Keppel KBS US REIT

Keppel-KBS US REIT Management Pte. Ltd.
(Co Reg No. 201719652G)
230 Victoria Street
#05-08 Bugis Junction Towers
Singapore 188024

Tel: (65) 6803 1818
Fax: (65) 6803 1717

NOT FOR DISTRIBUTION OR PUBLICATION IN THE UNITED STATES OR IN ANY OTHER JURISDICTION OUTSIDE SINGAPORE.

MEDIA RELEASE

KEPPEL-KBS US REIT TO OFFER ATTRACTIVE TOTAL RETURN AND HIGH INITIAL DISTRIBUTION YIELD

- ***Opportunity for investors to gain exposure to the attractive US office real estate sector through Keppel-KBS US REIT, a distinctive office REIT with investment properties in key US growth markets***
- ***Registered prospectus for launch of approximately US$553.1 million[1] IPO at US$0.88 per Unit***
- ***Expected distribution yield[2] of 6.8% in Forecast Year 2018[3], with a distribution yield growth of 5.8%[4] in Projection Year 2019[5], representing a total return of 12.6%[6]***

Singapore, 2 November 2017 – Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT (the "**Manager**"), announced today that it has registered the prospectus ("**Prospectus**") for the proposed initial public offering (the "**IPO**") and listing of units in Keppel-KBS US REIT ("**Units**"), on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**" or "**SGX**").

---

1 *Refers to proceeds raised from the Offering, Relevant Entities Units and Cornerstone Units (each as defined in the Prospectus).*
2 *Based on the Offering Price of US$0.88 per Unit and the forecast and projected distribution per Unit for Forecast Year 2018 and Projection Year 2019, together with the accompanying assumptions in the Prospectus. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.*
3 *The period from 1 January 2018 to 31 December 2018.*
4 *Calculated as the growth in distribution yield from Forecast Year 2018 to Projection Year 2019.*
5 *The period from 1 January 2019 to 31 December 2019.*
6 *Calculated as the sum of Forecast Year 2018 distribution yield and distribution yield growth from Forecast Year 2018 to Projection Year 2019.*

Backed by two reputable sponsors, Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**") and KBS Pacific Advisors Pte. Ltd.[7] ("**KPA**") (the "**Sponsors**"), Keppel-KBS US REIT is a distinctive office REIT with 11 quality properties in seven key growth markets in the United States (the "**US**") with an appraised value of approximately US$829.4 million[8]. The properties are in the West Coast (Seattle and Sacramento), Central Region (Denver, Austin and Houston) and East Coast (Atlanta and Orlando), offering an aggregate net lettable area ("**NLA**") of approximately 3.2 million sq ft.

The REIT aims to provide Unitholders with attractive total returns driven by regular and stable distributions. Based on the Offering Price of US$0.88 per Unit, Keppel-KBS US REIT offers an attractive distribution yield[2] of 6.8% in Forecast Year 2018 and expected distribution yield growth of 5.8%[4] in Projection Year 2019, translating to a total return of 12.6%[6].

Mr David Snyder, CEO and CIO of the Manager, said, "Keppel-KBS US REIT offers Unitholders a strong and unique value proposition of attractive distributions with strong visible organic growth. Driving this positive momentum is the favourable outlook in the office real estate sector, especially in key markets where the properties comprising Keppel-KBS US REIT's IPO portfolio are located. These are markets where economic, population and employment growth have exceeded and is projected to continue to expand above the US national average, and where asking rents for office spaces are expected to see a continued upward trend."

Reputable Sponsors and US asset manager with strong track record

Keppel-KBS US REIT is backed by two reputable Sponsors – Keppel Capital and KPA[7], both of whom have strong expertise in office real estate and fund management, as well as a proven track record and ability to create value and elevate portfolio performance.

---

[7] *The co-founding partners of KBS include Peter McMillan III and Keith D. Hall, who are partners of KPA and together indirectly hold a one-third stake of KBS. As KPA is a co-sponsor of Keppel-KBS US REIT, the Manager is able to leverage KPA's affiliation with KBS.*

[8] *Based on the higher of the two valuations from Cushman and JLL as of June 2017.*

A premier asset manager in Asia, Keppel Capital is the asset management arm of Keppel Corporation Limited. Keppel Capital has approximately S$28 billion[9] in assets under management ("**AUM**") through 11 funds – two SGX-listed REITs, Keppel REIT and Keppel DC REIT; one SGX-listed business trust, Keppel Infrastructure Trust; and eight private funds managed by Alpha Investment Partners Limited.

Incorporated in Singapore, KPA is owned by shareholders who also hold stakes in KBS Capital Advisors LLC ("**KBS**"), one of the US' premier commercial real estate investment managers that has completed more than US$33 billion of transaction volume since its inception in 1992.

Managing over US$11.4 billion[10] in AUM, KBS was ranked the 11th largest US owner of office properties globally[11] with a portfolio of more than 41.8 million sq ft of NLA and presence in more than 30 markets in the US.

Mr Peter McMillan III, co-founder of KBS and Chairman of the Manager, said, "Harnessing synergies from two best-in-class REIT management platforms, we are delighted to jointly bring Keppel-KBS US REIT to the investment community. The high quality, income-producing office assets in the REIT's portfolio enjoy healthy occupancy and strong organic growth potential, which is a result of our active asset management and innovative leasing initiatives. Keppel-KBS US REIT will be able to leverage KBS' expertise and deal sourcing capabilities in the US commercial real estate sector to enhance value for investors."

---

[9] As at October 2017.

[10] As at 31 December 2016.

*[11] Source: National Real Estate Investor, December 2016. National Real Estate Investor has not provided its consent, for the purposes of Section 249 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") (read with Section 302(1) of the SFA), to the inclusion of the ranking information quoted above in this media release and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the ranking information from the above published by National Real Estate Investor is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.*

Ms Christina Tan, CEO of Keppel Capital, said, “The potential listing of Keppel-KBS US REIT is part of Keppel’s aim to grow our fund management business and expand our geographic footprint into the stable US market, capitalising on the growing demand by global investors for attractive US real estate investments. The REIT will be able to draw on Keppel Capital’s expertise in the management of listed REITs and strong relationships with Asian investors, as well as KBS’ established investment and asset management experience in US commercial real estate.”

Distinctive and resilient portfolio in key growth markets in the US

Keppel-KBS US REIT’s distinctive portfolio comprises high quality office assets that are well-served by key transportation nodes and supporting amenities. The IPO Portfolio has a well-diversified base of 340 tenants[12] led by tenants in growth and defensive sectors such as technology, financial and insurance, professional services, as well as medical and healthcare.

The IPO Portfolio also enjoys a high committed occupancy rate of 90.0%[13] and a stable lease expiry profile of 3.7 years, with no single year having over 20% of total leases expiring, thereby ensuring stability of cash flows.

Attractive office real estate fundamentals supported by highly sustainable economic growth in the US

The US economy has seen stable and gradual growth trajectory as consumer and business confidence remains high, while job and wage growth continue to be healthy. The higher levels of economic, employment and population growth are positive demand drivers for office space and are expected to support a positive outlook in these markets.

[12] As at 30 June 2017.
[13] As at 30 September 2017.

In addition, Keppel-KBS US REIT's IPO Portfolio assets are located in strategic key growth markets where economic growth will continue to outpace the national average, with most undergoing a property up-cycle and where rental growth is rising, driven mainly by fast-growing and defensive sectors. Many of these markets, including Atlanta, Austin, Houston, Orlando and Seattle, also serve as the national or regional headquarters of Fortune 500 companies.

Visible growth opportunities delivered both organically and through future acquisitions

The REIT's yield growth is driven by built-in rental escalations ranging from 2.0% to 3.0% for approximately 97.5% of the IPO Portfolio's leases[14]; opportunity to renew expiring leases at potentially higher market rent rates for positive rental reversion; as well as potential growth in portfolio occupancy through a proactive leasing strategy to capture potential upside in occupancy rates.

At the same time, leveraging Keppel Capital's established origination and analysis capabilities, and through KPA's affiliates in the US, Keppel-KBS US REIT will benefit from potential acquisition opportunities in the US office market that presents significant investment opportunities.

Keppel-KBS US REIT's distribution policy is to distribute 100.0% of its Annual Distributable Income for the period from the Listing Date to the end of Projection Year 2019. The REIT will distribute at least 90.0% of its Annual Distributable Income on a semi-annual basis thereafter.

Distributions will be declared in US dollars and Unitholders will receive distributions in Singapore dollars equivalent of the US dollar distribution declared. Unitholders can also elect to receive the relevant distribution in US dollars.

[14] *By Cash Rental Income and NLA; Existing leases of the IPO Portfolio as at 30 June 2017.*

THE OFFERING

262,772,400 Units are being offered (the "**Offering**"), subject to an Over-Allotment Option, at the Offering Price of US$0.88 per Unit.

The Public Offer will open at 8.00 p.m. on Thursday, 2 November 2017, and close at 12 noon on Tuesday, 7 November 2017. Units in Keppel-KBS US REIT are expected to commence trading on the SGX-ST at 2.00 pm on Thursday, 9 November 2017.

Copies of the Prospectus and the application forms relating to the IPO in Singapore of the Units in Keppel-KBS US REIT may be obtained, subject to availability, during office hours from:

- Keppel-KBS US REIT's booth at Ocean Financial Centre (10 Collyer Quay, Singapore 049315), from 3 to 7 November 2017[15]; and
- Branches of DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd.

The Prospectus is also available on the MAS' OPERA website at https://eservices.mas.gov.sg/opera/. Anyone wishing to acquire the Units will need to make an application in the manner set out in the Prospectus.

DBS Bank Ltd. is the Sole Financial Adviser and Issue Manager for the IPO. 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 IPO.

- End –

[15] *The booth is open from 8.00 a.m. to 6.00 p.m. on 3 to 6 November 2017, and 8.00 a.m. to 12 noon on 7 November 2017.*

APPENDIX A – LIST OF CHINESE TERMS AND NAMES

Keppel-KBS US REIT	吉宝 KBS 美国房地产信托
Keppel-KBS US REIT Management Pte. Ltd.	吉宝 KBS 美国房地产信托管理私人有限公司
Keppel Capital Holdings Pte. Ltd.	吉宝资本控股私人有限公司
Mr Peter McMillan III	彼德•麦克米兰
Ms Christina Tan	陈华美
Mr David Snyder	大卫•时耐德

For more information, please contact:

Media Relations	**Investor Relations**
Citigate Dewe Rogerson Ms Chia Hui Kheng (MD & Head of Singapore)/ Ms Dolores Phua (ED)/ Ms Amelia Lee (Senior Consultant) T: 6589 2361 / 6589 2383 / 6589 2380 E: huikheng.chia@citigatedewerogerson.com dolores.phua@citigatedewerogerson.com amelia.lee@citigatedewerogerson.com	Keppel-KBS US REIT Ms Grace Chia Head Investor Relations T: 6803 1739 E: grace.chia@kepcapital.com

Important Notice

*Capitalised words and expressions used in this media release and not otherwise defined shall have the meanings given to them in the prospectus of Keppel-KBS US REIT dated 2 November 2017 (the "**Prospectus**"), which has been registered by the Monetary Authority of Singapore ("**MAS**") on 2 November 2017. Keppel-KBS US REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing commercial assets and real estate-related assets in the key growth markets of the United States.*

*This media release is for information purposes only and does not constitute an offer, invitation to purchase or subscribe for or solicitation of units in Keppel-KBS US REIT ("**Units**") in Singapore or any other jurisdiction, including the United States, nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract or commitment whatsoever. The information in this media release in respect of Keppel-KBS US REIT is qualified in its entirety by, and is subject to, the more detailed information set out in the Prospectus. The information presented in this media release is subject to change. Anyone wishing to purchase Units should read the Prospectus, and in particular, the section on "Risk Factors" for a discussion of certain factors to be considered, and make his own assessment before deciding whether to purchase Units and will need to make an application in the manner set out in the Prospectus. Any decision to purchase Units should be made solely on the basis of information contained in the Prospectus and no reliance should be placed on any information other than that contained in the Prospectus.*

The Prospectus (including the relevant application forms) may be obtained, subject to availability and on request, during office hours from DBS Bank Ltd. at 12 Marina Boulevard Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Citigroup Global Markets Singapore Pte. Ltd. at 8 Marina View #21-00, Asia Square Tower 1, Singapore 018960, Credit Suisse (Singapore) Limited at One Raffles Link, #03/#04-01 South Lobby, Singapore 039393, Merrill Lynch (Singapore) Pte. Ltd. at 50 Collyer Quay, #14-01 OUE Bayfront, Singapore 049321.

*Neither this media release nor any copy or portion of it may be sent or taken, transmitted or distributed, directly or indirectly, into the United States of America (the "**United States**"). The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. This media release is not an offer for sale of securities in the United States. The Manager does not intend to conduct a public offering of the Units in the United States.*

Neither this media release nor any of its content may be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Information contained in this media release does not constitute a part of the Prospectus. Failure to comply with these restrictions may result in a violation of the Securities Act, United States securities laws or the applicable laws of other jurisdictions.

This media release may be restricted by law in certain jurisdictions. Persons who may come into possession of this media release are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This media release may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

The value of the 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 Perpetual (Asia) Limited (as trustee of Keppel-KBS US REIT), Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd. (as sponsors of Keppel-KBS US REIT), DBS Bank Ltd. (as the sole financial adviser and issue manager of the IPO), DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. (as the joint bookrunners and underwriters of the IPO) or any of their respective affiliates, advisers or representatives. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This media release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. The forecast and projected yields and yield growth are calculated based on the Offering Price and the accompanying assumptions in the Prospectus. Such yields and yield growth will vary accordingly for investors who purchase the Units in the secondary market at a market price different from the Offering Price.

Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of Keppel-KBS US REIT. The forecast financial performance of Keppel-KBS US REIT is not guaranteed. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. A potential investor should read the Prospectus and, in particular, the section entitled "Forward-Looking Statements" and make his own assessment before making any decision to purchase the Units.

DBS Bank Ltd. as the sole financial adviser and issue manager of the IPO and DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. as the joint bookrunners and underwriters of the IPO assume no responsibility for the contents of this media release.