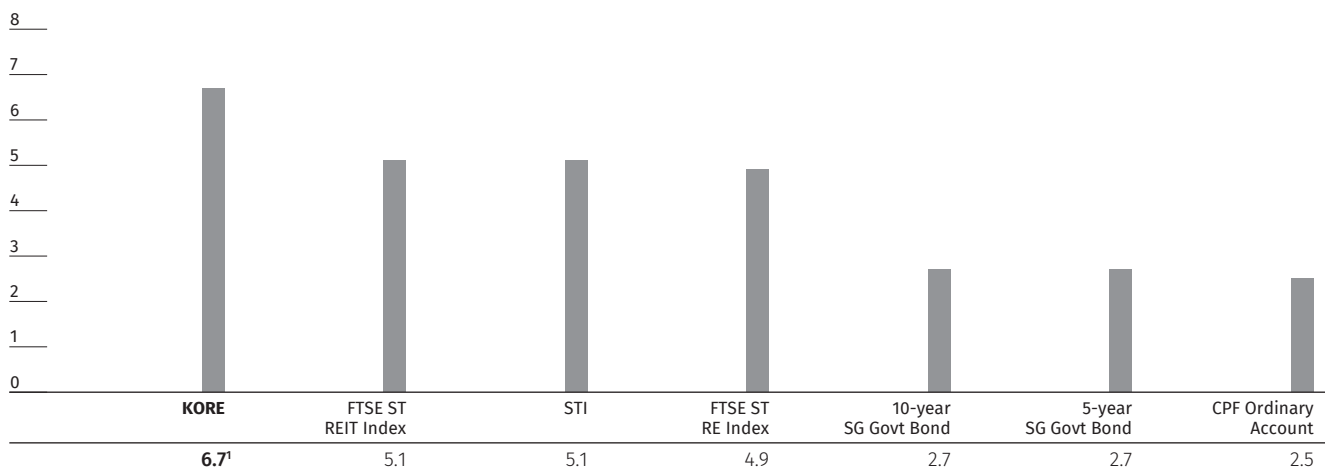
## UNIT PRICE PERFORMANCE

	2023	2022
Highest closing price (US\$ per Unit)	<b>0.575</b>	0.805
Lowest closing price (US\$ per Unit)	<b>0.184</b>	0.430
Average closing price (US\$ per Unit)	<b>0.335</b>	0.662
Closing price on last trading day (US\$ per Unit)	<b>0.375</b>	0.460
Trading volume (million Units)	<b>429.3</b>	269.3

Source: Bloomberg

### COMPARATIVE YIELDS (%)

as at 31 December 2023

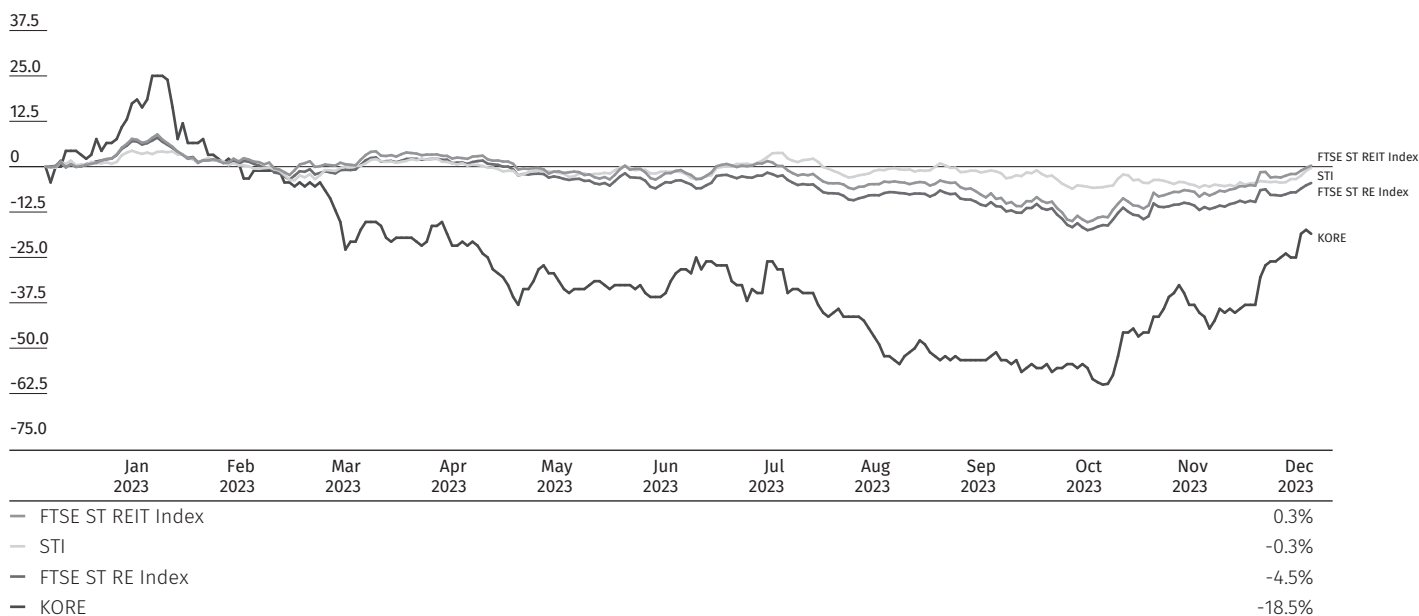


<sup>1</sup> Based on KORE's total DPU of 2.50 US cents for the financial period from 1 January 2023 to 30 June 2023 and the market closing price per Unit of US\$0.375 as at 31 December 2023.

Sources: Bloomberg, Monetary Authority of Singapore and Central Provident Fund

### UNIT PRICE PERFORMANCE AGAINST INDICES (%)

for the period from 1 January 2023 to 31 December 2023



Source: Bloomberg

OTHER INFORMATION

# Statistics of Unitholdings

As at 27 February 2024

## ISSUED AND FULLY PAID UNITS

1,044,450,254 Units (Voting rights: 1 vote per Unit)

There is only one class of Units in Keppel Pacific Oak US REIT.

Market capitalisation of US\$134,734,083 based on market closing price of US\$0.129 per Unit on 27 February 2024.

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	57	0.85	3,025	0.00
100 – 1,000	410	6.09	349,923	0.03
1,001 – 10,000	3,204	47.63	19,021,795	1.82
10,001 – 1,000,000	3,020	44.89	177,122,327	16.96
1,000,001 and above	36	0.54	847,953,184	81.19
<b>Total</b>	<b>6,727</b>	<b>100.00</b>	<b>1,044,450,254</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1.	DBS Nominees (Private) Limited	353,144,529	33.81
2.	Citibank Nominees Singapore Pte Ltd	134,194,996	12.85
3.	Keppel Capital Investment Holdings Pte Ltd	64,165,352	6.14
4.	DBSN Services Pte. Ltd.	43,873,102	4.20
5.	Phillip Securities Pte Ltd	37,858,362	3.62
6.	Raffles Nominees (Pte.) Limited	24,122,075	2.31
7.	HSBC (Singapore) Nominees Pte Ltd	20,079,780	1.92
8.	United Overseas Bank Nominees (Private) Limited	19,132,579	1.83
9.	UOB Kay Hian Private Limited	12,458,385	1.19
10.	iFAST Financial Pte. Ltd.	12,339,040	1.18
11.	OCBC Securities Private Limited	11,864,100	1.14
12.	Keppel Pacific Oak US REIT Management Pte. Ltd.	10,903,538	1.04
13.	DB Nominees (Singapore) Pte Ltd	10,849,843	1.04
14.	ABN AMRO Clearing Bank N.V.	9,639,256	0.92
15.	Maybank Securities Pte. Ltd.	7,390,207	0.71
16.	Toh Ong Tiam	7,200,000	0.69
17.	CGS-CIMB Securities (Singapore) Pte Ltd	7,084,009	0.68
18.	Quek Leng Chye	6,821,000	0.65
19.	DBS Vickers Securities (Singapore) Pte Ltd	6,618,000	0.63
20.	Goi Seng Hui	6,391,529	0.61
	<b>Total</b>	<b>806,129,682</b>	<b>77.16</b>

## THE MANAGER'S DIRECTORS' UNITHOLDINGS

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2024, the direct and deemed interests of each Director in the Units<sup>1</sup> in Keppel Pacific Oak US REIT are as follows:

Name of Director	No. of Units
Mr Peter McMillan III	46,479 (Direct) 10,903,538 (Deemed) <sup>2</sup>
Mr Soong Hee Sang	53,130 (Direct)
Mr Lawrence David Sperling	384,789 (Direct)
Mr Kenneth Tan Jhu Hwa	496,189 (Direct) 250,000 (Deemed) <sup>3</sup>
Ms Sharon Riley Wortmann	35,280 (Direct)
Ms Bridget Lee Siow Pei	25,000 (Direct)

### Notes:

<sup>1</sup> As at 21 January 2024, there are no convertible securities in Keppel Pacific Oak US REIT.

<sup>2</sup> Mr Peter McMillan III's deemed interest arises from his shareholdings in KORE Pacific Advisors Pte. Ltd., which in turn is deemed to have 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 KORE Pacific Advisors Pte. Ltd.

<sup>3</sup> Mr Kenneth Tan Jhu Hwa has a deemed interest in Units held by his spouse.

## SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, as at 27 February 2024, the Substantial Unitholders of Keppel Pacific Oak US REIT and their interests in the Units in Keppel Pacific Oak US REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	75,243,890 (Deemed) <sup>1</sup>	7.20
Keppel Ltd.	75,068,890 (Deemed) <sup>2</sup>	7.19
Keppel Capital Holdings Pte. Ltd.	75,068,890 (Deemed) <sup>3</sup>	7.19
Keppel Capital Investment Holdings Pte. Ltd.	64,165,352 (Direct)	6.14
Pacific Oak Strategic Opportunity REIT, Inc.	64,165,352 (Deemed) <sup>4</sup>	6.14
Pacific Oak Strategic Opportunity Limited Partnership	64,165,352 (Deemed) <sup>5</sup>	6.14
Pacific Oak SOR (BVI) Holdings Ltd	64,165,352 (Deemed) <sup>6</sup>	6.14
Pacific Oak SOR Properties LLC	64,165,352 (Direct)	6.14
Hillsboro Capital, Ltd.	90,608,569 (Direct)	8.68

### Notes:

<sup>1</sup> Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Ltd. and other associated companies of Temasek Holdings (Private) Limited.

<sup>2</sup> Keppel 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., which is in turn a wholly-owned subsidiary of Keppel Ltd.; and (ii) Keppel Pacific Oak US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KORE Pacific Advisors Pte. Ltd.

<sup>3</sup> 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 KORE Pacific Advisors Pte. Ltd.

<sup>4</sup> Pacific Oak Strategic Opportunity REIT, Inc.'s deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of Pacific Oak Strategic Opportunity Limited Partnership. Pacific Oak Strategic Opportunity Limited Partnership is a wholly-owned subsidiary of Pacific Oak Strategic Opportunity REIT, Inc.

<sup>5</sup> Pacific Oak Strategic Opportunity Limited Partnership's deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of Pacific Oak Strategic Opportunity Limited Partnership.

<sup>6</sup> Pacific Oak SOR (BVI) Holdings Ltd's deemed interest arises from its shareholdings in Pacific Oak SOR Properties LLC, a wholly-owned subsidiary of Pacific Oak SOR (BVI) Holdings Ltd.

## PUBLIC UNITHOLDERS

Based on the information available to the Manager as at 27 February 2024, approximately 77.77% of the issued Units in Keppel Pacific Oak US REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Pacific Oak US REIT is at all times held by the public.

## TREASURY UNITS

As at 27 February 2024, there are no treasury units held by Keppel Pacific Oak US REIT or the Manager.



# Corporate Information

## TRUSTEE

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### Perpetual (Asia) Limited

#### Registered Address

8 Marina Boulevard #05-02  
Marina Bay Financial Centre  
Singapore 018981  
Phone: (65) 6908 8203  
Fax: (65) 6438 0255

#### Principal Business Address

16 Collyer Quay  
#07-01  
Singapore 049318

## EXTERNAL AUDITOR

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### Ernst & Young LLP

One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Phone: (65) 6535 7777  
Fax: (65) 6532 7662  
Partner-in-charge: Ms Low Yen Mei  
(With effect for the financial year ended  
31 December 2023)

## INTERNAL AUDITOR

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### Mr Irving Low/Ms Tea Wei Li

Interim Head of Internal Audit

## THE MANAGER

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### Keppel Pacific Oak US REIT Management Pte. Ltd.

#### Registered Address

1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632  
Phone: (65) 6803 1818  
Fax: (65) 6251 4710  
Website: www.koreusreit.com

#### Principal Business Address

1 HarbourFront Avenue  
Level 2 Keppel Bay Tower  
Singapore 098632

#### Investor Relations Contact

Phone: (65) 6803 1687  
Email: enquiries@koreusreit.com

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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### Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632  
Phone: (65) 6536 5355  
Fax: (65) 6438 8710

*For updates or change of mailing address,  
please contact*

### The Central Depository (Pte) Limited

Phone: (65) 6535 7511  
Email: asksgx@sgx.com  
Website: www2.sgx.com/securities/  
retail-investor

## COMPANY SECRETARY

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Mr Tan Wei Ming, Darren

## DIRECTORS OF THE MANAGER

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### Mr Peter McMillan III

Chairman and Non-Executive Director

### Mr Soong Hee Sang

Lead Independent Director

### Mr Kenneth Tan Jhu Hwa

Independent Director

### Ms Sharon Riley Wortmann

Independent Director

### Mr Lawrence David Sperling

Independent Director

### Ms Bridget Lee Siow Pei

Non-Executive Director

## AUDIT AND RISK COMMITTEE

---

### Mr Soong Hee Sang

Chairman

### Mr Kenneth Tan Jhu Hwa

### Ms Sharon Riley Wortmann

### Mr Lawrence David Sperling

## NOMINATING AND REMUNERATION COMMITTEE

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### Mr Kenneth Tan Jhu Hwa

Chairman

### Mr Soong Hee Sang

### Ms Sharon Riley Wortmann

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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### Mr Lawrence David Sperling

Chairman

### Mr Soong Hee Sang

### Mr Kenneth Tan Jhu Hwa

### Ms Sharon Riley Wortmann

# Notice of Annual General Meeting

## Keppel Pacific Oak US REIT

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

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of the holders of units of Keppel Pacific Oak US REIT (the “**Unitholders**”) will be held at Suntec Singapore Convention and Exhibition Centre, Nicoll 2-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 (see Explanatory Notes 1 to 12) on Wednesday, 17 April 2024 at 3.00 p.m. (Singapore time) to transact the following business:

### A. AS ORDINARY BUSINESS

1. To receive and adopt the Report of Perpetual (Asia) Limited, as trustee of Keppel Pacific Oak US REIT (the “**Trustee**”), the Statement by Keppel Pacific Oak US REIT Management Pte. Ltd., as manager of Keppel Pacific Oak US REIT (the “**Manager**”), and the Audited Financial Statements of Keppel Pacific Oak US REIT for the financial year ended 31 December 2023 and the Auditor’s Report thereon. **Ordinary Resolution 1**
2. To re-appoint Messrs Ernst & Young LLP as the Auditor of Keppel Pacific Oak US REIT to hold office until the conclusion of the next AGM of Keppel Pacific Oak US REIT, and to authorise the Manager to fix their remuneration. **Ordinary Resolution 2**
3. To endorse the appointments of the following directors of the Manager (“**Directors**”), pursuant to the undertaking on March 2022 provided by Keppel Capital Holdings Pte. Ltd. (“**Keppel Capital**”) and KORE Pacific Advisors Pte. Ltd. (“**KPA**”) to the Trustee:
  - a. Ms Sharon Riley Wortmann; and **Ordinary Resolution 3**
  - b. Ms Bridget Lee Siow Pei. **Ordinary Resolution 4**

(Please see Explanatory Note 10)

### B. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

4. That authority be and is hereby given to the Manager to: **Ordinary Resolution 5**
  - a. i. issue units in Keppel Pacific Oak US REIT (“**Units**”) whether by way of rights, bonus or otherwise and including any capitalisation of any sum for the time being standing to the credit of any of Keppel Pacific Oak US REIT’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or
  - ii. make or grant offers, agreements or options (collectively, “**Instruments**”) that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

  - b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force,

provided that:

1. the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class (as calculated in accordance with sub-paragraph (2) below);

## Notice of Annual General Meeting

2. subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
  - a. any new Units arising from the conversion or exercise of any Instruments which were issued and are outstanding or subsisting at the time this Resolution is passed; and
  - b. any subsequent bonus issue, consolidation or subdivision of Units;
3. in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (the “**Listing Manual**”) (unless such compliance has been waived by the SGX-ST) and the trust deed dated 22 September 2017 (as amended) constituting Keppel Pacific Oak US REIT (the “**Trust Deed**”) (unless otherwise exempted or waived by the Monetary Authority of Singapore);
4. (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel Pacific Oak US REIT or (ii) the date by which the next AGM of Keppel Pacific Oak US REIT is required by law or applicable regulations to be held, whichever is earlier;
5. where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
6. the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel Pacific Oak US REIT to give effect to the authority conferred by this Resolution).

(Please see Explanatory Note 11)

5. That:
  - a. the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel Pacific Oak US REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:
    - i. market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or
    - ii. off-market repurchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the “**Unit Buy-Back Mandate**”);
  - b. (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy- Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
    - i. the date on which the next AGM of Keppel Pacific Oak US REIT is held;
    - ii. the date by which the next AGM of Keppel Pacific Oak US REIT is required by applicable laws and regulations or the Trust Deed to be held; or
    - iii. the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

### Ordinary Resolution 6

c. in this Resolution:

**“Average Closing Price”** means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the market purchase or, as the case may be, the date on which the offer pursuant to the off-market purchase, is made;

**“date of the making of the offer”** means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

**“Market Day”** means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

**“Maximum Limit”** means that number of Units representing 10% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) as at the date of the passing of this Resolution; and

**“Maximum Price”** in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax, clearing charges, and other related expenses) which shall not exceed:

- i. in the case of a market repurchase of a Unit, 105% of the Average Closing Price of the Units; and
  - ii. in the case of an off-market repurchase of a Unit, 110% of the Average Closing Price of the Units; and
- d. 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 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 transactions contemplated and/or authorised by this Resolution.

(Please see Explanatory Note 12)

### C. AS OTHER BUSINESS

6. To transact such other business as may be transacted at an AGM.

**Unitholders are invited to send in their questions relating to the resolutions above to the Manager by 3.00 p.m. on 3 April 2024. Please see Explanatory Note 7 of this Notice of AGM on how Unitholders may submit their questions.**

#### 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



**Darren Tan**

Company Secretary

26 March 2024

## Notice of Annual General Meeting

### Explanatory notes:

1. This AGM is being convened and will be held in a wholly physical format, at Suntec Singapore Convention and Exhibition Centre, Nicoll 2-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Wednesday, 17 April 2024 at 3.00 p.m. **There will be no option for Unitholders to participate virtually.** In addition to printed copies of the Notice of AGM and the accompanying proxy form that will be sent to Unitholders, this Notice of AGM and the accompanying proxy form will also be sent to Unitholders by electronic means via publication on Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agm-egm/> and SGXNet.
2. Investors holding Units through relevant intermediaries ("Investors") (other than investors holding Units through the Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and who wish to participate in the AGM by (i) attending the AGM in person; (ii) submitting questions to the Manager in advance of, or at, the AGM; and/or (iii) voting at the AGM (A) themselves; or (B) by appointing the Chairman as proxy in respect of the Units held by such relevant intermediary on their behalf, should contact the relevant intermediary through which they hold such Units as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

In this Notice of AGM, a "relevant intermediary" means:

- i. a banking corporation licensed under the Banking Act 1970, 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
  - ii. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
  - iii. the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953, 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. Arrangements relating to:
    - a. attendance at the AGM by Unitholders, including CPF and SRS investors; or
    - b. submission of questions to the Manager in advance of, or at, the AGM, and addressing of substantial and relevant questions in advance of, or at, the AGM; and
    - c. voting at the AGM by Unitholders, including CPF and SRS Investors, or (where applicable) their duly appointed proxy,

are set out in the accompanying announcement dated 26 March 2024. This announcement may be accessed at Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agm-egm/> and SGXNet.

4. A proxy need not be a Unitholder. A Unitholder can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

The instrument for the appointment of proxy ("proxy form") will be sent to Unitholders and may be accessed at Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agm-egm/> and SGXNet. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

A Unitholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his/her/its behalf at the AGM. A Unitholder who is a relevant intermediary may appoint more than two proxies to exercise all or any of its rights to attend, speak and vote at every meeting. In any case where a proxy form appoints more than one proxy, the proportion of the holding of Units concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Manager shall be entitled to treat the first named proxy as representing the entire Unitholding and any second named proxy as an alternate to the first named or at the Manager's option to treat this proxy form as invalid.

5. **The proxy form must be submitted in the following manner:**

- a. if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- b. if submitted electronically, be submitted via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com),

in either case, by **3.00 p.m. on 14 April 2024**, being **72 hours before the time appointed for holding the AGM**.

A Unitholder who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. The proxy form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them.

CPF/SRS investors may appoint Chairman as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective CPF bank or SRS operator to specify his/her voting instructions by 5.00 p.m. on 4 April 2024, being 7 working days before the date of the AGM.

An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her/its relevant intermediary as soon as possible, and by no later than 5.00 p.m. on 4 April 2023 to specify his/her/its voting instructions, including but not limited to, whether he/she/it wishes to vote at the AGM.

7. **All Unitholders and Investors may also submit questions relating to the business of the AGM no later than 3.00 p.m. on 3 April 2024:**

- a. by email to [enquiries@koreusreit.com](mailto:enquiries@koreusreit.com); or
- b. by post to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

The Manager will answer all substantial and relevant questions received prior to 3.00 p.m. on 3 April 2024 through the publication of its responses on Keppel Pacific Oak US REIT's website and on SGXNet prior to the AGM.

8. All documents (including Keppel Pacific Oak US REIT's Annual Report 2023, the updated unitholding statistics as at 27 February 2024, proxy form, this Notice of AGM and the Appendix in relation to the proposed Unit Buy-Back Mandate) and information relating to the business of the AGM have been, or will be, published on SGXNet and/ or Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agm-egm/>. **Printed copies of Keppel Pacific Oak US REIT's Annual Report 2023 will not be despatched to Unitholders.** Unitholders and Investors are advised to check SGXNet and/ or Keppel Pacific Oak US REIT's website regularly for updates.

9. Any reference to a time of day is made by reference to Singapore time.

10. **Ordinary Resolutions 3 and 4**

Keppel Capital and KPA had on March 2022 provided an undertaking (the “Undertaking”) to the Trustee:

- to procure the Manager to seek Unitholders’ endorsement for the appointment of the existing Director no later than the AGM of Keppel Pacific Oak US REIT to be held in 2024, provided that the Manager shall seek Unitholders’ endorsement for at least one-third of the existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the AGMs to be held in 2022 and 2023;
- to procure the Manager to seek Unitholders’ endorsement for the appointment of each Director no later than every third AGM of Keppel Pacific Oak US REIT after the relevant general meeting at which such Director’s appointment was last endorsed or re-endorsed, as the case may be;
- (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders’ endorsement for his or her appointment as a Director at the next AGM of Keppel Pacific Oak US REIT immediately following his or her appointment; and
- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Keppel Pacific Oak US REIT where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board of Directors of the Manager either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager, Keppel Capital or KPA from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of the SGX-ST) and the Constitution of the Manager.

The Undertaking shall remain in force for so long as:

- Keppel Capital and KPA continue to hold shares in the Manager; and
- Keppel Pacific Oak US REIT Management Pte. Ltd. remains as the manager of Keppel Pacific Oak US REIT.

The Manager is seeking the endorsement of the appointments of Ms Sharon Riley Wortmann and Ms Bridget Lee Siow Pei at the AGM to be held in 2024.

Detailed information on Ms Sharon Riley Wortmann and Ms Bridget Lee Siow Pei can be found in the “Board of Directors” section in Keppel Pacific Oak US REIT’s Annual Report 2023.

Ms Sharon Riley Wortmann will, upon endorsement, continue to serve as a member of the Audit and Risk Committee, Nominating and Remuneration Committee and Environment, Social and Governance Committee. Ms Bridget Lee Siow Pei does not currently hold membership in any of the Board Committees. She will, upon endorsement, continue to serve as a member of the Board.

11. **Ordinary Resolution 5**

The Ordinary Resolution 5 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel Pacific Oak US REIT; (ii) the date on which the next AGM of Keppel Pacific Oak US REIT is required by applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the “Mandated Period”), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class, of which up to 20% may be issued other than on a *pro rata* basis to Unitholders.

The Ordinary Resolution 5 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time the Ordinary Resolution 5 above is passed, after adjusting for new Units arising from the conversion or exercise of any convertible securities or options which were issued and are outstanding or subsisting at the time the Ordinary Resolution 5 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

12. **Ordinary Resolution 6**

The Ordinary Resolution 6 above, if passed, will empower the Manager from the date of the AGM of Keppel Pacific Oak US REIT until (i) the date on which the next AGM of Keppel Pacific Oak US REIT is held, (ii) the date by which the next AGM of Keppel Pacific Oak US REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of Keppel Pacific Oak US REIT not exceeding in aggregate 10% of the total number of Units (excluding treasury Units and subsidiary holdings, if any) as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting.

(See the Appendix in relation to the proposed Unit Buy-Back Mandate for further details.)

**Personal Data Privacy**

By (i) submitting any question prior to or at the AGM; and/or (ii) submitting a proxy form appointing a proxy(ies) and/or a representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (A) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing, administration and analysis by the Manager and the Trustee (or their agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, takeover rules, regulations and/or guidelines (collectively, the “Purposes”), (B) 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 its agents or service providers), 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 its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (C) agrees to provide the Manager and the Trustee with written evidence of such prior consent upon reasonable request.

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# Proxy Form

## Keppel Pacific Oak US REIT

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

### IMPORTANT

- The AGM (as defined below) will be held, in a wholly physical format, at Suntec Singapore Convention and Exhibition Centre, Nicoll 2-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Wednesday, 17 April 2024 at 3.00 p.m. **There will be no option for unitholders of Keppel Pacific Oak US REIT ("Unitholders") to participate virtually.** In addition to printed copies of the Notice of AGM and this Proxy Form that will be sent to Unitholders, Unitholders can also access the Notice of AGM and this Proxy Form on Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agn-egm/and-SGXNet>.
- Arrangements relating to attendance at the AGM by Unitholders (including investors holding Units through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")), submission of questions to the Manager in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM and voting at the AGM by Unitholders (including CPF/SRS investors) or, where applicable, their duly appointed proxy, are set out in the Notice of AGM and the accompanying announcement dated 26 March 2024. This announcement may be accessed at Keppel Pacific Oak US REIT's website at <https://www.koreusreit.com/investor-relations/agn-egm/and-SGXNet>.
- This Proxy Form is not valid for use by investors holding units in Keppel Pacific Oak US REIT ("Units") through relevant intermediaries ("Investors") (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. Such Investors (including CPF/SRS investors) should refer instead to the instructions set out in the Notice of AGM and the accompanying announcement dated 26 March 2024. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her/its relevant intermediary as soon as possible, and no later than 5.00 p.m. on 4 April 2024 to make the necessary arrangements.
- Personal Data Privacy:** By submitting this Proxy Form, a Unitholder accepts and agrees to the personal data terms set out in the Notice of AGM dated 26 March 2024.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies) to vote on his/her/its behalf at the AGM.**

### ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ (Name(s))

\_\_\_\_\_ (NRIC/Passport/Company Registration Number(s))

\_\_\_\_\_ (Address)

being a Unitholder/Unitholders of Keppel Pacific Oak US REIT, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of the holding of Units	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of the holding of Units	
			No. of Units	%

or failing him/her, or if no persons are named above, the Chairman of the Annual General Meeting (the "Chairman"), as my/our proxy/proxies to attend, speak and vote on my/our behalf at the Annual General Meeting of Keppel Pacific Oak US REIT ("AGM") to be convened and held at Suntec Singapore Convention and Exhibition Centre, Nicoll 2-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Wednesday, 17 April 2024 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies (other than the Chairman) will vote or abstain from voting at his/her/their discretion, as he/she/they may determine on any other matter arising at the AGM. In the absence of specific directions in respect of a resolution, any appointment of the Chairman as proxy for that resolution will be treated as invalid.

No.	Resolution	For*	Against*	Abstain*
<b>Ordinary Business</b>				
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel Pacific Oak US REIT for the financial year ended 31 December 2023 and the Auditor's Report thereon.			
2.	To re-appoint Messrs Ernst & Young LLP as the Auditor of Keppel Pacific Oak US REIT and authorise the Manager to fix the Auditor's remuneration.			
3.	To endorse the appointment of Ms Sharon Riley Wortmann as Director.			
4.	To endorse the appointment of Ms Bridget Lee Siow Pei as Director.			
<b>Special Business</b>				
5.	To authorise the Manager to issue Units and to make or grant convertible instruments.			
6.	To approve the renewal of the Unit Buy-Back Mandate			

\* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Units in the boxes provided. If you wish to abstain from voting on a resolution, please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of Units which you wish to abstain from voting in the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total Number of Units Held	
----------------------------	--

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

**IMPORTANT: Please read the notes overleaf before completing this Proxy Form**



**Notes to the Proxy Form:**

1. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 and maintained by The Central Depository (Pte) Limited ("CDP")), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Keppel Pacific Oak US REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she 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.
2. A proxy need not be a Unitholder. A Unitholder can appoint the Chairman as his/her/its proxy. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. The Proxy Form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors may appoint the Chairman as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective CPF bank or SRS operator to specify his/her voting instructions by 5.00 p.m. on 4 April 2024, being 7 working days before the date of the AGM. An Investor (other than CPF/SRS investors) who wishes to vote should instead approach his/her/its relevant intermediary as soon as possible, and by no later than 5.00 p.m. on 4 April 2024 to specify his/her/its voting instructions, including but not limited to, whether he/she/it wishes to vote at the AGM.
4. The Proxy Form must be submitted in the following manner:
  - a. if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - b. if submitted electronically, be submitted via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com),in either case, by **3.00 p.m. on 14 April 2024, being 72 hours before the time appointed for holding the AGM.**

Fold along this line (1)

**Keppel Pacific Oak US REIT**

BUSINESS REPLY SERVICE  
PERMIT No. 09501



**Keppel Pacific Oak US REIT Management Pte. Ltd.**  
(as manager of Keppel Pacific Oak US REIT)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
1 HarbourFront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

Postage will be  
paid by  
addressee.  
For posting in  
Singapore only.

Fold along this line (2)

5. A Unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy shall be deemed to be revoked if a Unitholder attends the AGM.
7. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Manager and the Trustee shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Manager and the Trustee shall have regard to any instructions and/or notes set out in the Proxy Form.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Manager not less than 72 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
10. Any reference to a time of day is made by reference to Singapore time.

**General:**

The Manager and the Trustee shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by the CDP to the Manager.

**KEPPEL PACIFIC OAK US REIT MANAGEMENT PTE. LTD.**

1 HarbourFront Avenue  
Level 2 Keppel Bay Tower  
Singapore 098632

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