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MEDIA RELEASE

Unaudited Results of Keppel-KBS US REIT for the Second Quarter and Half Year ended 30 June 2019

16 July 2019

The Directors of Keppel-KBS US REIT Management Pte. Ltd., as Manager of Keppel-KBS US REIT, are pleased to announce the unaudited results of Keppel-KBS US REIT for the second quarter and half year ended 30 June 2019.

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DBS Bank Ltd. is the Sole Financial Adviser and Issue Manager for the initial public offering of Keppel-KBS US REIT (the "**Offering**"). DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. are the Joint Bookrunners and Underwriters for the Offering.

Keppel-KBS US REIT's achieved 30.9% year-on-year growth in distributable income for 1H 2019

Results Highlights

- Distributable income (DI) was US$12.4 million for the second quarter of 2019 (2Q 2019), bringing DI for the first half of 2019 (1H 2019) to US$24.8 million.
- Distribution per Unit (DPU) for 1H 2019 was 3.00 US cents, translating to an annualised distribution yield of 7.9%.
- Leased 8.8% of portfolio in 1H 2019, bringing portfolio committed occupancy to 94.0% as at 30 June 2019.
- Positive rental reversion of 8.6% for the portfolio in 1H 2019, supported by healthy leasing momentum from the technology (tech) and its related services sectors, which continue to be key drivers of the US economy.

Summary of Results

	Actual 2Q 2019 US$'000	**Forecast 2Q 2019[1] US$'000**	**+/(-) %**	**Actual 1H 2019 US$'000**	**Forecast 1H 2019[1] US$'000**	**+/(-) %**
Gross Revenue	29,280	24,101	21.5	58,724	48,201	21.8
Property Expenses	(11,292)	(10,036)	12.5	(22,548)	(20,075)	12.3
Net Property Income	17,988	14,065	27.9	36,176	28,126	28.6
Income available for distribution[2]	**12,404**	**10,055**	**23.4**	**24,758**	**20,109**	**23.1**
DPU (US cents) for the period	1.50	1.58	(5.1)	3.00	3.16	(5.1)
Annualised distribution yield (%)[3]				7.9%	7.2%	70bps
Adjusted DPU (US cents)[4]	1.50	1.22[4]	23.0	3.00	2.44[4]	23.0

	Actual 2Q 2019 US$'000	**Actual 2Q 2018 US$'000**	**+/(-) %**	**Actual 1H 2019 US$'000**	**Actual 1H 2018 US$'000**	**+/(-) %**
Gross Revenue	29,280	22,641	29.3	58,724	46,351	26.7
Property Expenses	(11,292)	(8,847)	27.6	(22,548)	(17,858)	26.3
Net Property Income	17,988	13,794	30.4	36,176	28,493	27.0
Income available for distribution[2]	**12,404**	**9,453**	**31.2**	**24,758**	**18,907**	**30.9**
DPU (US cents) for the period	1.50	1.50	-	3.00	3.00	-
Annualised distribution yield (%)[3]				7.9%	6.9%	100bps
Adjusted DPU (US cents)[4]	**1.50**	**1.15[4]**	**30.4**	**3.00**	**2.29[4]**	**31.0**

(1) Forecast for 2Q 2019 and 1H 2019 were respectively derived from one quarter and one half of the Projection Year 2019 as disclosed in the Prospectus.

(2) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

(3) Actual 1H 2019 annualised distribution yield is based on market closing price of US$0.765 per Unit as at last trading day of 1H 2019. Forecast 1H 2019 and Actual 1H 2018 annualised distribution yields are based on the listing price and 1H 2018 market closing price of US$0.880 per Unit.

(4) Adjusted DPU for Forecast 2Q 2019 and 1H 2019 as well as Actual 2Q 2018 and 1H 2018 were calculated based on the actual number of units as at 30 June 2019 of 825,266,935 for comparison purpose.

Financial Performance

Keppel-KBS US REIT (KORE) has achieved DI of US$12.4 million for 2Q 2019, exceeding its IPO forecast for the same period by 23.4%, and was 31.2% higher than the DI for 2Q 2018. DI of US$24.8 million for 1H 2019 also exceeded forecast by 23.1%, and was 30.9% above the DI for 1H 2018.

Driving KORE's higher year-on-year (y-o-y) performance for 1H 2019 were contributions from the two acquisitions – the Westpark Portfolio in Seattle, Washington, in November 2018 and Maitland Promenade I in Orlando, Florida, in January 2019; healthy leasing momentum, especially at the business campuses in the tech hubs of Seattle, Austin and Denver; as well as positive rental reversion of 8.6% for the portfolio.

DPU for 2Q 2019 was 1.50 US cents, bringing total DPU for 1H 2019 to 3.00 US cents, which translated to an annualised distribution yield of 7.9% based on the market closing price of US$0.765 per Unit as at the last trading day of 1H 2019. KORE declares its distributions semi-annually, and Unitholders will receive their distributions on 25 September 2019.

On a like-for-like basis and assuming the same enlarged Unit base for all periods, 1H 2019 DPU of 3.00 US cents would have been 23.0% above the IPO forecast of 2.44 US cents, and 31.0% higher than actual 1H 2018 adjusted DPU of 2.29 US cents.

Portfolio Review

A total of approximately 173,000 sf was leased in 2Q 2019, bringing the total leasing activity year-to-date to about 376,000 sf. This is equivalent to about 8.8% of KORE's portfolio by net lettable area (NLA). The healthy leasing momentum brought KORE's portfolio committed occupancy to 94.0% as at 30 June 2019.

As tech and its related services sectors continue to be key drivers of the US economy, KORE, with its strategic locale in tech-focused markets is experiencing growth in leasing activities and rents. Over two-thirds of leasing activities for 1H 2019 were at KORE's business campuses in the fast-growing tech hubs of Seattle, Austin and Denver. As at the end of 1H 2019, 29.5% of KORE's portfolio was leased to tenants in the tech sector.

More than half of leasing activities for 1H 2019 were renewals. The strong leasing momentum saw KORE record positive rental reversion of 8.6% for its overall portfolio as expiring leases were marked to market. At the same time, driving KORE's continued organic growth was the average annual rental escalations of 3%, which is embedded in all long-term leases.

As at 30 June 2019, the weighted average lease expiry[1] by cash rental income (CRI) for KORE's portfolio and top 10 tenants was 3.8 years and 4.9 years respectively.

Capital Management

The Manager continues to maintain a prudent approach towards capital management. As at the end of 1H 2019, the weighted average term to maturity of KORE's debt was 3.32 years with an all-in average cost of debt of 3.78% per annum.

The REIT has no long-term debt refinancing requirements until November 2021, and 100% of its US dollar-denominated borrowings remain unsecured, providing the REIT funding flexibility. Aggregate leverage and interest coverage ratio was 37.7% and 4.6 times respectively.

At the same time, the Manager will continue to limit interest rate exposure with floating-to-fixed interest rate swaps. As at 30 June 2019, 76.8% of the REIT's non-current term loans have been hedged.

Market Outlook

The US economy continued to register stable growth, increasing at an annual rate of 3.1%[2] in 1Q 2019 and 2.2%[2] in 4Q 2018 from the respective preceding quarters, marking its longest economic expansion on record. Unemployment rate in June 2019 was 3.7%, driven primarily by employment in the professional and business services sector.

At its June 2019 meeting, the Federal Open Market Committee had voted to keep the federal funds rate target range steady at 2.25-2.50%, although there has been recent indications of a potential rate cut at the end of July.

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[1] Weighted average lease expiry, by NLA, was 3.9 years and 5.2 years for the portfolio and top 10 tenants respectively.

[2] U.S. Bureau of Economic Analysis, June 2019.

This combination of stable GDP growth, low unemployment rates and expectations of future rate cuts provides for an encouraging backdrop and potential tailwinds for KORE's growth.

According to CoStar's National Index[3], the US office market showed stable, modest gains, with asking rents growing between 2-3% on average in the last three years and forecast to grow for a fourth straight year. The technology sector was a major driver of 2Q 2019 office rent growth and deal volume. According to CoStar, tech hotbed Austin topped 6.5% rent growth in June 2019 and ranked first in both 12-month asking rent growth and annualised quarterly rent growth.

In terms of leasing, Seattle, which is one of two major tech markets in the US, ranked top in 12-month net absorption with some of the largest leases signed by tech giants including Amazon[4] as it relocates its worldwide operations team to Bellevue, and Apple[5], with its new Seattle hub. Seattle, Austin and Denver, all strong tech markets, make up approximately 60% of KORE's portfolio CRI.

Looking Ahead

Leveraging KORE' strategic exposure to the growing tech markets and the REIT's unique value proposition of its business campus-like properties that are sought after by tenants, the Manager remains focused on its long-term goal of delivering stable distributions to Unitholders.

The Manager will continue its strategy of pursuing value accretive acquisitions in first choice submarkets with positive economic and office fundamentals that outpace the US national average. At the same time, the Manager will adopt a prudent approach towards capital management, while continuing its proactive leasing efforts to capture rental escalations and positive reversions as leases expire.

- End -

[3] CoStar Office Report, 28 June 2019.

[4] "City officials welcome Amazon to Bellevue", Statement by Bellevue Mayor John Chelminiak, 3 April 2019, *https://bellevuewa.gov/archived-news/city-manager-archived-news/amazon-welcome*

[5] Bloomberg article, "Apple to Expand Its Footprint in Seattle With Office Lease", 25 June 2019, *https://www.bloomberg.com/news/articles/2019-06-24/apple-to-expand-footprint-hiring-in-seattle-with-office-lease*

About Keppel-KBS US REIT (www.kepkbsusreit.com)

Listed on 9 November 2017 on the mainboard of the Singapore Exchange Securities Trading Limited, Keppel-KBS US REIT (KORE) is a distinctive office REIT with properties located in key growth markets of the United States (US). KORE's investment strategy is to principally invest in a diversified portfolio of income-producing commercial and real estate-related assets in key growth markets of the US with favourable economic and office fundamentals that are above the national average, so as to provide sustainable distributions and strong total returns for Unitholders.

KORE's portfolio comprises a balanced mix of 13 quality freehold properties across seven key growth markets across the US. With an aggregate NLA of approximately 4.3 million square feet, these quality properties have a diversified tenant base led by tenants in the growth and defensive sectors such as technology, finance and insurance, professional services, as well as medical and healthcare.

The assets in the West Coast are The Plaza Buildings, Bellevue Technology Center and The Westpark Portfolio, located in Seattle, Washington; as well as Iron Point in Sacramento, California. In the Central region, the assets are Westmoor Center in Denver, Colorado; Great Hills Plaza and Westech 360 in Austin, Texas; as well as 1800 West Loop South and West Loop I & II in Houston, Texas. In the East Coast, KORE owns Powers Ferry and Northridge Center I & II in Atlanta, Georgia; as well as Maitland Promenade I and Maitland Promenade II in Orlando, Florida.

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

Keppel KBS US REIT
(Constituted in the Republic of Singapore pursuant to a trust deed dated 22 September 2017)

KEPPEL-KBS US REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

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DBS Bank Ltd. is the sole financial adviser and issue manager for the initial public offering of Keppel-KBS US REIT (the "**Offering**"). DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. were the Joint Bookrunners and Underwriters for the Offering (collectively, the "**Joint Bookrunners and Underwriters**").

INTRODUCTION

Keppel-KBS US REIT is a Singapore real estate investment trust constituted by the Trust Deed dated 22 September 2017 between Keppel-KBS US REIT Management Pte. Ltd., as the Manager of Keppel-KBS US REIT and Perpetual (Asia) Limited, as the Trustee of Keppel-KBS US REIT.

Keppel-KBS US REIT is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017 ("Listing Date"). Keppel-KBS US REIT'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 of the United States (US) with favourable economic and office fundamentals that are above the national average, so as to provide sustainable distributions and strong total returns to Unitholders.

West Coast
The Plaza Buildings
Bellevue Technology Center
The Westpark Portfolio (acquisition completed on 30 November 2018)
Iron Point

Central
Westmoor Center
Great Hills Plaza
Westech 360
1800 West Loop South
West Loop I & II

East Coast
Powers Ferry
Northridge Center I & II
Maitland Promenade I (acquisition completed on 16 January 2019)
Maitland Promenade II

As at 30 June 2019, the portfolio of Keppel-KBS US REIT comprise 13 office properties in the United States, consisting of the initial IPO portfolio of 11 office properties, The Westpark Portfolio and Maitland Promenade I, with an aggregate NLA of 4,258,367 sq ft.

SUMMARY OF KEPPEL-KBS US REIT RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

	Group					
	Actual 2Q 2019	Forecast (1) 2Q 2019	+/(-)	Actual 1H 2019	Forecast (1) 1H 2019	+/(-)
	US$'000	US$'000	%	US$'000	US$'000	%
Gross Revenue (2)	29,280	24,101	21.5	58,724	48,201	21.8
Property Expenses	(11,292)	(10,036)	12.5	(22,548)	(20,075)	12.3
Net Property Income (2)	17,988	14,065	27.9	36,176	28,126	28.6
Net Income for the period (3)	4,660	8,101	(42.5)	11,578	16,201	(28.5)
Income available for distribution to Unitholders (4)	12,404	10,055	23.4	24,758	20,109	23.1
Available distribution per Unit (DPU) (US cents) (5)	1.50	1.58	(5.1)	3.00	3.16	(5.1)
Annualised available for distribution yield (%) (6)				7.9%	7.2%	70 bps
DPU (US cents) restated for Rights Issue (7)	1.50	1.47(7)	2.0	3.00	2.94(7)	2.0
For information only Adjusted DPU (US cents) (8)	1.50	1.22(8)	23.0	3.00	2.44(8)	23.0

	Group					
	Actual 2Q 2019	Actual 2Q 2018	+/(-)	Actual 1H 2019	Actual 1H 2018	+/(-)
	US$'000	US$'000	%	US$'000	US$'000	%
Gross Revenue (2)	29,280	22,641	29.3	58,724	46,351	26.7
Property Expenses	(11,292)	(8,847)	27.6	(22,548)	(17,858)	26.3
Net Property Income (2)	17,988	13,794	30.4	36,176	28,493	27.0
Net Income for the period (3)	4,660	10,049	(53.6)	11,578	23,528	(50.8)
Income available for distribution to Unitholders (4)	12,404	9,453	31.2	24,758	18,907	30.9
Available distribution per Unit (DPU) (US cents) (5)	1.50	1.50	-	3.00	3.00	-
Annualised available for distribution yield (%) (6)				7.9%	6.9%	100 bps
DPU (US cents) restated for Rights Issue (7)	1.50	1.40(7)	7.1	3.00	2.79(7)	7.5
For information only Adjusted DPU (US cents) (8)	1.50	1.15(8)	30.4	3.00	2.29(8)	31.0

Notes:

(1) Forecast for 2Q 2019 and 1H 2019 were respectively derived from one quarter and one half of the Projection Year 2019 as disclosed in the Prospectus.

(2) Gross revenue and net property income for 2Q 2019 and 1H 2019 were higher than Forecast and year-on-year mainly from contributions by The Westpark Portfolio and Maitland Promenade I, following their acquisitions on 30 November 2018 and 16 January 2019, respectively. For more details, please refer to Paragraph 8 – Review of Performance and Paragraph 9 – Variance from Forecast Statement.

(3) Despite higher net property income, net income for 2Q 2019 and 1H 2019 were lower than Forecast and year-on-year largely from fair value losses in derivatives (interest rate swaps). Excluding the effects from the

fair value changes in derivatives, net profit for 2Q 2019 and 1H 2019 would have been higher than Forecast and year-on-year. For further breakdown and information, please refer to Paragraph 1(A)(i)(ii) – Consolidated Statement of Comprehensive Income and Distribution Statement as well as Paragraph 8 – Review of Performance and Paragraph 9 – Variance from Forecast Statement.

(4) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

(5) Actual DPU of 1.50 US cents for 2Q 2019 and 3.00 US cents for 1H 2019 were lower than Forecast for the respective periods mainly due to the Rights Issue completed on 26 November 2018, resulting in the enlarged number of units of 825,266,935 units as at 30 June 2019 (30 June 2018: 630,220,767 units), and partially offset by higher income available for distribution from the acquisitions of The Westpark Portfolio and Maitland Promenade I. Despite the enlarged unit base, Actual DPU for 2Q 2019 and 1H 2019 remained the same as Actual 2Q 2018 and 1H 2018.

(6) The annualised available for distribution yield is on a basis of 181 days and pro-rated to 365 days. Actual 1H 2019 annualised distribution yield is based on market closing price of US$0.765 per Unit as at last trading day of 1H 2019. Forecast 1H 2019 and Actual 1H 2018 annualised distribution yields are based on the listing price and 1H 2018 market closing price of US$0.880 per Unit.

(7) Forecast DPU for 2Q 2019 and 1H 2019 as well as Actual DPU for 2Q 2018 and 1H 2018 were restated for the effects of the Rights Issue. The computation of the restatement is in accordance with Paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

(8) Adjusted DPU for Forecast 2Q 2019 and 1H 2019 as well as Actual 2Q 2018 and 1H 2018 were calculated based on the actual number of units as at 30 June 2019 of 825,266,935 for comparison purpose.

The increase in adjusted DPU relates mainly to the contributions from the acquisitions of The Westpark Portfolio and Maitland Promenade I.

(9) For purpose of comparing the IPO Portfolio's actual financial figures against its Forecasted figures for Forecast 1H 2019 and Actual 1H 2018.

	IPO Portfolio					
	Actual [(a)] 1H 2019	**Forecast 1H 2019**	**+/(-)**	**Actual [(a)] 1H 2019**	**Actual 1H 2018**	**+/(-)**
	US$'000	**US$'000**	**%**	**US$'000**	**US$'000**	**%**
Gross Revenue	47,182	48,201	(2.1)	47,182	46,351	1.8
Net Property Income	28,024	28,126	(0.4)	28,024	28,493	(1.6)
Income available for distribution to Unitholders	20,138	20,109	0.1	20,138	18,907	6.5
DPU (US cents)	2.44	3.16	(22.8)	2.44	3.00	(18.7)
For information only Adjusted DPU (US Cents)	2.44	2.44[(b)]	-	2.44	2.29[(b)]	6.6

(a) Actual 1H 2019 figures excluding the contributions from both The Westpark Portfolio and Maitland Promenade I which were acquired on 26 November 2018 and 16 January 2019 respectively.

(b) To illustrate the performance of the IPO Portfolio on a like-for-like basis, adjusted DPU for Forecast 1H 2019 and Actual 1H 2018 were calculated using the enlarged unit base of 825,266,935 as at 30 June 2019.

1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

The Directors of Keppel-KBS US REIT Management Pte. Ltd., as the Manager of Keppel-KBS US REIT, advise the following unaudited results of the Group for the quarter and half year ended 30 June 2019:

1 (A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT

Performance between Actual and Forecast results (i)

	Note	Actual 2Q 2019	Forecast 2Q 2019	+/(-)%	Actual 1H 2019	Forecast 1H 2019	+/(-)%
Consolidated Statement of Comprehensive Income		US$'000	US$'000		US$'000	US$'000	
Rental income		21,919	17,602	24.5	43,876	35,203	24.6
Recoveries income		6,184	5,496	12.5	12,639	10,992	15.0
Other operating income		1,177	1,003	17.3	2,209	2,006	10.1
Gross Revenue		**29,280**	**24,101**	**21.5**	**58,724**	**48,201**	**21.8**
Utilities		(1,805)	(1,883)	(4.1)	(3,603)	(3,766)	(4.3)
Repairs and maintenance		(1,315)	(1,072)	22.7	(2,570)	(2,145)	19.8
Property management fees		(1,359)	(1,286)	5.7	(2,750)	(2,571)	7.0
Property taxes		(3,315)	(2,789)	18.9	(6,614)	(5,579)	18.6
Other property expenses		(3,498)	(3,006)	16.4	(7,011)	(6,014)	16.6
Property expenses		**(11,292)**	**(10,036)**	**12.5**	**(22,548)**	**(20,075)**	**12.3**
Net Property Income		**17,988**	**14,065**	**27.9**	**36,176**	**28,126**	**28.6**
Finance income		23	-	NM	36	-	NM
Finance expenses	1	(4,010)	(2,727)	47.0	(7,907)	(5,453)	45.0
Manager's base fee		(1,241)	(1,032)	20.3	(2,476)	(2,062)	20.1
Trustee's fee		(31)	(42)	(26.2)	(60)	(84)	(28.6)
Fair value change in derivatives		(5,569)	-	NM	(9,388)	-	NM
Other trust expenses		(672)	(682)	(1.5)	(1,226)	(1,363)	(10.1)
Net income for the period before tax		**6,488**	**9,582**	**(32.3)**	**15,155**	**19,164**	**(20.9)**
Tax expense		(1,828)	(1,481)	23.4	(3,577)	(2,963)	20.7
Net income for the period		**4,660**	**8,101**	**(42.5)**	**11,578**	**16,201**	**(28.5)**
Distribution Statement							
Net income for the period		4,660	8,101	(42.5)	11,578	16,201	(28.5)
Distribution adjustments	2	7,744	1,954	>100	13,180	3,908	>100
Income available for distribution to Unitholders (ii)		**12,404**	**10,055**	**23.4**	**24,758**	**20,109**	**23.1**
DPU (US cents) (ii)		**1.50**	**1.58**	**(5.1)**	**3.00**	**3.16**	**(5.1)**
DPU (US cents) restated for Rights Issue		**1.50**	**1.47**	**2.0**	**3.00**	**2.94**	**2.0**

NM – Not meaningful

Notes:

(i) Details of Manager's base fee, fair value change in derivatives, other trust expenses and tax expense can be found in **1 (A)(i)(ii) Consolidated Statement of Comprehensive Income and Distribution Statement – Performance between Actual 2019 and 2018 results**. For review of performance against the Forecast, it can be found in **Paragraph 9 – Variance from Forecast**.

(ii) The income available for distribution and DPU to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. Keppel-KBS US REIT declares distribution on a half-yearly basis. Please refer to Paragraph 12 – Distribution declared for the financial period from 1 January 2019 to 30 June 2019.

(1) Finance expenses comprise the following:

	Actual 2Q 2019 US$'000	**Forecast 2Q 2019 US$'000**	**+/(-)%**	**Actual 1H 2019 US$'000**	**Forecast 1H 2019 US$'000**	**+/(-)%**
Interest expense on borrowings	3,758	2,522	49.0	7,417	5,044	47.0
Amortisation of upfront debt-related transaction costs [(a)]	212	144	47.2	420	289	45.3
Dividends on preferred units	8	52	(84.6)	18	102	(82.4)
Commitment fees	32	9	>100	52	18	>100
	4,010	2,727	47.0	7,907	5,453	45.0

a) Upfront debt-related transaction costs are amortised over the life of the borrowings.

The higher interest expense on borrowings was largely due to interest expense incurred on the additional loans taken up to finance the acquisitions of The Westpark Portfolio and Maitland Promenade I.

(2) Included in distribution adjustments are the following:

	Actual 2Q 2019 US$'000	**Forecast 2Q 2019 US$'000**	**+/(-)%**	**Actual 1H 2019 US$'000**	**Forecast 1H 2019 US$'000**	**+/(-)%**
Property related non-cash items [(a)]	(1,259)	(390)	>100	(2,467)	(780)	>100
Manager's base fee paid/payable in units	1,241	774	60.3	2,476	1,547	60.1
Trustee's fee	31	42	(26.2)	60	84	(28.6)
Amortisation of upfront debt-related transaction costs [(b)]	212	144	47.2	420	289	45.3
Net deferred tax expense	1,472	1,384	6.4	3,017	2,768	9.0
Fair value change in derivatives	5,569	-	NM	9,388	-	NM
Others [(c)]	478	-	NM	286	-	NM
Net distribution adjustments	7,744	1,954	>100	13,180	3,908	>100

a) Property related non-cash items mainly comprise straight-line rent and amortisation of lease incentives.
b) Upfront debt-related transaction costs are amortised over the life of the borrowings.
c) Included in others are other non tax-deductible items and other adjustments.

1 (A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT

Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Performance between Actual 2019 and 2018 results

	Note	Actual 2Q 2019	Actual 2Q 2018	+/(-)%	Actual 1H 2019	Actual 1H 2018	+/(-)%
Consolidated Statement of Comprehensive Income		US$'000	US$'000		US$'000	US$'000	
Rental income		21,919	17,236	27.2	43,876	35,558	23.4
Recoveries income		6,184	4,406	40.4	12,639	8,884	42.3
Other operating income		1,177	999	17.8	2,209	1,909	15.7
Gross Revenue		**29,280**	**22,641**	29.3	**58,724**	**46,351**	26.7
Utilities		(1,805)	(1,497)	20.6	(3,603)	(3,171)	13.6
Repairs and maintenance		(1,315)	(1,001)	31.4	(2,570)	(2,034)	26.4
Property management fees		(1,359)	(1,123)	21.0	(2,750)	(2,194)	25.3
Property taxes		(3,315)	(2,798)	18.5	(6,614)	(5,621)	17.7
Other property expenses		(3,498)	(2,428)	44.1	(7,011)	(4,838)	44.9
Property expenses		**(11,292)**	**(8,847)**	27.6	**(22,548)**	**(17,858)**	26.3
Net Property Income		**17,988**	**13,794**	30.4	**36,176**	**28,493**	27.0
Finance income		23	17	35.3	36	29	24.1
Finance expenses	1	(4,010)	(2,525)	58.8	(7,907)	(4,985)	58.6
Manager's base fee	2	(1,241)	(945)	31.3	(2,476)	(1,890)	31.0
Trustee's fee		(31)	(32)	(3.1)	(60)	(65)	(7.7)
Fair value change in derivatives	3	(5,569)	1,369	NM	(9,388)	5,179	NM
Other trust expenses	4	(672)	(624)	7.7	(1,226)	(1,294)	(5.3)
Net income for the period before tax		**6,488**	**11,054**	(41.3)	**15,155**	**25,467**	(40.5)
Tax expense	5	(1,828)	(1,005)	81.9	(3,577)	(1,939)	84.5
Net income for the period		**4,660**	**10,049**	(53.6)	**11,578**	**23,528**	(50.8)
Distribution Statement							
Net income for the period		4,660	10,049	(53.6)	11,578	23,528	(50.8)
Distribution adjustments	6	7,744	(596)	NM	13,180	(4,621)	NM
Income available for distribution to Unitholders	7	**12,404**	**9,453**	31.2	**24,758**	**18,907**	30.9
DPU (US cents)	7	**1.50**	**1.50**	**-**	**3.00**	**3.00**	**-**
DPU (US cents) restated for Rights Issue	7	**1.50**	**1.40**	**7.1**	**3.00**	**2.79**	**7.5**

NM – Not meaningful

Notes:

(1) Finance expenses comprise the following:

	Actual 2Q 2019 US$'000	Actual 2Q 2018 US$'000	+/(-)%	Actual 1H 2019 US$'000	Actual 1H 2018 US$'000	+/(-)%
Interest expense on borrowings	3,758	2,343	60.4	7,417	4,621	60.5
Amortisation of upfront debt-related transaction costs [(a)]	212	154	37.7	420	306	37.3
Dividends on preferred units	8	8	-	18	18	-
Commitment fees	32	20	60.0	52	40	30.0
	4,010	2,525	58.8	7,907	4,985	58.6

a) Upfront debt-related transaction costs are amortised over the life of the borrowings.

The increase in interest expense was largely due to interest expense incurred on the additional loans taken up to finance the acquisitions of The Westpark Portfolio and Maitland Promenade I as well as higher interest expenses for the unhedged portion of the loans for the IPO Portfolio.

(2) The Manager has elected to receive 100% of its base fee in the form of units for 2Q 2019.

(3) This relates to fair value (losses) / gains on the floating to fixed interest rate swaps entered into by the Group for hedging purpose due to movement in interest rates for the respective periods.

(4) Other trust expenses comprise audit, tax compliance and other corporate expenses.

(5) Tax expense comprise withholding, current and net deferred tax expenses. Current tax expense comprises mainly income tax expense on the Barbados entities, Keppel-KBS US REIT B1 SRL and Keppel-KBS US REIT B2 SRL.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Tax expense mostly related to deferred tax expense arising from capital allowances claimed on the investment properties.

(6) Included in distribution adjustments are the following:

	Actual 2Q 2019 US$'000	Actual 2Q 2018 US$'000	+/(-)%	Actual 1H 2019 US$'000	Actual 1H 2018 US$'000	+/(-)%
Property related non-cash items [(a)]	(1,259)	(701)	79.6	(2,467)	(1,548)	59.4
Manager's base fee paid/payable in units	1,241	945	31.3	2,476	1,890	31.0
Trustee's fee	31	32	(3.1)	60	65	(7.7)
Amortisation of upfront debt-related transaction costs [(b)]	212	154	37.7	420	306	37.3
Net deferred tax expense	1,472	882	66.9	3,017	1,706	76.8
Fair value change in derivatives	5,569	(1,369)	NM	9,388	(5,179)	NM
Others [(c)]	478	(539)	NM	286	(1,861)	NM
Net distribution adjustments	7,744	(596)	NM	13,180	(4,621)	NM

a) Property related non-cash items mainly comprise straight-line rent and amortisation of lease incentives.
b) Upfront debt-related transaction costs are amortised over the life of the borrowings.
c) Included in others are other non tax-deductible items and other adjustments.

(7) The income available for distribution and DPU to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. Keppel-KBS US REIT declares distribution on a half-yearly basis. Please refer to Paragraph 12 – Distribution declared for the financial period from 1 January 2019 to 30 June 2019.

1 (B)(i) STATEMENTS OF FINANCIAL POSITION

	Note	Group		Trust	
		Actual 30-Jun-2019 US$'000	**Actual 31-Dec-2018 US$'000**	**Actual 30-Jun-2019 US$'000**	**Actual 31-Dec-2018 US$'000**
Current assets					
Cash and cash equivalents		35,606	40,612	6,005	3,698
Trade and other receivables		3,170	3,069	27,548	32,857
Deposit		-	2,500	-	-
Prepaid expenses		1,028	644	46	136
Total current assets		**39,804**	**46,825**	**33,599**	**36,691**
Non-current assets					
Derivative asset	1	-	3,537	-	3,537
Investment properties	2	1,086,026	1,016,750	-	-
Investment in subsidiaries		-	-	1,021,758	971,797
Total non-current assets		**1,086,026**	**1,020,287**	**1,021,758**	**975,334**
Total Assets		**1,125,830**	**1,067,112**	**1,055,357**	**1,012,025**
Current liabilities					
Trade and other payables		19,471	16,382	6,609	5,331
Loans and borrowings		5,000	5,000	5,000	5,000
Rental security deposits		930	893	-	-
Rent received in advance		6,323	4,926	-	-
Total current liabilities		**31,724**	**27,201**	**11,609**	**10,331**
Non-current liabilities					
Loans and borrowings		416,802	366,632	416,802	366,632
Rental security deposits		5,072	4,247	-	-
Derivative liability	1	7,071	1,220	7,071	1,220
Preferred units		125	125	-	-
Deferred tax liabilities		12,727	9,711	-	-
Total non-current liabilities		**441,797**	**381,935**	**423,873**	**367,852**
Total liabilities		**473,521**	**409,136**	**435,482**	**378,183**
Net assets		**652,309**	**657,976**	**619,875**	**633,842**
Represented by:					
Unitholders' funds		**652,309**	**657,976**	**619,875**	**633,842**
Net asset value per Unit (US$)		**0.79**	**0.80**	**0.75**	**0.77**

Notes:

(1) This relates to fair value of the interest rate swaps entered into by the Group for hedging purpose.

(2) Investment properties (except Maitland Promenade I) are stated at fair value, which has been determined based on valuations performed by Cushman and Wakefield, an independent valuer, as at 31 December 2018 and after capitalisation of capital expenditures, tenant improvements, leasing costs and straight-line rent recognised during 1H 2019. Maitland Promenade I was acquired on 16 January 2019 and is stated based on purchase consideration, and capitalisation of acquisition costs, capital expenditures, tenant improvements, leasing costs and straight-line rent recognised since acquisition.

All the investment properties held are freehold.

Investment Properties	**Carrying value US$'000**
The Plaza Buildings	258,830
Bellevue Technology Center	137,717
The Westpark Portfolio	180,297
Iron Point	37,431
Westmoor Center	128,598
Great Hills Plaza	37,895
Westech 360	47,209
1800 West Loop South	79,443
West Loop I & II	43,584
Powers Ferry Landing East	19,846
Northridge Center I & II	21,123
Maitland Promenade I	49,513
Maitland Promenade II	44,540
	1,086,026

Investment Properties	**Carrying value US$'000**
As at 1 January 2019	1,016,750
Acquisition of Maitland Promenade I (including acquisition costs)	49,181
Capital expenditure, leasing costs and straight-line rent capitalised	20,095
As at 30 June 2019	**1,086,026**

1 (B)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES

	Group and Trust	
	As at 30 June 2019	**As at 31 December 2018**
Unsecured loans and borrowings	**US$'000**	**US$'000**
Amount repayable within one year	5,000	5,000
Amount repayable after one year	419,440	369,440
Less: Unamortised upfront debt-related transaction costs	(2,638)	(2,808)
Total unsecured loans and borrowings	**421,802**	**371,632**

Notes:

As at 30 June 2019, the Group had gross borrowings comprising (i) non-current term loans of US$419.4 million for acquisitions of the IPO Portfolio, The Westpark Portfolio and Maitland Promenade I (ii) current loan of US$5.0 million, drawn down from the revolving credit facilities, for funding of capital expenditures and tenant improvements.

The Group has further unutilised facilities of US$70.0 million to meet its future obligations. 76.8% of the non-current term loans had been hedged using floating-for-fixed interest rate swaps. The year-to-date all-in average interest rate for borrowings, including upfront debt-related transaction costs, was 3.78%. Aggregate leverage, as defined in the Property Funds Appendix, is 37.7%.

1 (C) CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group			
		Actual 2Q 2019	Actual 2Q 2018	Actual 1H 2019	Actual 1H 2018
		US$'000	US$'000	US$'000	US$'000
Operating activities					
Net income before tax		6,488	11,054	15,155	25,467
Adjustments for:					
Property related non-cash items		(1,259)	(701)	(2,467)	(1,548)
Manager's fee paid/payable in Units		1,241	945	2,476	1,890
Interest income		(23)	(17)	(36)	(29)
Finance expenses		4,010	2,525	7,907	4,985
Fair value change in derivatives		5,569	(1,369)	9,388	(5,179)
		16,026	**12,437**	**32,423**	**25,586**
Changes in working capital					
Trade and other receivables		1,655	550	(398)	(809)
Trade and other payables		(1,204)	2,059	1,429	(3,325)
Rental security deposits		(49)	210	530	192
Rent received in advance		851	30	1,098	788
Cash generated from operations		**17,279**	**15,286**	**35,082**	**22,432**
Tax paid		(15)	-	(15)	-
Net cash generated from operations		**17,264**	**15,286**	**35,067**	**22,432**
Cash flows from investing activities					
Acquisition of investment properties and related assets and liabilities	1	-	-	(45,129)	-
Additions to investment properties		(9,719)	(6,533)	(17,628)	(12,338)
Interest received		23	17	36	29
Net cash used in investing activities		**(9,696)**	**(6,516)**	**(62,721)**	**(12,309)**
Cash flows from financing activities	2				
Repayment of loan		-	-	(5,000)	-
Proceeds from new loans		-	-	55,000	-
Payment of debt related transaction costs		-	-	(250)	-
Financing expense paid on loans and borrowings		(2,826)	(2,377)	(7,363)	(4,655)
Financing expense paid on preferred shares		(8)	(8)	(18)	(75)
Distribution to Unitholders		-	-	(19,721)	-
Net cash (used in)/ generated from financing activities		**(2,834)**	**(2,385)**	**22,648**	**(4,730)**
Net increase/ (decrease) in cash and cash equivalents		**4,734**	**6,385**	**(5,006)**	**5,393**
Cash and cash equivalents at beginning of the period		30,872	43,697	40,612	44,689
Cash and cash equivalents at end of the period		**35,606**	**50,082**	**35,606**	**50,082**

Notes:

(1) Acquisition of investment properties and related assets and liabilities based on the closing statement is set out below:

	Group 1H 2019 US$'000
Acquisition of Maitland Promenade I	
Investment property (includes acquisition costs)	49,181
Prepaid expenses and other receivables	87
Accrued expenses and other payables	(1,008)
Rental security deposits	(332)
Rent received in advance	(299)
Less: deposit previously paid	(2,500)
Net assets acquired	45,129

(2) The use of proceeds from the 26 November 2018 Rights Issue is in accordance to its stated use with no material change since last disclosed in the financial statements and distribution announcement of the unaudited financial results for the period from 9 November 2017 to 31 December 2018 on 24 January 2019.

1 (D)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Group	**Units in issue and to be issued US$'000**	**Retained earnings US$'000**	**Total US$'000**
At 1 January 2019	**623,739**	**34,237**	**657,976**
Operations			
Net income for the period	-	**6,918**	**6,918**
Unitholders' transactions			
Management fees paid/payable in units	1,235	-	1,235
Distribution to Unitholders	(5,423)	(14,298)	(19,721)
Net decrease in net assets resulting from Unitholders' transactions	**(4,188)**	**(14,298)**	**(18,486)**
At 31 March 2019	**619,551**	**26,857**	**646,408**
Operations			
Net income for the period	-	**4,660**	**4,660**
Unitholders' transactions			
Management fees paid/payable in units	1,241	-	1,241
Net increase in net assets resulting from Unitholders' transactions	**1,241**	**-**	**1,241**
At 30 June 2019	**620,792**	**31,517**	**652,309**

Group	**Units in issue and to be issued US$'000**	**Retained earnings US$'000**	**Total US$'000**
At 1 January 2018	**533,142**	**5,662**	**538,804**
Operations			
Net income for the period	-	**13,479**	**13,479**
At 31 March 2018	**533,142**	**19,141**	**552,283**
Operations			
Net income for the period	**-**	**10,049**	**10,049**
Unitholders' transactions			
Management fees paid/payable in units	1,462	-	1,462
Net increase in net assets resulting from Unitholders' transactions	**1,462**	**-**	**1,462**
At 30 June 2018	**534,604**	**29,190**	**563,794**

Trust	Units in issue and to be issued US$'000	Retained earnings/ (Accumulated losses) US$'000	Total US$'000
At 1 January 2019	**623,739**	**10,103**	**633,842**
Operations			
Net income for the period	**-**	**(9,325)**	**(9,325)**
Unitholders' transactions			
Management fees paid/payable in units	1,235	-	1,235
Distribution to Unitholders	(5,423)	(14,298)	(19,721)
Net decrease in net assets resulting from Unitholders' transactions	**(4,188)**	**(14,298)**	**(18,486)**
At 31 March 2019	**619,551**	**(13,520)**	**606,031**
Operations			
Net income for the period	**-**	**12,603**	**12,603**
Unitholders' transactions			
Management fees paid/payable in units	1,241	-	1,241
Net increase in net assets resulting from Unitholders' transactions	**1,241**	**-**	**1,241**
At 30 June 2019	**620,792**	**(917)**	**619,875**

Trust	Units in issue and to be issued US$'000	Retained earnings/ (Accumulated losses) US$'000	Total US$'000
At 1 January 2018	**533,142**	**(1,083)**	**532,059**
Operations			
Net income for the period	**-**	**143**	**143**
At 31 March 2018	**533,142**	**(940)**	**532,202**
Operations			
Net income for the period	**-**	**21,653**	**21,653**
Unitholders' transactions			
Management fees paid/payable in units	1,462	-	1,462
Net increase in net assets resulting from Unitholders' transactions	**1,462**	**-**	**1,462**
At 30 June 2018	**534,604**	**20,713**	**555,317**

1 (D)(ii) DETAILS OF ANY CHANGES IN UNITS

Units in Issue:	2019 Units	2018 Units
At 1 January	821,731,379	628,565,000
New Units issued:		
- issue of Management base fees in units	1,758,241	-
Total issued Units as at 31 March	**823,489,620**	**628,565,000**
New Units issued:		
- issue of Management base fees in units	1,777,315	1,655,767
Total issued Units as at 30 June	**825,266,935**	**630,220,767**
New Units to be issued:		
- Management base fees in units to be issued (1)	1,623,991	1,088,464
Total Units issued and to be issued as at 30 June	**826,890,926**	**631,309,231**

(1) 1,623,991 units to be issued as payment of management fees in units for 2Q 2019 based on the volume weighted average price for the last 10 business days up till 30 June 2019.

1 (D)(iii) TOTAL NUMBER OF ISSUED UNITS

Keppel-KBS US REIT does not hold any treasury units as at 30 June 2019 and 31 December 2018.

	As at 30 June 2019	As at 31 December 2018
Total number of issued units	825,266,935	821,731,379

1 (D)(iv) SALES, TRANSFER, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS

Not applicable.

2. AUDIT

The figures have neither been audited nor reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2018.

5. CHANGES IN ACCOUNTING POLICIES

The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2018 and 1 January 2019. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	Actual 2Q 2019	Actual 2Q 2018	Actual 1H 2019	Actual 1H 2018
EPU				
Weighted average number of Units (1)	824,698,853	629,705,066	824,100,738	629,132,182
Net income for the period (US$'000)	4,660	10,049	11,578	23,528
Basic and diluted EPU (US cents)	0.57	1.60	1.40	3.74
Basic and diluted EPU (US cents) restated for Rights Issue (2)	0.57	1.49	1.40	3.48
DPU				
Number of Units in issue at end of period	825,266,935	630,220,767	825,266,935	630,220,767
Income available for distribution to Unitholders (US$'000)	12,404	9,453	24,758	18,907
DPU (US cents) (3)	1.50	1.50	3.00	3.00
DPU (US cents) restated for Rights Issue (2)	1.50	1.40	3.00	2.79

Notes:

(1) The weighted average number of units was based on the number of units in issue and issuable during the period.

(2) EPU and DPU for 2Q 2018 and 1H 2018 were restated for the effects of the Rights Issue. The computation of the restatement is in accordance with Paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

(3) The DPU was computed and rounded based on the number of units entitled to distribution at the end of the period.

7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	Group		Trust	
	As at 30 June 2019	**As at 31 December 2018**	**As at 30 June 2019**	**As at 31 December 2018**
Number of Units in issue and to be issued	826,890,926	823,489,620	826,890,926	823,489,620
Net assets (US$'000)	652,309	657,976	619,875	633,842
NAV and NTA per Unit (1) (US$)	0.79	0.80	0.75	0.77
Adjusted NAV and NTA per Unit (1) (US$) (excluding Distributable Income)	0.76	0.78	0.72	0.75

Notes:

(1) The computation of NAV and NTA is based on number of units in issue and to be issued at the end of the period. NAV and NTA is the same as there is no intangible asset as at the end of the period.

8. REVIEW OF PERFORMANCE

<u>Review of performance for 2Q 2019 vs 2Q 2018</u>

Overall, income available for distribution to Unitholders of US$12.4 million for 2Q 2019 was higher than 2Q 2018 by 31.2%.

Gross revenue of US$29.3 million for 2Q 2019 was higher than 2Q 2018 by 29.3% largely due to the contributions from the acquisition of The Westpark Portfolio in November 2018 and the newly acquired Maitland Promenade I.

Property expenses of US$11.3 million for 2Q 2019 were higher than 2Q 2018 by 27.6% mainly due to the enlarged portfolio.

As a result, net property income of US$18.0 million for 2Q 2019 was higher than 2Q 2018 by 30.4%.

Finance expenses of US$4.0 million for 2Q 2019 were 58.8% or US$1.5 million higher than 2Q 2018. The increase in interest expense was largely due to US$1.2 million of interest expense incurred on the additional loans taken up to partially finance the acquisitions of The Westpark Portfolio and Maitland Promenade I and higher year-on-year interest rate on the unhedged portion of the IPO Portfolio loans.

Fair value loss in derivatives amounted to US$5.6 million in 2Q 2019 as compared to a gain of US$1.4 million in 2Q 2018 due to movement in interest rates for the respective periods.

Consequently, 2Q 2019 net income before tax of US$6.5 million was below 2Q 2018 by 41.3%.

Tax expense of US$1.8 million, mainly relating to deferred tax expenses, was higher than 2Q 2018 due to higher deferred taxes recognised from tax depreciation of the investment properties as well as higher current taxes for the Barbados entities due to the higher corporate tax rates which were effective on 1 January 2019.

Due to the net effects of the above, net income for 2Q 2019 of US$4.7 million was lower than 2Q 2018 by 53.6%. Excluding the effects of the fair value change in derivatives for the respective periods, adjusted net income for 2Q 2019 would have been US$10.3 million, higher than 2Q 2018 of US$8.6 million.

Review of performance for 1H 2019 vs 1H 2018

Overall, income available for distribution to Unitholders of US$24.8 million for 1H 2019 was higher than 1H 2018 by 30.9%.

Gross revenue of US$58.7 million for 1H 2019 was higher than 1H 2018 by 26.7%. The gross revenue increase was largely due to the contributions from the acquisitions of The Westpark Portfolio in November 2018 and the newly acquired Maitland Promenade I, as well as higher recoveries income and straight-line rent for the IPO Portfolio, partially offset by the absence of compensation income recognised in 1H 2018.

Property expenses of US$22.5 million for 1H 2019 were higher than 1H 2018 by 26.3% mainly due to the enlarged portfolio. There were also higher recoverable expenses such as repairs and maintenance and property taxes as well as other property expenses such as amortisation of lease commissions and additional expenses incurred for snow removal in 1H 2019 for the IPO Portfolio.

As a result, net property income of US$36.2 million for 1H 2019 was higher than 1H 2018 by 27.0%.

Finance expenses of US$7.9 million for 1H 2019 were 58.6% or US$2.9 million higher than 1H 2018. The increase in interest expense was largely due to US$2.4 million of interest expense incurred on the additional loans taken up to partially finance the acquisitions of The Westpark Portfolio and Maitland Promenade I and higher year-on-year interest rate on the unhedged portion of the IPO Portfolio loans.

Fair value loss in derivatives amounted to US$9.4 million in 1H 2019 as compared to a gain of US$5.2 million in 1H 2018 due to movement in interest rates for the respective periods.

Consequently, 1H 2019 net income before tax of US$15.2 million was below 1H 2018 by 40.5%.

Tax expense of US$3.6 million, mainly relating to deferred tax expenses, was higher than 1H 2018 due to higher deferred taxes recognised from tax depreciation of the investment properties as well as higher current taxes for the Barbados entities due to the higher corporate tax rates which were effective on 1 January 2019.

Due to the net effects of the above, net income for 1H 2019 of US$11.6 million was lower than 1H 2018 by 50.8%. Excluding the effects of the fair value change in derivatives for the respective periods, adjusted net income for 1H 2019 would have been US$21.0 million, higher than 1H 2018 of US$18.3 million.

9. VARIANCE FROM FORECAST STATEMENT

Review of performance for Actual vs Forecast for 2Q 2019

Overall, income available for distribution to Unitholders of US$12.4 million for 2Q 2019 was higher than Forecast by 23.4%.

Gross revenue of US$29.3 million for 2Q 2019 was higher than Forecast by 21.5% largely due to the contributions from the acquisitions of The Westpark Portfolio in November 2018 and the newly acquired Maitland Promenade I.

Property expenses of US$11.3 million for 2Q 2019 were higher than Forecast by 12.5% mainly due to the enlarged portfolio and partially offset by lower utilities expenses and property management fees for the IPO Portfolio.

As a result, net property income of US$18.0 million for 2Q 2019 was higher than Forecast by 27.9%.

Finance expenses of US$4.0 million for 2Q 2019 were US$1.3 million higher than Forecast arising from the interest expense incurred on the additional loans taken up to finance the acquisitions of The Westpark Portfolio and Maitland Promenade I.

Fair value loss in derivatives amounted to US$5.6 million in 2Q 2019 due to movement in interest rates which was not included in Forecast.

Consequently, 2Q 2019 net income before tax of US$6.5 million was below Forecast by 32.3%.

Tax expense of US$1.8 million, mainly relating to deferred tax expenses, was higher than Forecast due to higher deferred taxes recognised from tax depreciation of the enlarged portfolio of investment properties and higher current tax expense from Barbados corporate taxes.

Due to the net effects of the above, net income for 2Q 2019 of US$4.7 million was below Forecast by 42.5%. Excluding the effects of the fair value change in derivatives, net income for 2Q 2019 would have been US$10.3 million, higher than Forecast of US$8.1 million.

Review of performance for Actual vs Forecast for 1H 2019

Overall, income available for distribution to Unitholders of US$24.8 million for 1H 2019 was higher than Forecast by 23.1%.

Gross revenue of US$58.7 million for 1H 2019 was higher than Forecast by 21.8% largely due to the contributions from the acquisition of The Westpark Portfolio in November 2018 and the newly acquired Maitland Promenade I.

Property expenses of US$22.5 million for 1H 2019 were higher than Forecast by 12.3% mainly due to the enlarged portfolio and partially offset by lower utilities expenses and property management fees for the IPO Portfolio.

As a result, net property income of US$36.2 million for 1H 2019 was higher than Forecast by 28.6%.

Finance expenses of US$7.9 million for 1H 2019 were US$2.4 million higher than Forecast which was largely due to the interest expense incurred on the additional loans taken up to finance the acquisitions of The Westpark Portfolio and Maitland Promenade I.

Fair value loss in derivatives amounted to US$9.4 million in 1H 2019 due to movement in interest rates on the fair value of interest rate swaps which was not included in Forecast.

Consequently, 1H 2019 net income before tax of US$15.2 million was below Forecast by 20.9%.

Tax expense of US$3.6 million, mainly relating to deferred tax expenses, was higher than Forecast due to higher deferred taxes recognised from tax depreciation of the enlarged portfolio of investment properties and higher current tax expense from Barbados corporate taxes.

Due to the net effects of the above, net income for 1H 2019 of US$11.6 million was below Forecast by 28.5%. Excluding the effects of the fair value change in derivatives, net income for 1H 2019 would have been US$21.0 million, higher than Forecast of US$16.2 million.

10. PROSPECTS

The US economy continued to register stable growth, increasing at an annual rate of 3.1%[1] in 1Q 2019 and 2.2%[1] in 4Q 2018 from the respective preceding quarters, marking its longest economic expansion on record.

[1] U.S. Bureau of Economic Analysis, June 2019.

Unemployment rate in June 2019 was 3.7%, driven primarily by employment in the professional and business services sector.

At its June 2019 meeting, the Federal Open Market Committee had voted to keep the federal funds rate target range steady at 2.25-2.50%, although there has been recent indications of a potential rate cut at the end of July. This combination of stable GDP growth, low unemployment rates and expectations of future rate cuts provides for an encouraging backdrop and potential tailwinds for KORE's growth.

According to CoStar's National Index[2], the US office market showed stable, modest gains, with asking rents growing between 2-3% on average in the last three years and forecast to grow for a fourth straight year. The technology sector was a major driver of 2Q 2019 office rent growth and deal volume. According to CoStar, tech hotbed Austin topped 6.5% rent growth in June 2019 and ranked first in both 12-month asking rent growth and annualised quarterly rent growth.

In terms of leasing, Seattle ranked top in 12-month net absorption with some of the largest leases signed by tech giants including Amazon[3] as it relocates its worldwide operations team to Bellevue, and Apple[4], with its new Seattle hub. Seattle, Austin and Denver, all strong tech markets, make up approximately 60% of KORE's portfolio Cash Rental Income.

11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

Tax risk

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect Keppel-KBS US REIT and its Subsidiaries.

Any change in the tax status of Keppel-KBS US REIT and/or any of its direct and indirect subsidiaries (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 Keppel-KBS US REIT and its unitholders.

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 31 December 2017. As a result, Keppel-KBS US REIT restructured certain subsidiaries (the "Barbados Restructuring") 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"). Separately, on 20 November 2018, the Government of Barbados has announced that Barbados will converge its local and international tax rates. It was proposed that from 1 January 2019, domestic companies will pay the same tax rates as international companies, on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases (the "Proposed Barbados Tax Rates").

The Proposed 267A Regulations together with the Barbados Tax Changes are not expected to necessitate any further changes to Keppel-KBS US REIT's structure (including Barbados entities set-up on 1 January 2018) in order to preserve the deductibility of interest paid on Keppel-KBS US REIT's intercompany financing arrangements. As such, the Manager currently expects that the Proposed 267A Regulations together with the Barbados Tax Changes will not have any material impact on the consolidated net tangible assets or distributions per unit of Keppel-KBS US REIT. Under the Proposed Barbados Tax Rates, the Manager expects the additional tax expense will not be more than 1% of the distributable income. The Manager will continue to review various tax planning alternatives to mitigate any future tax impact.

[2] CoStar Office Report, 28 June 2019.
[3] "City officials welcome Amazon to Bellevue", Statement by Bellevue Mayor John Chelminiak, 3 April 2019, *https://bellevuewa.gov/archived-news/city-manager-archived-news/amazon-welcome*
[4] Bloomberg article, "Apple to Expand Its Footprint in Seattle With Office Lease", 25 June 2019, *https://www.bloomberg.com/news/articles/2019-06-24/apple-to-expand-footprint-hiring-in-seattle-with-office-lease*

Keppel-KBS US REIT cautions that the Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, expected to be effective as of 1 January 2018, could differ materially from the Proposed 267A Regulations and could result in additional costs. The United States Department of the Treasury previously stated that it expected final regulations under Section 267A to be promulgated by 22 June 2019. However, the final regulations have not yet been released to date and the United States Department of the Treasury has not provided an updated timeline on when it expects the final regulations to be issued. The delay in the release of the final regulations does not indicate that there will be any meaningful changes from the Proposed 267A Regulations. Nevertheless, additional guidance or negative application of relevant tax laws related to Section 267A could have a material impact on the consolidated net tangible assets or distributions per unit of Keppel-KBS US REIT.

The Manager will update unitholders of Keppel-KBS US REIT if there is any material impact on Keppel-KBS US REIT and/or its unitholders arising from the issuance of final regulations, additional guidance, or other application of tax laws in the tax jurisdictions that Keppel-KBS US REIT operates in.

Interest rate risk

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

Liquidity risk

The Manager monitors and maintains the Group’s cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for capital and expense requirements so as to manage the cash position at any point of time.

Credit risk

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease arrangements. Tenants are generally required to pay a security deposit as a multiple of monthly rent and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the tenant mix.

Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments denominated in foreign currencies. The Group’s business is not exposed to significant currency risk as the portfolio of properties is located in the United States and the cash flows from the operations of the properties are denominated in US$. The Group also borrows in the same currency as the assets in order to manage the foreign currency risk. Keppel-KBS US REIT will receive US$ distributions from the investment properties which will be passed to the Unitholders, either in US$ or converted to SG$ at the spot foreign exchange rate at the time of distribution. Keppel-KBS US REIT is exposed to fluctuations in the cross-currency rates of the US$ and SG$ for operating expenses incurred in Singapore, which are not material. If and when appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

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.

12. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Yes.

Name of Distribution	3rd Distribution Distribution for the period from 1 January 2019 to 30 June 2019
Distribution Type	a) Tax-exempt income distribution b) Capital distribution
Distribution Rate	a) Tax-exempt income distribution – 1.90 US cents per unit b) Capital distribution – 1.10 US cents per unit
Tax Rate	Tax-exempt income distribution Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel-KBS US REIT. Capital distribution Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel-KBS US REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel-KBS US REIT units for Singapore income tax purposes.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Distribution	1st Distribution Distribution for the period from 9 November 2017 (Listing Date) to 30 June 2018
Distribution Type	c) Tax-exempt income distribution d) Capital distribution
Distribution Rate	c) Tax-exempt income distribution – 2.98 US cents per unit d) Capital distribution – 0.84 US cents per unit
Tax Rate	Tax-exempt income distribution Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel-KBS US REIT. Capital distribution Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel-KBS US REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel-KBS US REIT units for Singapore income tax purposes.

(c) Book closure date

26 July 2019.

(d) Date payable

25 September 2019.

13. DISTRIBUTION STATEMENT

Other than as disclosed in Paragraph 12(a), no distribution has been declared / recommended.

14. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than S$100,000) Actual 2Q 2019 US$'000	Actual 2Q 2018 US$'000
Keppel-KBS US REIT Management Pte. Ltd.		
- Manager's management fees	1,241	945
Perpetual (Asia) Ltd		
- Trustee fees	31	32

Keppel-KBS US REIT has not obtained a general mandate from Unitholders for Interested Person Transactions for the financial period under review.

15. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

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

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

By Order of the Board
Keppel-KBS US REIT Management Pte. Ltd.
(Company Registration Number: 201719652G)
As Manager of Keppel-KBS US REIT

CHUA HUA YEOW KELVIN
Company Secretary
16 July 2019

CONFIRMATION BY THE BOARD

We, SOONG HEE SANG and PAUL THAM, being two Directors of Keppel-KBS US REIT Management Pte. Ltd. (the "Company"), as Manager of Keppel-KBS US REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of Keppel-KBS US REIT for the financial period from 1 January 2019 to 30 June 2019 to be false or misleading in any material respect.

On behalf of the Board,

Soong Hee Sang
Director

Paul Tham
Director

16 July 2019

Keppel KBS US REIT

Second Quarter and First Half 2019 Financial Results

16 July 2019

Content Outline

Important Notice

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

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

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Keppel KBS US REIT

Key Highlights

Indoor courtyard,
Great Hills Plaza

Austin, Texas

Lounge area, Bellevue Technology Center, Bellevue, Seattle

Key Highlights

- Higher revenue contributions from the two acquisitions in Seattle and Florida
- Positive rental reversions
- Continued healthy leasing momentum

Positive Growth in 1H 2019

Distributable Income
US$24.8 million
↑ **30.9%**

Outperformed 1H 2018 and IPO Forecast by 30.9% and 23.1% respectively

Occupancy
↑ **2.4%**
from end-2018

~376,000 sf of total space leased in 1H 2019, equivalent to 8.8% of the portfolio, bringing portfolio committed occupancy to 94.0%

Distribution per Unit
3.00 US cents
↑ **31.0%**

1H 2019 DPU was 31.0% and 23.0% above actual 1H 2018 and IPO Forecast adjusted DPU respectively

Annualised
Distribution Yield
7.9%

Based on the market closing price of US$0.765 per Unit as at 30 June 2019

Key Growth Markets – Driven by Innovation and Technology

Seattle, Washington

The Plaza Buildings
Occupancy: 96.5%

Bellevue Technology Center
Occupancy: 98.5%

The Westpark Portfolio
Occupancy: 97.8%

Sacramento, California

Iron Point
Occupancy: 95.8%

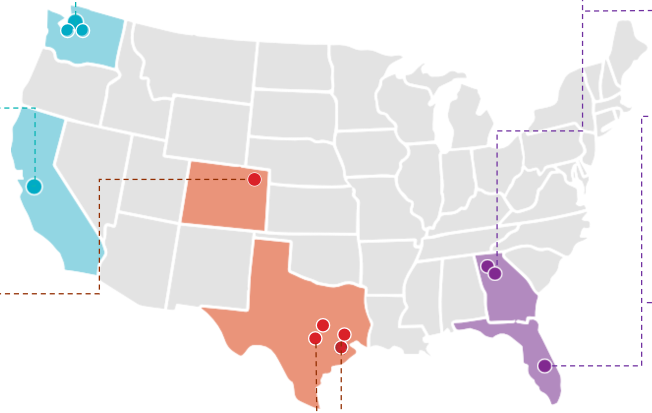
Denver, Colorado

Westmoor Center
Occupancy: 91.2%

Austin, Texas

Westech 360
Occupancy: 96.4%

Great Hills Plaza
Occupancy: 98.1%



Houston, Texas

1800 West Loop South
Occupancy: 81.9%

West Loop I & II
Occupancy: 89.5%

Atlanta, Georgia

Northridge Center I & II
Occupancy: 85.1%

Powers Ferry
Occupancy: 98.0%

Orlando, Florida

Maitland Promenade I
Occupancy: 97.9%

Maitland Promenade II
Occupancy: 99.7%

Overview

13 freehold offices buildings and business campuses across 7 key growth markets

NLA

Over 4.2 million sf

Assets Under Management

US$1.09 billion

Portfolio Committed Occupancy

94.0%

- West Coast
- Central
- East Coast.

All information as at 30 June 2019

Financial Performance & Capital Management

Tenant space,
Westmoor Center

Denver, Colorado

Financial Performance for 1H 2019

Distributable income for 1H 2019 outperformed both IPO Forecast and 1H 2018 Actual

	Actual 1H 2019 (US$'000)	Forecast 1H 2019[1] (US$'000)	% Change	Actual 1H 2019 (US$'000)	Actual 1H 2018 (US$'000)	% Change
Gross Revenue	58,724	48,201	21.8	58,724	46,351	26.7
Property Expenses	(22,548)	(20,075)	12.3	(22,548)	(17,858)	26.3
Net Property Income	36,176	28,126	28.6	36,176	28,493	27.0
Income Available for Distribution[2]	**24,758**	**20,109**	**23.1**	**24,758**	**18,907**	**30.9**
DPU (US cents) for the period	3.00	3.16	(5.1)	3.00	3.00	-
Annualised Distribution yield (%)[3]	7.9%	7.2%	70bps	7.9%	6.9%	100bps
Adjusted DPU (US cents)[4]	**3.00**	**2.44[4]**	**23.0**	**3.00**	**2.29[4]**	**31.0**

(1) Forecast for 1H 2019 was derived from one half of the Projection Year 2019 as disclosed in the Prospectus.
(2) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
(3) Actual 1H 2019 annualised distribution yield is based on market closing price of US$0.765 per Unit as at last trading day of 1H 2019. Forecast 1H 2019 and Actual 1H 2018 annualised distribution yields are based on the listing price and 1H 2018 market closing price of US$0.880 per Unit.
(4) Adjusted DPU for Forecast 1H 2019 as well as Actual 1H 2018 were calculated based on the actual number of units as at 30 June 2019 of 825,266,935 for comparison purpose.

Tenant space, Westmoor Center, Denver, Colorado

1H 2019 DPU: 3.00 US cts

Distribution timetable	
Ex-date	25 July 2019
Book closure date	26 July 2019
Payment date	25 September 2019

Healthy Balance Sheet

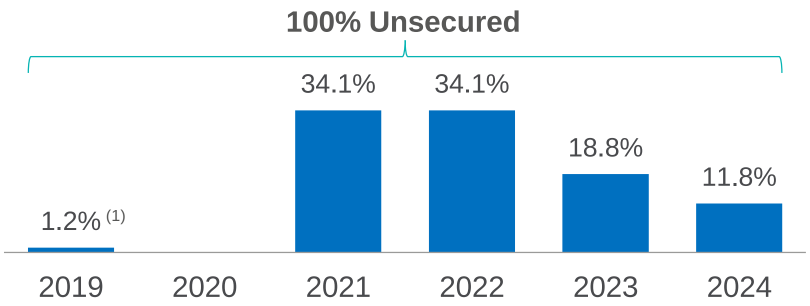
As at 30 June 2019	(US$'000)
Total Assets	**1,125,830**
Investment Properties	1,086,026
Cash and Cash Equivalents	35,606
Other Assets	4,198
Total Liabilities	**473,521**
Gross Borrowings	424,440
Other Liabilities	49,081
Unitholders' Funds	652,309
Units in issue and to be issued ('000)[1]	826,891
NAV per Unit (US$)	0.79
Adjusted NAV per Unit (US$)[2]	0.76
Unit Price (US$)	0.765

(1) Includes management fees in Units to be issued for 2Q 2019.
(2) Excludes Distributable Income.

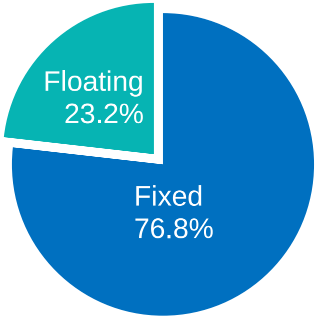
Prudent Capital Management

Limited interest rate exposure with term loans significantly hedged

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR[5]

Every **+/- 50bps in LIBOR** translates to **-/+ 0.062 US cents in DPU** p.a.

As at 30 June 2019

Total debt	US$424.4 million of external loans (100% unsecured)
Available facilities	▪ US$50 million of revolving credit facility ▪ US$20 million of uncommitted revolving credit facility
Aggregate leverage[2]	37.7%
All-in average cost of debt[3]	3.78% p.a.
Interest coverage[4]	4.6 times
Average term to maturity	3.32 years

(1) Refers to the US$5 million uncommitted revolving credit facility drawn.
(2) Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.
(3) Includes amortisation of upfront debt financing costs.
(4) Ratio of EBITDA over interest expense paid or payable.
(5) Based on the 23.2% floating debt, US$5 million revolving credit facility drawn which are unhedged and the total number of Units in issue as at 30 June 2019.

Portfolio Overview

Maitland Promenade II

Orlando, Florida

Tenant space, Bellevue Technology Center, Bellevue, Seattle

Healthy Leasing Momentum in 1H 2019

8.8%
Total portfolio leased

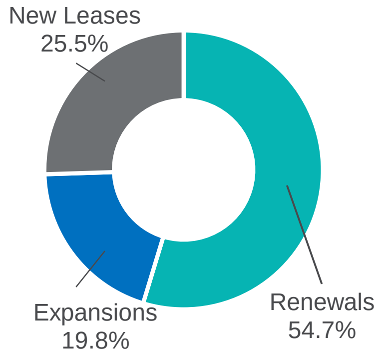
8.6%
Positive rental reversion for portfolio

3%
Built-in average annual rental escalations

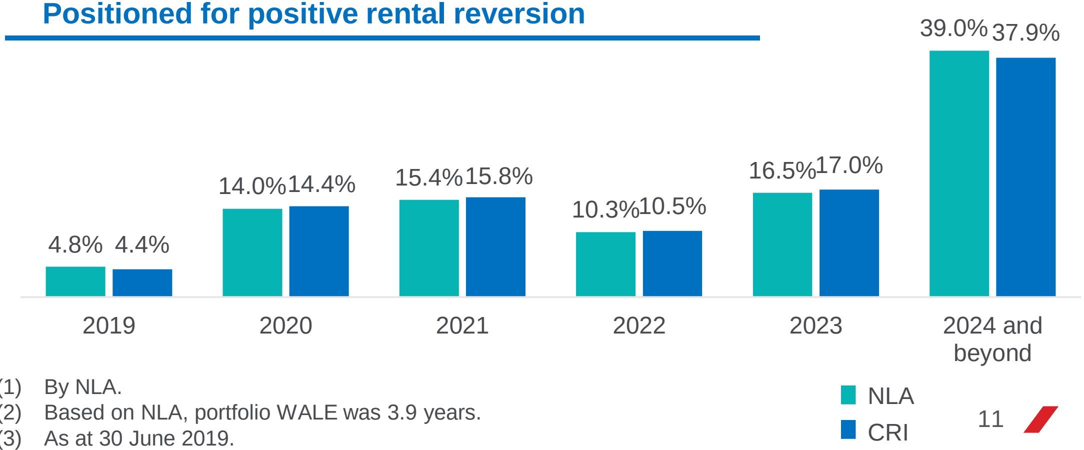
94.0%[(1)]
Portfolio committed occupancy

Continued Organic Growth

- Another 173,000 sf leased in 2Q 2019 for a total of ~376,000 sf leased in 1H 2019, equivalent to about 8.8% of portfolio
- Over two-thirds of leasing activities were in its business campuses in the tech hubs of Seattle, Austin and Denver
- Leasing demand mainly from the fast-growing technology and professional services sectors
- Portfolio WALE of 3.8 years[(2)] by cash rental income



Well-spread lease expiry profile[(3)]
Positioned for positive rental reversion



(1) By NLA.
(2) Based on NLA, portfolio WALE was 3.9 years.
(3) As at 30 June 2019.

Well-Diversified Tenant Base Across Key Growth Sectors

Resilient portfolio with low tenant concentration risk

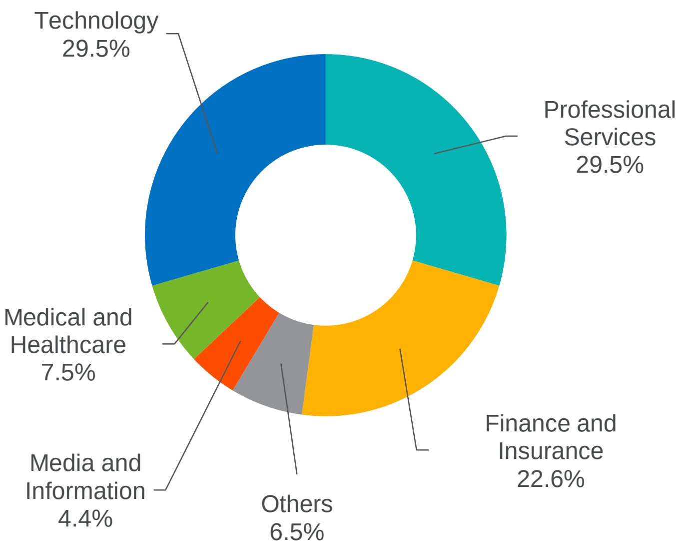
- KORE's business campuses are popular among tenants in the tech hubs of Seattle, Austin and Denver which contribute 60% cash rental income.
- Top 10 tenants contribute 20.4% of cash rental income and comprise 18.0% of portfolio NLA

Top 10 tenants as at 30 June 2019

Tenant	Sector	Asset	% CRI
Ball Aerospace	Technology	Westmoor Ctr	3.5
Oculus VR, LLC	Technology	Westpark Portfolio	2.5
Zimmer Biomet Spine	Technology	Westmoor Ctr	2.3
Spectrum	Media & Information	Maitland Promenade I	2.1
Unigard Insurance[1]	Finance & Insurance	Bellevue Technology Ctr	1.9
US Bank	Finance & Insurance	The Plaza Buildings	1.9
Blucora	Technology	The Plaza Buildings	1.8
Futurewei	Technology	The Plaza Buildings	1.6
Reed Group	Technology	Westmoor Ctr	1.5
Regus	Professional Services	Bellevue Technology Ctr	1.3
Total			**20.4**
WALE (by NLA)			**5.2 years**
WALE (by CRI)			**4.9 years**

(1) Subsidiary of QBE Insurance Group.

Portfolio tenant base composition (by NLA)



Market Outlook

Lobby,
The Plaza Buildings

Bellevue, Seattle

Fitness centre, The Plaza Buildings, Bellevue, Seattle

US Economy at a Glance

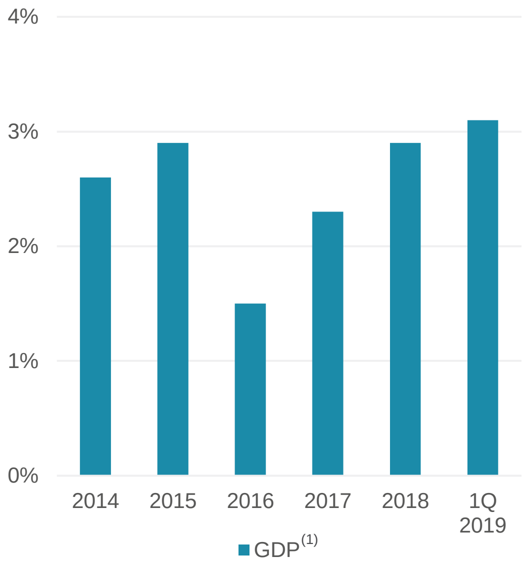
3.1%
Real GDP growth in 1Q 2019[(1)]

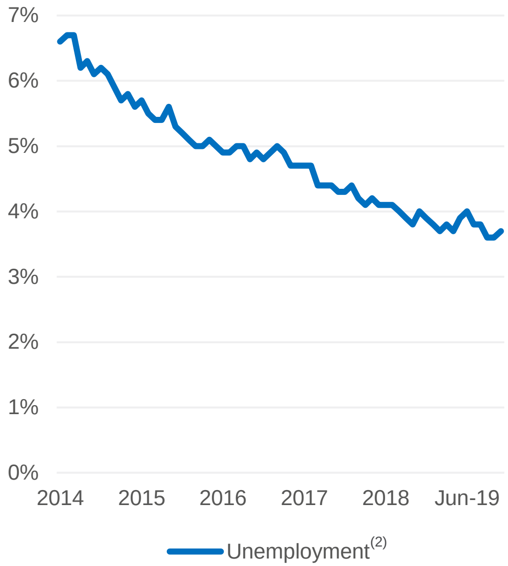
3.7%
Low unemployment[(2)]

+3.1%
Average hourly earnings y-o-y[(2)]

+224,000
Jobs added[(2)]

Sound US Economic Fundamentals





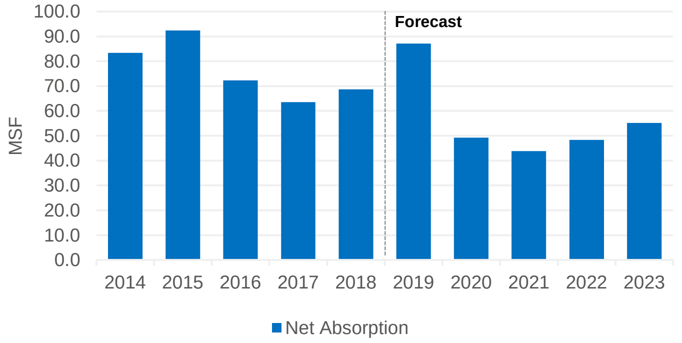
- GDP grew 3.1% in 1Q 2019, marking the longest economic expansion on record
- Unemployment rate ticked up 0.1% to 3.7% in June 2019 as more people entered the workforce than the 224,000 jobs created
- Stable GDP growth, low unemployment rates and expectations of future rate cuts provide for an encouraging backdrop and potential tailwinds

(1) U.S. Bureau of Economic Analysis, June 2019.
(2) U.S. Bureau of Labor Statistic, June 2019.

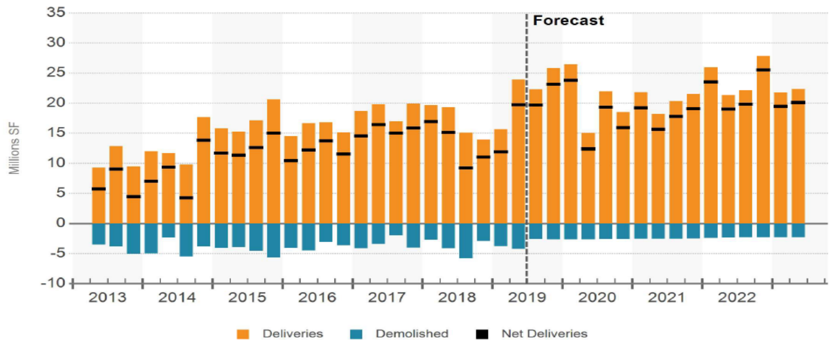
Attractive US Office Outlook

Technology sector remains a key driver of leasing demand, especially in strong growth markets

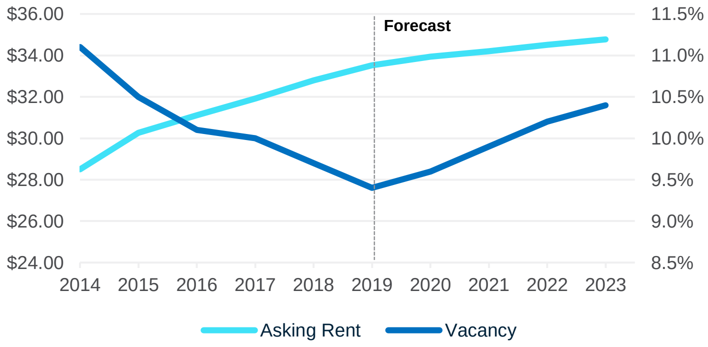
Overall Net Absorption(1)



Deliveries & Demolitions(1)



Overall Asking Rents & Vacancy(1)



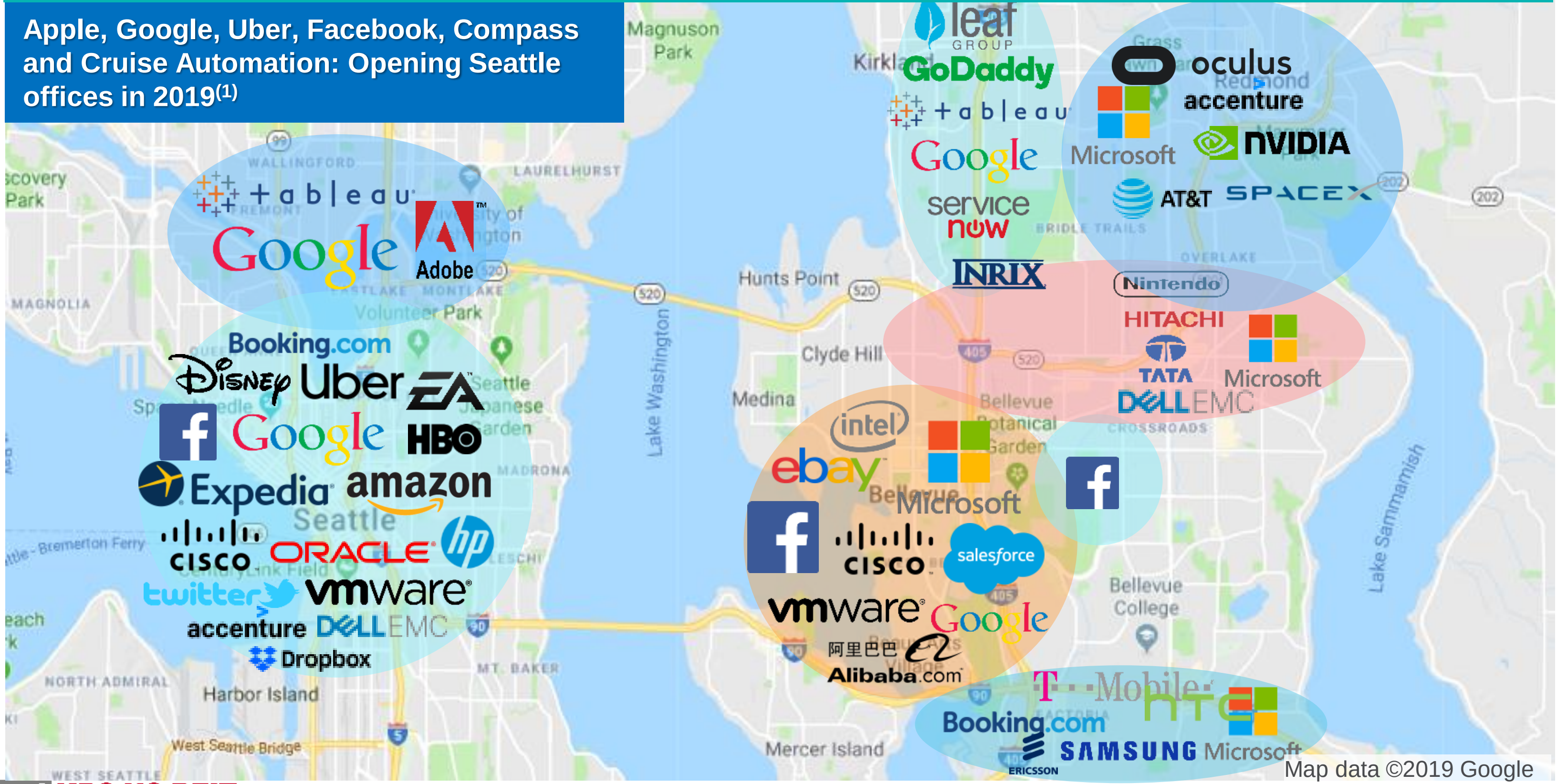
66.4m	64.1m
Last 12M Net Absorption	Last 12M Deliveries
2.3%	**9.6%**
Last 12M Rent Growth	Vacancy Rate

(1) CoStar Office Report, 28 June 2019.

Notable Tech Occupiers in Seattle

Seattle is a choice office location for tech giants and one of only two major tech markets in the US

Apple, Google, Uber, Facebook, Compass and Cruise Automation: Opening Seattle offices in 2019[(1)]



Note: Shaded areas depict the territory where the companies are located within. Pictures shown are for illustrative purposes only. Physical location of the companies may differ.

(1) Built in Seattle, https://www.builtinseattle.com/2018/12/17/new-seattle-tech-offices-2019

Suburban Neighbourhoods Becoming Tech Campuses of Choice

- Amazon is relocating its worldwide operations team to Bellevue(1).
  Its occupancy is expected to increase from 12m sf in 2019 to over 15m sf by 2024(2).
- Microsoft's Redmond Campus is being expanded and will total 131 buildings and 9.2m sf of new, renovated and existing office space(3).
- Facebook's presence in Seattle is 2.4m sf and counting(4).
- Oculus, Facebook's virtual reality arm is growing its Redmond office even faster than Facebook's HQ(5).
- Google's large and growing footprint in Kirkland is expected to reach more than 1m sf (6).
- T-Mobile is spending US$160m on its Bellevue Campus expansion and reupped its lease through 2030(7).

(1) Geekwire," *Exclusive: Amazon moving thousands of employees out of Seattle, relocating key division to nearby city*", http://tiny.cc/79x98y; (2) CBRE Research; (3) The Verge, "*Microsoft unveils plans for a new modern headquarters*", http://tiny.cc/79x98y; (4) Geekwire, "*Facebook reveals size of its Seattle-area footprint*", http://tiny.cc/37x98y; (5) Pudget Sound Business Journal "*Facebook is growing its Redmond Oculus office even faster than its HQ*" https://tinyurl.com/yxhpcpph; (6) Geekwire, "*Google doubles down on Seattle region with giant new office leases*", http://tiny.cc/h4x98y; (7) T-Mobile press release, 19 November 2018.

Apple: A True Campus Community in Austin

- Apple currently occupies ~1.7m sf of office space in Austin[(1)] and employs ~6,200 people[(2)].
- On 13 December 2018, Apple announced plans to build a new US$1b campus in Austin, spanning 133 acres and adding an additional 5,000 jobs[(3)].
- A 2013 Economic Impact study by Keyser Marston, calculated a ratio of 0.75 jobs supported per 1 Apple employee[(4)].
- Additional employment is expected to translate into greater demand for office space.
- Notable tech occupiers in Austin include Amazon, Oracle, Dell, Google and IBM.

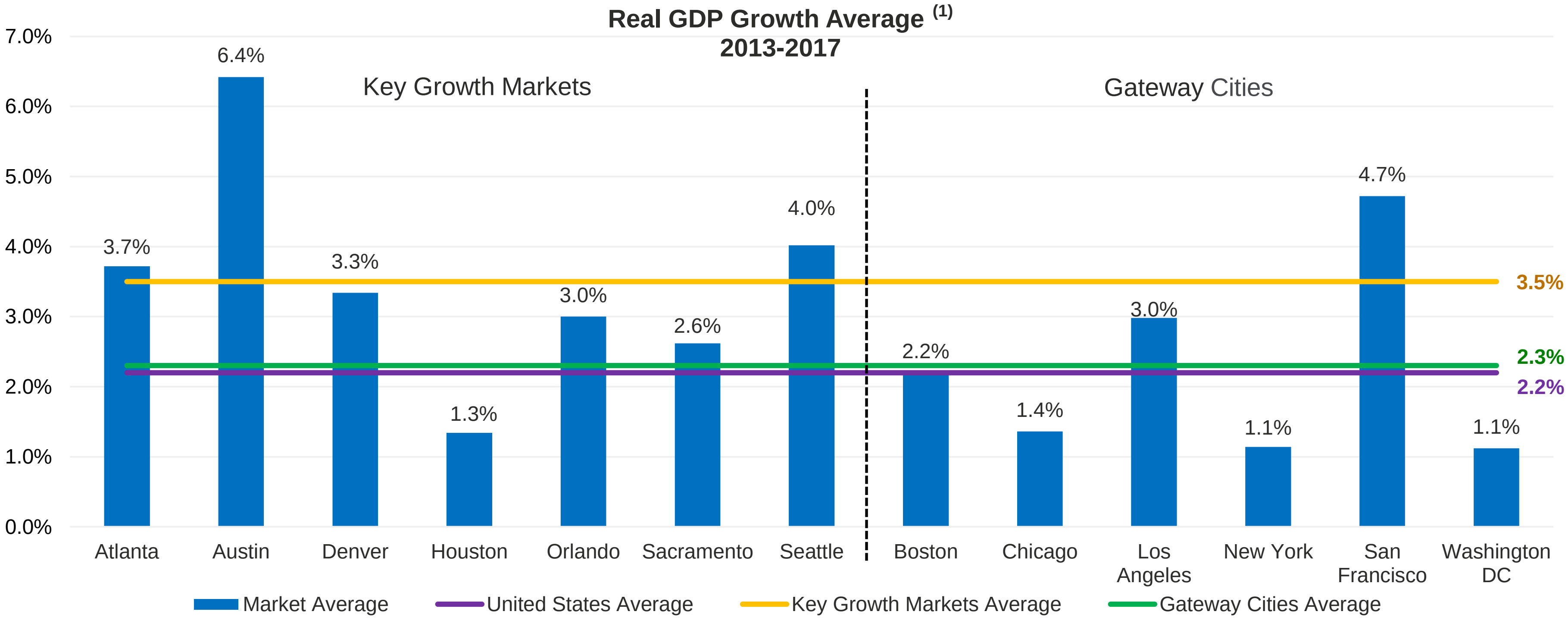
Apple's Office Distribution in Austin, Texas

Map source: Aquila Commercial

(1) CoStar Office Report
(2) & (3) Apple press release, 13 December 2018
(4) Keyser Marston Report, *Economic and Fiscal Impacts Generated by Apple in Cupertino, May 2013*

Positive Economics in KORE's Key Growth Markets

KORE's key growth markets have outperformed the national average over the last 5 years

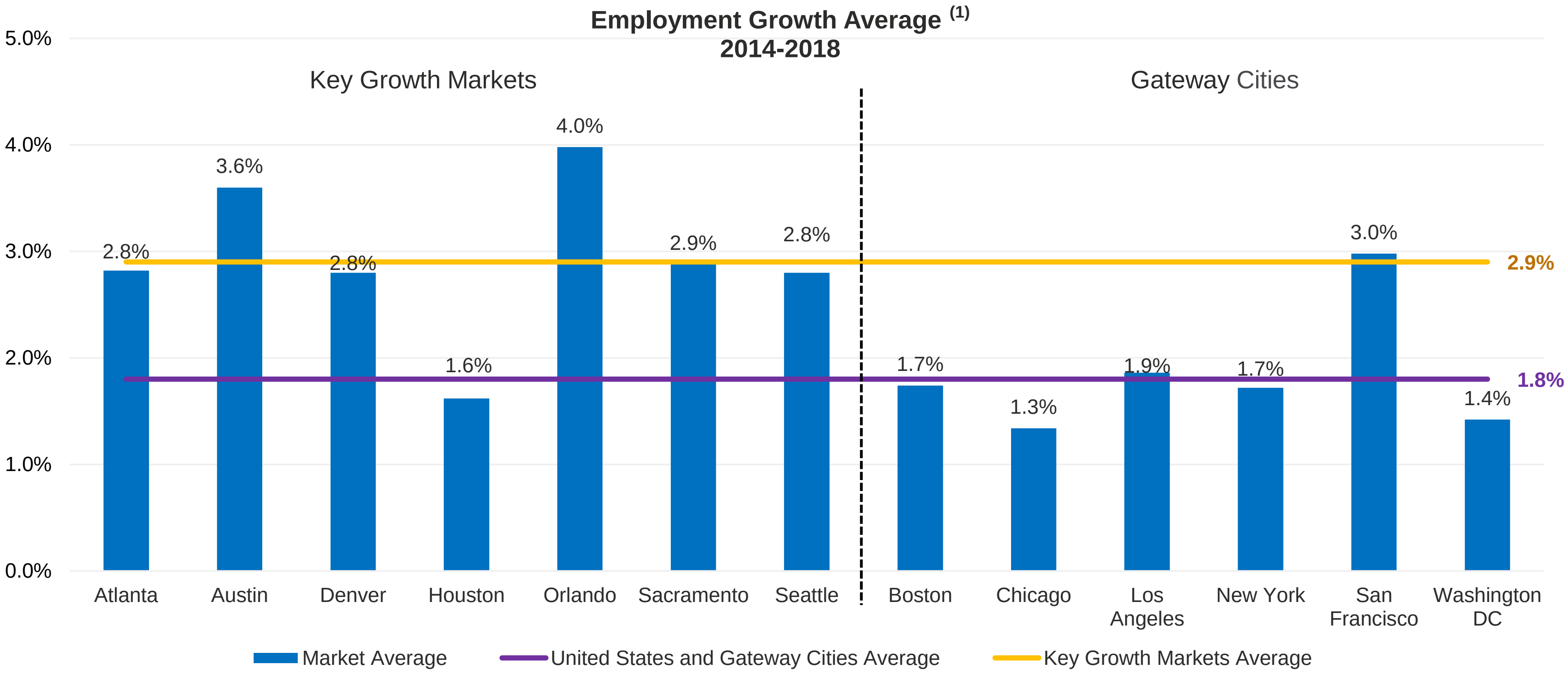


- With the exception of Houston, our key growth markets have exceeded United States and gateway cities in terms of real GDP, employment and population growth

Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.
(1) U.S Bureau of Economic Analysis.

Rising Employment in KORE's Key Growth Markets

KORE's key growth markets have outperformed the national average over the last 5 years

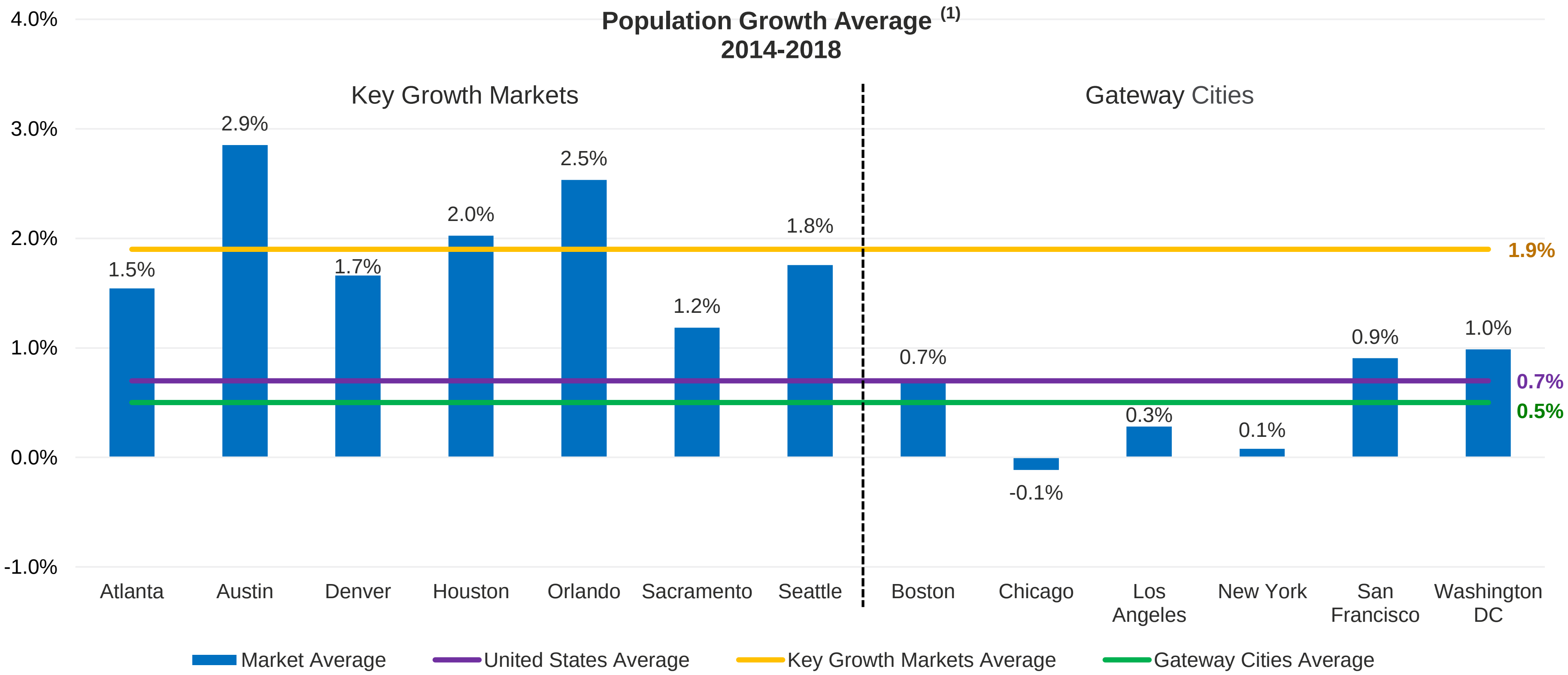


Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.

(1) U.S Bureau of Labor Statistics.

Expanding Population in KORE's Key Growth Markets

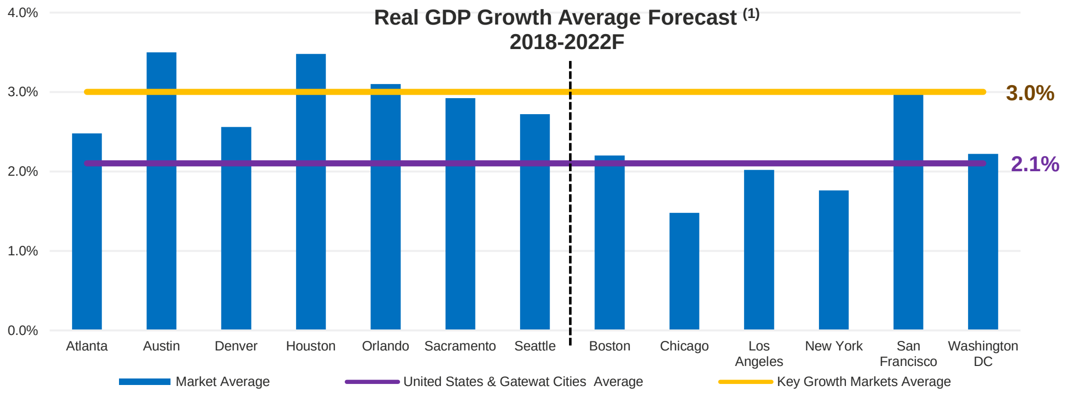
KORE's key growth markets have outperformed the national average over the last 5 years

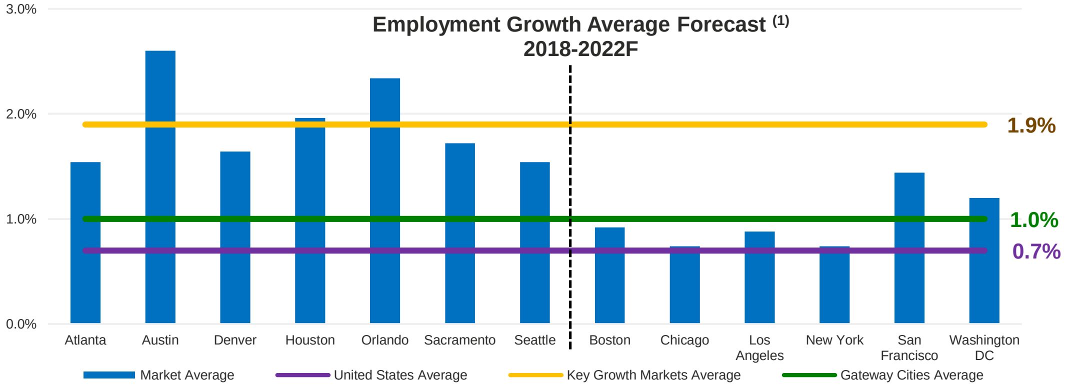


Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.
(1) U.S Census Bureau, Population Division.

Positive Outlook in KORE's Key Growth Markets

KORE's key growth markets are forecasted to outperform national average





Strength from the ground up

- Fast growing and defensive sectors such as technology, government, medical and healthcare are driving the economies in these submarkets
- Many of these submarkets including Seattle, Atlanta, Austin and Houston serve as national or regional headquarters of Fortune 500 companies
- Strong employment opportunities will lead to increasing household incomes and a higher quality of life, attracting and retaining young and highly-educated workers
- Higher levels of economic and employment growth are positive demand drivers for office space, and will continue to provide support for the submarket's office market

Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.
(1) U.S Metro Economies: Economic Growth and Full Employment, June 2018, and IMF, World Economic Outlook, October 2018.

First Choice Submarkets Outlook

Submarket *Property*	Submarket Vacancy Rate (%)	Last 12M Deliveries (sf'000)	Last 12M absorption (sf'000)	Average Submarket Rent (US$ p.a.)	Last 12M Rental Growth (%)	Projected Rental Growth (%)
Seattle, Bellevue CBD *The Plaza Buildings*	4.2%	-	137.0	51.3	9.4%	7.8%
Seattle, Eastside *Bellevue Technology Center*	4.9%	-	32.1	34.8	5.8%	4.3%
Seattle, Redmond *Westpark Portfolio*	4.6%	10.0	(160.0)	32.9(1)	6.9%	5.6%
Sacramento, Folsom *Iron Point*	5.6%	-	21.9	26.8	5.6%	5.3%
Denver, Northwest *Westmoor Center*	8.5%	134.0	178.0	21.7	3.1%	3.6%
Austin, Northwest *Great Hills & Westech 360*	8.9%	0.4	(23.3)	36.0	5.6%	4.9%
Houston, Galleria/Uptown *1800 West Loop*	15.3%	-	283.0	31.9	(0.5%)	(0.2%)
Houston, Galleria/Bellaire *West Loop I & II*	16.2%	-	2.5	25.2	2.7%	1.8%
Atlanta, Cumberland/I-75 *Powers Ferry*	14.2%	4.9	397.0	24.9	3.9%	3.4%
Atlanta, Central Perimeter *Northridge I & II*	14.2%	4.9	(292.0)	28.5	3.0%	3.4%
Orlando, Maitland *Maitland Promenade I & II*	9.2%	-	(74.7)	22.8	4.3%	2.9%

Source: CoStar Office Report, 28 June 2019.
(1) Refers to average submarket office rent.

Looking Ahead

Tenant space,
Great Hills Plaza

Austin, Texas

Delivering Stable Distributions and Long Term Value

Portfolio Optimisation

- Focused leasing strategy targeting growth sectors
- Proactive and effective asset management
- Maximise rental rates and capture positive rental reversions

Value Accretive Investments

- Pursue growth opportunities to create long term value
- Target key growth markets with strong office fundamentals
- Focus on first choice submarkets with strong macroeconomic growth indicators that outpace national average

Prudent Capital Management

- Effective hedging to mitigate against impact of unfavourable interest rate movements
- Acquire funding at optimal costs
- Fortify balance sheet and maintain an optimal capital structure

Tenant space, The Plaza Buildings Bellevue, Seattle

Thank You

For more information, please visit

www.kepkbsusreit.com

Westech 360

Austin, Texas

Additional Information

Bellevue Technology Center

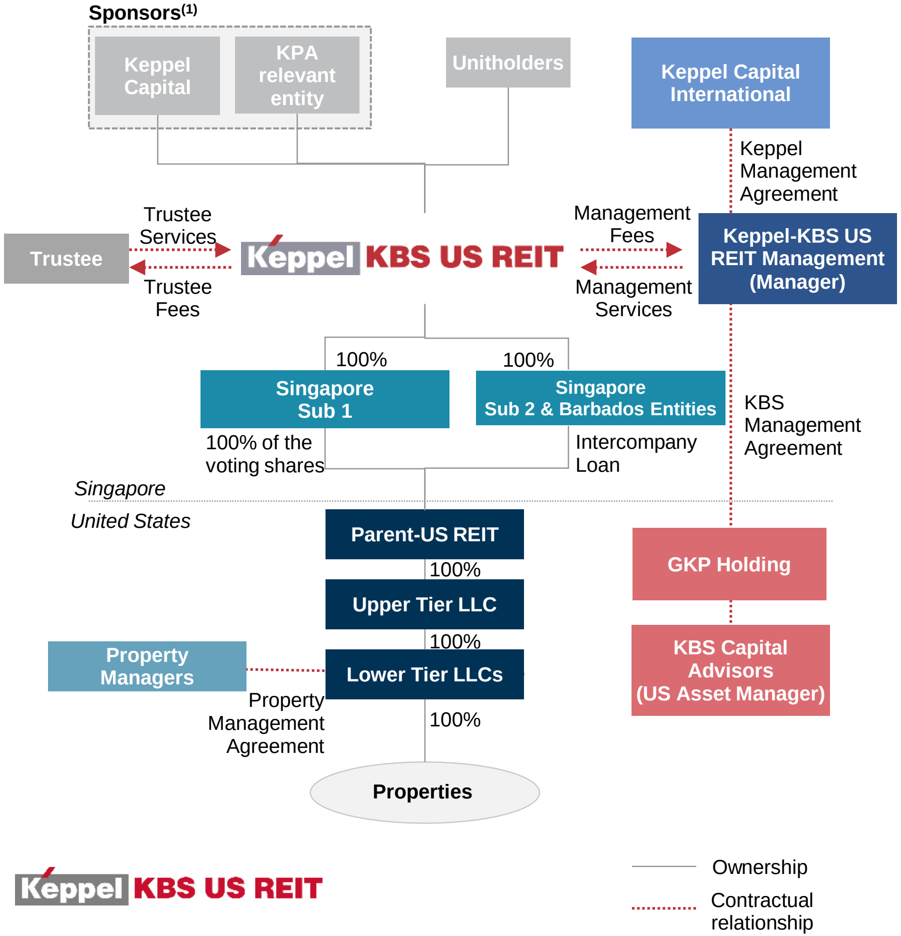
Bellevue, Seattle

Financial Performance for 2Q 2019

	Actual 2Q 2019 (US$'000)	Forecast 2Q 2019[1] (US$'000)	% Change	Actual 2Q 2019 (US$'000)	Actual 2Q 2018 (US$'000)	% Change
Gross Revenue	29,280	24,101	21.5	29,280	22,641	29.3
Property Expenses	(11,292)	(10,036)	12.5	(11,292)	(8,847)	27.6
Net Property Income	17,988	14,065	27.9	17,988	13,794	30.4
Income Available for Distribution[2]	**12,404**	**10,055**	**23.4**	**12,404**	**9,453**	**31.2**
DPU (US cents) for the period	1.50	1.58	(5.1)	1.50	1.50	-
Adjusted DPU (US cents)[3]	**1.50**	**1.22[3]**	**23.0**	**1.50**	**1.15[3]**	**30.4**

(1) Forecast for 2Q 2019 was derived from one quarter of the Projection Year 2019 as disclosed in the Prospectus.
(2) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
(3) Adjusted DPU for Forecast 2Q 2019 and Actual 2Q 2018 were calculated based on the actual number of Units as at 30 June 2019 of 825,266,935 for comparison purpose.

Tax-Efficient Structure



Tax-efficient structure for holding US properties

- **No US corporate tax (21%) and US withholding tax (30%)**
- **No Singapore corporate tax (17%) and Singapore withholding tax (10%)**
- **Subject to limited tax (per annum effective tax not expected to exceed 2% of distributable income)**

Leverage Sponsors' expertise and resources to optimise returns for Unitholders

Alignment of interests among Sponsors, Manager and Unitholders

(1) Keppel Capital holds a deemed 7.3% stake in Keppel-KBS US REIT (KORE). KBS Strategic Opportunity REIT, Inc. (KPA relevant entity) holds a 6.9% stake in KORE. KPA holds a deemed interest of 0.4% in KORE.

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

Portfolio Overview

Property	City	Location	NLA (sf)	Committed occupancy (by NLA)	WALE (in years)	Carrying Value (US$m)
The Plaza Buildings	Seattle	Bellevue CBD, one of the most active leasing submarket in Seattle	490,994	96.5%	3.5	258.8
Bellevue Technology Center	Seattle	Bellevue, one of the most active leasing submarket in Seattle	330,508	98.5%	3.4	137.7
The Westpark Portfolio	Seattle	Redmond submarket, one of the best performing office markets in the Seattle region	782,185	97.8%	3.7	180.3
Iron Point	Sacramento	Carmichael / Fair Oaks / Citrus Heights; Expected to outperform the overall Sacramento market	211,944	95.8%	2.8	37.4
Westmoor Center	Denver	Northwest Denver; Well-positioned to capture tenants that outgrow nearby Boulder, and has better quality real estate	612,890	91.2%	5.2	128.6
Great Hills Plaza	Austin	Northwest submarket, a popular office locale along the Capital of Texas Highway corridor	139,252	98.1%	5.3	37.9
Westech 360	Austin	Northwest submarket, a popular office locale along the Capital of Texas Highway corridor	177,615	96.4%	2.7	47.2
1800 West Loop South	Houston	West Loop, which is amenity-rich and highly sought after	400,101	81.9%	4.2	79.4
West Loop I & II	Houston	Bellaire, one of Houston's most desirable and affluent neighbourhoods	313,873	89.5%	4.4	43.6
Powers Ferry	Atlanta	Cumberland / I-75: Have been outperforming greater Atlanta market in terms of occupancy rate	149,324	98.0%	3.0	19.8
Northridge Center I & II	Atlanta	North Central / I-285 / GA 400: Home to numerous Fortune 500 companies, which solidifies the positive attributes of the location	188,944	85.1%	2.8	21.1
Maitland Promenade I	Orlando	Maitland Center, which is dominated by finance, insurance, tech and strong activity in the Class A market	230,366	97.9%	3.6	49.5
Maitland Promenade II	Orlando	Maitland Center, which is dominated by finance, insurance, tech and strong activity in the Class A market	230,371	99.7%	4.4	44.5
		Portfolio Information as at 30 June 2019	**4,258,367**	**94.0%**	**3.9**[(1)]	**1,085.8**

Unless otherwise stated, all information as at 30 June 2019.
(1) By NLA. Based on portfolio CRI, WALE was 3.8 years

Positive Fundamentals in KORE's Key Growth Markets

Growing educated workforce and rising household income

Educational Attainment – % of population with at least a Bachelor's Degree [1]

	2013	2014	2015	2016	2017
United States	29.6%	30.1%	30.6%	31.3%	32.0%
Atlanta MSA	35.2%	35.8%	37.0%	37.7%	37.9%
Austin MSA	41.5%	41.5%	42.6%	42.8%	44.8%
Denver MSA	40.3%	40.8%	41.8%	42.5%	43.9%
Houston MSA	30.9%	31.0%	31.5%	32.0%	32.4%
Orlando MSA	29.5%	28.7%	29.9%	30.9%	32.1%
Sacramento MSA	30.8%	31.3%	32.2%	32.6%	32.7%
Seattle MSA	39.4%	39.4%	41.2%	42.0%	41.9%

Household Median Income [1]

US$'000	2013	2014	2015	2016	2017
United States	52.3	53.7	55.8	57.6	60.3
Atlanta MSA	55.7	56.2	60.2	62.6	65.4
Austin MSA	61.8	63.6	67.2	71.0	73.8
Denver MSA	62.8	66.9	70.3	71.9	76.6
Houston MSA	57.4	60.1	61.5	61.7	63.8
Orlando MSA	47.0	48.3	51.1	52.4	55.1
Sacramento MSA	57.0	60.0	62.8	64.1	67.9
Seattle MSA	67.5	71.3	75.3	78.6	82.1

- Maitland has one of the largest percentages of graduates with advanced degrees in the metro and is dominated by technical firms, finance and insurance companies, along with computer technology and data companies[2]
- Population aged 25 and above with at least a Bachelor's degree has grown steadily in KORE's markets, with Seattle, Atlanta, Austin and Sacramento surpassing the national benchmark
- Steady employment growth over the years has led to rising household median incomes in KORE's markets, providing support in retaining a young and educated workforce
- As growth extends beyond primary markets to secondary markets, markets with a highly skilled labour pool will continue to attract corporate expansions

(1) U.S Census Bureau, 2013-2017 American Community Survey 1 Year Estimates.
(2) CoStar Office Report, 3 April 2019.