

Keppel **KBS US REIT**



Keppel-KBS US REIT
Tokyo and Seoul Non-Deal
Roadshow 25 – 26 February 2019

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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.

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

Investment Highlights

Distinctive office REIT focused on key growth markets in the US

Investment mandate	<ul style="list-style-type: none">■ To invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets of the United States with favourable economic and office fundamentals that are above the national average.
Sponsors	<ul style="list-style-type: none">■ Keppel Capital Holdings and KBS Pacific Advisors
Manager	<ul style="list-style-type: none">■ Keppel-KBS US REIT Management Pte. Ltd. (50:50 joint venture partnership between KC and KPA)
Portfolio	<ul style="list-style-type: none">■ 13 office properties located across 7 key growth markets in the US, with an aggregate net lettable area (“NLA”) of 4.3 million sq ft
Portfolio valuation	<ul style="list-style-type: none">■ US\$1.02 billion (as at 31 December 2018)■ US\$1.07 billion (including Maitland Promenade I which was acquired on 16 January 2019)



**Attractive US office
real estate fundamentals**



**High distribution yield
and growing in value**



**Exposure to targeted
US growth cities**



**Established sponsors
with strong pipeline**

Note: Data as at 31 Jan 2019. Market data from Cushman and Wakefield.

Portfolio Overview

First choice submarkets with positive growth fundamentals

Seattle, Washington



The Plaza Buildings
Occupancy rate: 93.4%



Bellevue Technology Center
Occupancy rate: 98.1%



The Westpark Portfolio
Occupancy rate: 97.1%

Description	13 office properties across 7 key growth markets
NLA	Over 4.3 million sf
AUM	US\$1.07 billion
Occupancy	91.9%
Average Age	4.5 years (from last refurbishment)

Sacramento, California



Iron Point
Occupancy rate: 95.8%

Denver, Colorado



Westmoor Center
Occupancy rate: 82.4%

Austin, Texas



Westtech 360
Occupancy rate: 97.4%



Great Hills Plaza
Occupancy rate: 96.5%

Houston, Texas



1800 West Loop South
Occupancy rate: 75.6%



West Loop I & II
Occupancy rate: 90.4%

Atlanta, Georgia



Northridge Center I & II
Occupancy rate: 93.7%



Powers Ferry
Occupancy rate: 94.9%

Orlando, Florida



Maitland Promenade I
Occupancy rate: 98.1%¹



Maitland Promenade II
Occupancy rate: 98.2%



Note: Data as at 31 January 2019.

(1) Information for Maitland Promenade I as at 25 October 2018, based on its latest valuation report.

US Market Outlook

Sound economic conditions

- US labour market continued to strengthen in 2018
- Growth trajectory of the US economy projected to continue at a moderate pace as recovery matures
- Projected GDP growth of 2.3% in 2019 and 2.0% in 2020
- Fed to consider a slower path of interest rate hikes for 2019 than previously indicated
- Healthy leasing environment supported by strong job market and economic growth
- Seattle, one of KORE's key growth markets, ranked 3rd for rent growth in 2018 due to a booming tech sector

Last 12M Deliveries

59.9mIn sf

Last 12M Absorption

55.3mIn sf

Vacancy Rate

9.9%

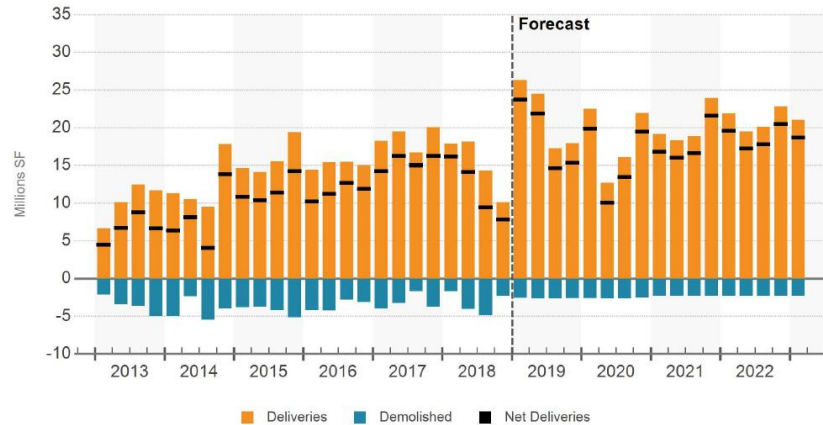
Last 12M Rent Growth

1.8%

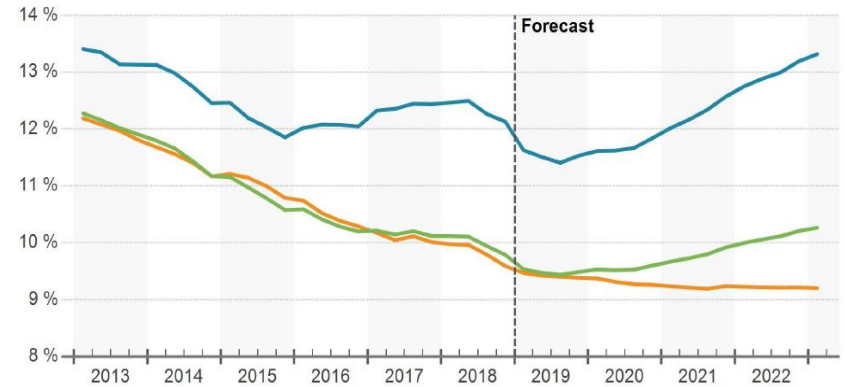
US Market Outlook

Attractive US office real estate fundamentals

Deliveries & Demolitions¹

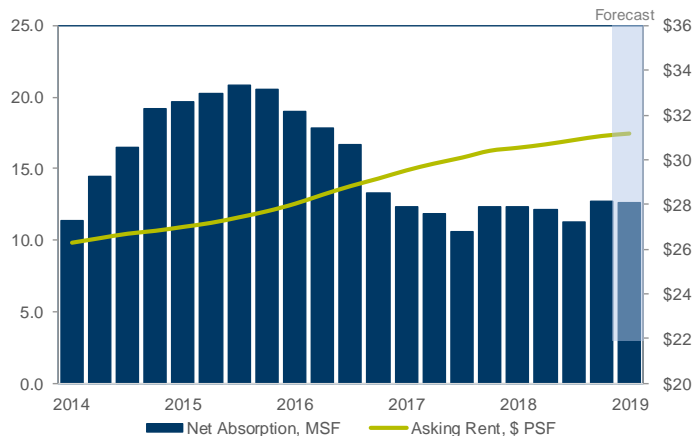


Vacancy Rate¹



Overall Net Absorption/Overall Asking Rent²

4-QTR TRAILING AVERAGE



- Solid leasing momentum has led to healthy absorption that is roughly on par with 2006-2007 levels, but with much less supply
- Absorption has moderated from peak levels, but strong economic and job market growth has kept demand for office space robust even at this stage of the recovery

(1) CoStar United States National Office Report dated 3 January 2019.

(2) Cushman and Wakefield Independent Market Review dated 31 December 2018.

First Choice Submarkets : West Coast

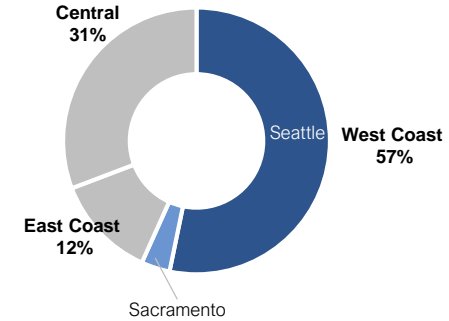
Seattle

- Strong economic and population growth, largely driven by technology and aerospace manufacturing industries
- **Portfolio location:** Bellevue and Redmond, two of the strongest office submarkets, and poised to continue as some of the region's most stable office environments



Sacramento

- The capital of California and benefits from a diversified economy (e.g. education, healthcare and professional services)
- **Portfolio location:** Folsom, a well-established submarket which supports professional, financial services, technology and healthcare-related office tenancy



First Choice Submarkets: Central

Denver

- Young and educated workforce, strong population growth and low business cost and taxes propel employment growth
- **Portfolio location:** Westminster, a high-tech and aerospace campus cluster, close proximity to popular residential neighbourhoods



Westmoor Center, Denver



Westmoor Center, Denver

Austin

- Major technology hub in Texas which benefits from a highly educated workforce
- **Portfolio location:** Northwest Submarket, a desirable market with high accessibility and established amenities



Great Hills Plaza, Austin



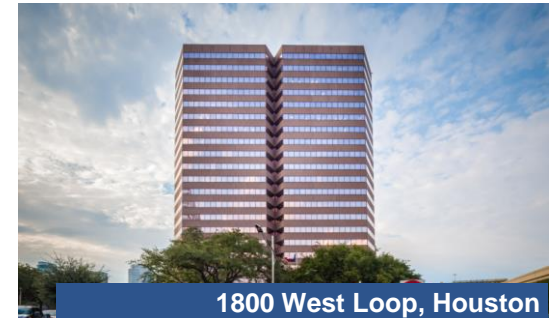
Westtech 360, Austin

Houston

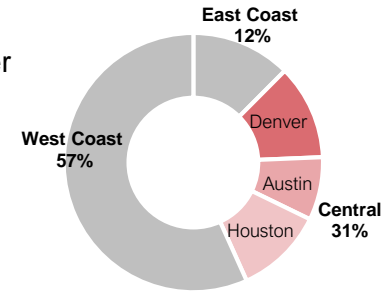
- Fifth largest MSA in USA, and home to the Texas Medical Center (the world's largest medical hub) and the Port of Houston (2nd largest port in the US)
- **Portfolio location:** Galleria and West Loop; diversified office users, including medical, healthcare, and professional services



West Loop I & II, Houston



1800 West Loop, Houston



First Choice Submarkets: East Coast

Orlando

- Robust metropolitan area and a major hub for aerospace companies with thriving technology, healthcare and tourist industries, attracting strong in-migration
- **Portfolio location:** Maitland, a well-established submarket with a significant household base that supports professional, financial and healthcare services tenancy



Maitland Promenade II, Orlando



Maitland Promenade I, Orlando

Atlanta

- Third most Fortune 500 company headquarters in the US, with a steady stream of business relocations and expansions
- **Portfolio location:** Cumberland and North Central, two office submarkets that enjoy great accessibility and proximity to desirable residential neighbourhoods



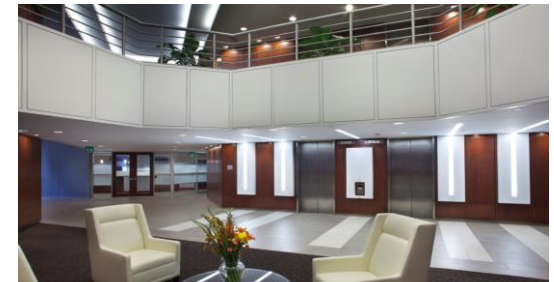
Northridge I & II, Atlanta



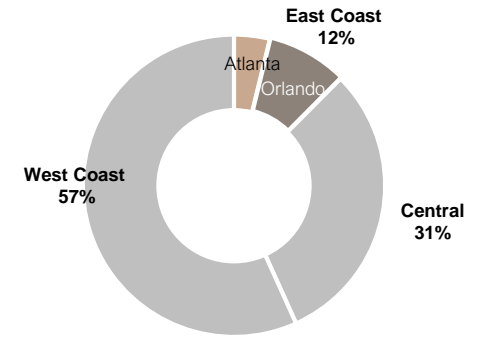
Northridge I & II, Atlanta



Powers Ferry, Atlanta



Powers Ferry, Atlanta



First Choice Submarkets: Rent growth drivers

Property and 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 (%)
The Plaza Buildings Seattle, Bellevue CBD	5.9%	-	98.0	48.9	10.4%	7.5%
Bellevue Technology Center Seattle, Eastside	4.6%	-	43.4	33.8	5.9%	4.2%
The Westpark Portfolio Seattle, Redmond	2.6%	10.0	403.0	32.7	8.2%	6.6%
Iron Point Sacramento, Folsom	6.4%	-	37.9	24.6	3.8%	4.1%
Westmoor Center Denver, Northwest	9.3%	125.0	55.1	20.8	2.0%	2.7%
1800 West Loop Houston, Galleria/Uptown	15.3%	101.0	504.0	32.3	1.5%	1.7%
West Loop I & II Houston, Galleria/Bellaire	17.0%	-	(27.4)	25.0	1.4%	2.2%
Great Hills & Westech 360 Austin, Northwest	8.8%	18.2	(242.0)	35.0	4.3%	3.5%
Powers Ferry Atlanta, Cumberland/I-75	15.0%	222.0	247.0	24.2	3.5%	3.5%
Northridge I & II Atlanta, Central Perimeter	14.0%	568.0	306.0	28.2	5.3%	4.6%
Maitland Promenade I & II Orlando, Maitland	7.6%	-	14.5	22.1	3.4%	3.3%

Growing in Value

Property	As at 31 Jan 2019	At IPO/Acquisition		
	Cushman Valuation (US\$ 'million)	Purchase Price (US\$ 'million)	Cushman (US\$ 'million)	JLL (US\$ 'million)
The Plaza Buildings, Seattle, Bellevue CBD	253.5	240.0	243.9	236.1
Bellevue Technology Center, Seattle, Eastside	136.0	131.2	133.0	129.3
Iron Point, Sacramento, Folsom	37.0	36.7	35.2	38.2
Westmoor Center, Denver, Northwest	126.4	117.1	121.4	118.2
1800 West Loop South, Houston, Galleria/Uptown	75.5	78.6	75.1	82.0
West Loop I & II, Houston, Galleria/Bellaire	42.2	46.3	41.9	50.7
Great Hills, Austin, Northwest	37.3	33.1	33.0	33.3
Westech 360, Austin, Northwest	46.6	41.8	39.8	43.8
Powers Ferry, Atlanta, Cumberland/I-75	19.8	18.7	19.2	18.3
Northridge Center I & II, Atlanta, Central Perimeter	20.9	20.3	20.2	20.5
Maitland Promenade II, Orlando, Maitland	43.6	40.2	43.5	37.0
Total AUM: IPO Portfolio	838.8	804.0	806.2	807.4
The Westpark Portfolio, Seattle, Redmond <i>(Completed on 30 Nov 2018)</i>	178.0	169.4	178.0	181.4
Maitland Promenade I, Orlando, Maitland ¹ <i>(Completed on 16 Jan 2019)</i>	48.9	48.5		
Total AUM: Enlarged Portfolio	1,065.7	-	-	-

(1) Information for Maitland Promenade I as at 25 October 2018, based on its latest valuation report.

**Operational Performance for the Financial
Period from Listing Date to 31 December 2018**

Financial Performance

Higher DI driven by acquisition and stable operating performance

	4Q 2018 ⁽¹⁾			Listing Date to 31 Dec 2018 ⁽¹⁾		
	Actual (US\$'000)	Forecast ⁽²⁾ (US\$'000)	% Change	Actual (US\$'000)	Forecast ⁽²⁾ (US\$'000)	% Change
Gross Revenue	24,502	23,128	5.9	105,917	104,902	1.0
Property Expenses	(9,866)	(9,536)	3.5	(41,565)	(42,905)	(3.1)
Net Property Income	14,636	13,592	7.7	64,352	61,997	3.8
Income Available for Distribution⁽³⁾	10,258	9,446	8.6	43,796	42,947	2.0
- IPO Portfolio	9,551	9,446	1.1	43,089	42,947	0.3
- The Westpark Portfolio	707	-	-	707	-	-
DPU (US cents) for the period ⁽³⁾	1.25	1.50	(16.7)	6.22	6.79	(8.4)
Distribution yield (%) ⁽⁴⁾				8.90%	9.72%	(82bps)
DPU (US cents) adjusted to exclude the effects of the acquisition of the Westpark Portfolio and Rights Issue ⁽⁵⁾	1.51	1.50	0.7	6.83	6.79	0.6

(1) No comparative figures presented as Keppel-KBS US REIT was constituted on 22 September 2017 and listed on 9 November 2017. 4Q 2018 refers to the period from 1 October 2018 to 31 December 2018, and includes the contribution from the acquisition of Westpark Portfolio, which was completed on 30 November 2018.

(2) Forecast for 4Q 2018 was derived from one quarter of the 2018 forecast. There was no forecast figure for the period from Listing Date to 31 December 2017. Hence, forecast results for the period from Listing Date to 31 December 2018 comprise actual figures from Listing Date to 31 December 2017 and 2018 full year forecast.

(3) The income available for distribution to Unitholders is based on 100% of taxable income available for distribution to Unitholders. For the period from Listing Date to 31 December 2017, actual income available for distribution to Unitholders and DPU are US\$5.2 million and 0.82 US cents respectively.

(4) Based on market closing price per Unit of US\$0.61 as at the last trading day of 2018.

(5) Actual 2H 2018 DPU adjusted to exclude the effects of the acquisition of the Westpark Portfolio and Rights Issue to illustrate the performance of the initial IPO Portfolio against forecast.

Financial Performance

Healthy balance sheet

As at 31 Dec 2018
(US\$'000)

Total Assets	1,067,112
Investment Properties	1,016,750
Cash and Cash Equivalents	40,612
Other Assets	9,750
Total Liabilities	409,136
Gross Borrowings	374,440
Other Liabilities	34,696
Unitholders' Funds	657,976

Units in issue and to be issued ('000) ⁽¹⁾	823,490
Adjusted NAV per Unit (US\$) ⁽²⁾	0.78
Unit Price (US\$)	0.61

US Tax Restructuring Update

- US Department of Treasury clarified its position and treatment of hybrid entities and hybrid arrangements on 20 Dec 2018
- Government of Barbados proposed convergence of tax rates for domestic and international companies
- The above are not expected to have any material impact on KORE's consolidated NTA and DPU
- No further changes expected to Trust structure⁽³⁾

Distribution Timetable (1 July to 31 Dec 2018)

Ex-Date	31 Jan 2019
Book Closure Date	1 Feb 2019
Payment Date	26 Mar 2019

(1) Includes management fees in Units to be issued for 4Q 2018.

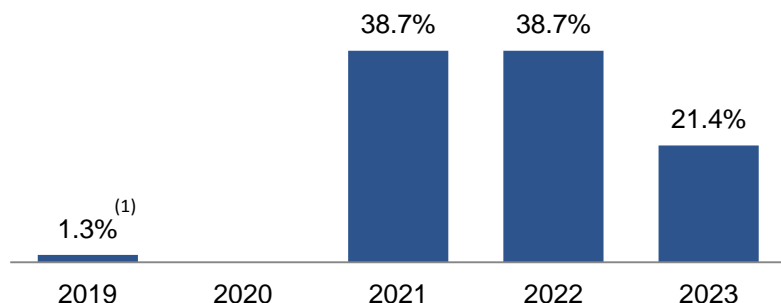
(2) Adjusted to exclude the distributable income for 2H 2018.

(3) The final regulations are expected in June 2019, but barring significant changes in the scope or application of the regulations from those recently proposed, no material impact to KORE's trust structure from the regulations is expected.

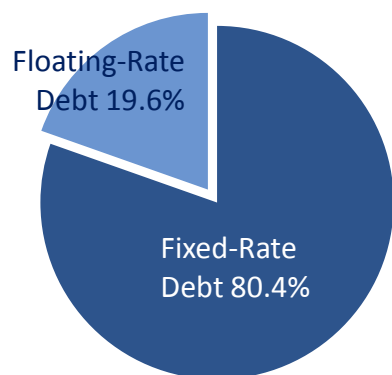
Capital Management

Limited interest rate exposure with term loans significantly hedged

Debt Maturity Profile



Interest Rate Exposure⁽⁴⁾



Sensitivity to LIBOR⁽⁵⁾

Every +/- 50bps in LIBOR translates to **-/+ 0.044 US cents in DPU p.a.**

As at 31 Dec 2018

Total debt	US\$374.4m of external loans (100% unsecured)
Available facilities	US\$45.0m of undrawn revolving credit facility
Aggregate leverage ⁽²⁾	35.1%
Average cost of debt ⁽³⁾	3.53% p.a.
Interest coverage ⁽⁴⁾	5.5 times
Average term to maturity	3.7 years

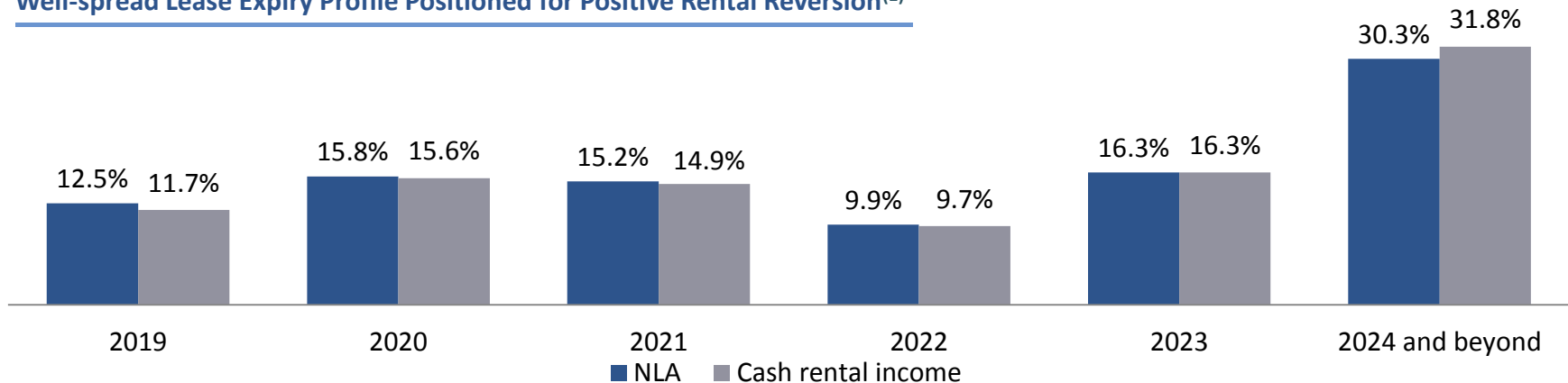
- (1) Refers to the US\$5m revolving credit facility.
- (2) Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.
- (3) Includes amortisation of upfront debt financing costs.
- (4) Ratio of EBITDA over interest expense paid or payable
- (5) Based on the 19.6% non-current debt which are unhedged, and the total number of Units in issue as at 31 December 2018.

Leasing Updates

Strong leasing momentum with positive rental reversion

- Strong leasing demand for KORE's assets in first choice submarkets
 - Committed ~133,000 sf (18 leases) in 4Q 2018, bringing total leases signed since IPO to ~741,000 sf (100 leases)
 - Leasing demand mainly from the fast-growing technology, finance and professional services sectors
- Continued organic growth driven by:
 - Positive rental reversion from expiring leases
 - Built-in average annual rental escalations of 2-3%
- Portfolio committed occupancy by NLA of 91.6%⁽¹⁾ and WALE based on CRI of 4.0 years⁽²⁾

Well-spread Lease Expiry Profile Positioned for Positive Rental Reversion⁽¹⁾



(1) As at 31 December 2018.

(2) As at 31 December 2018. Based on NLA, portfolio WALE was 3.9 years.

Well-Diversified Tenant Base

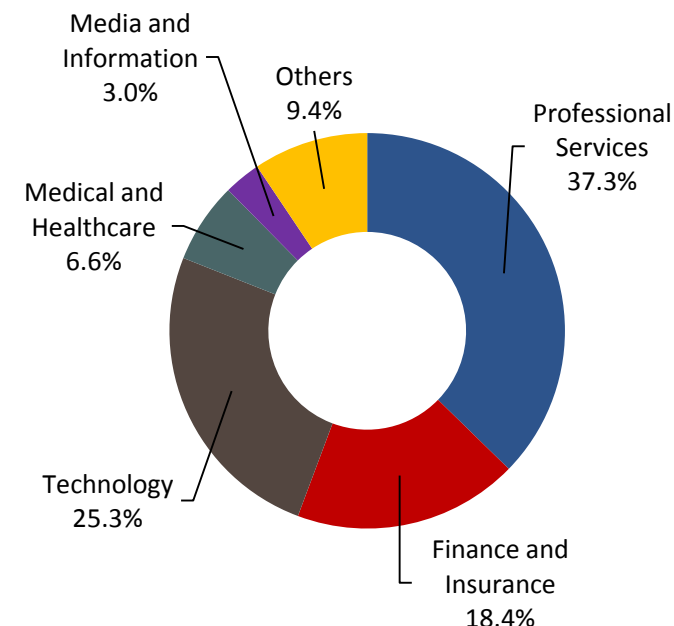
Resilient portfolio with low tenant concentration risk

- Well-diversified tenant base across key growth sectors
- Top 10 tenants comprise 17.5% of portfolio NLA and contribute 20.8% of cash rental income

Top 10 tenants by cash rental income as at 31 December 2018

Tenant	Sector	Asset	% CRI
Ball Aerospace	Professional Services	Westmoor Ctr	3.2%
Zimmer Biomet Spine	Technology	Westmoor Ctr	2.5%
Oculus VR, LLC	Technology	Westpark	2.4%
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Ctr	2.1%
US Bank	Finance & Insurance	The Plaza Buildings	2.1%
Blucora	Technology	The Plaza Buildings	1.9%
Health Care Service	Finance & Insurance	1800 West Loop South	1.9%
Reed Group	Finance & Insurance	Westmoor Ctr	1.7%
Regus	Professional Services	Bellevue Technology Ctr	1.5%
Futurewei	Technology	The Plaza Buildings	1.5%
Total			20.8%
WALE (by NLA)			5.6 years
WALE (by CRI)			5.4 years

Portfolio tenant base composition (by NLA)



(1) Subsidiary of QBE Insurance Group



Looking Ahead

KORE Strategy

Focused on Stable Distributions and Delivering Long Term Value

Portfolio Optimisation



- Focused leasing strategy targeting high growth sectors
- Proactive and effective asset management
- Maximise rental rates and capture positive rental reversions
- Asset enhancement initiatives to boost competitiveness

Value Accretive Acquisitions



- Pursue growth opportunities that 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 a robust capital structure

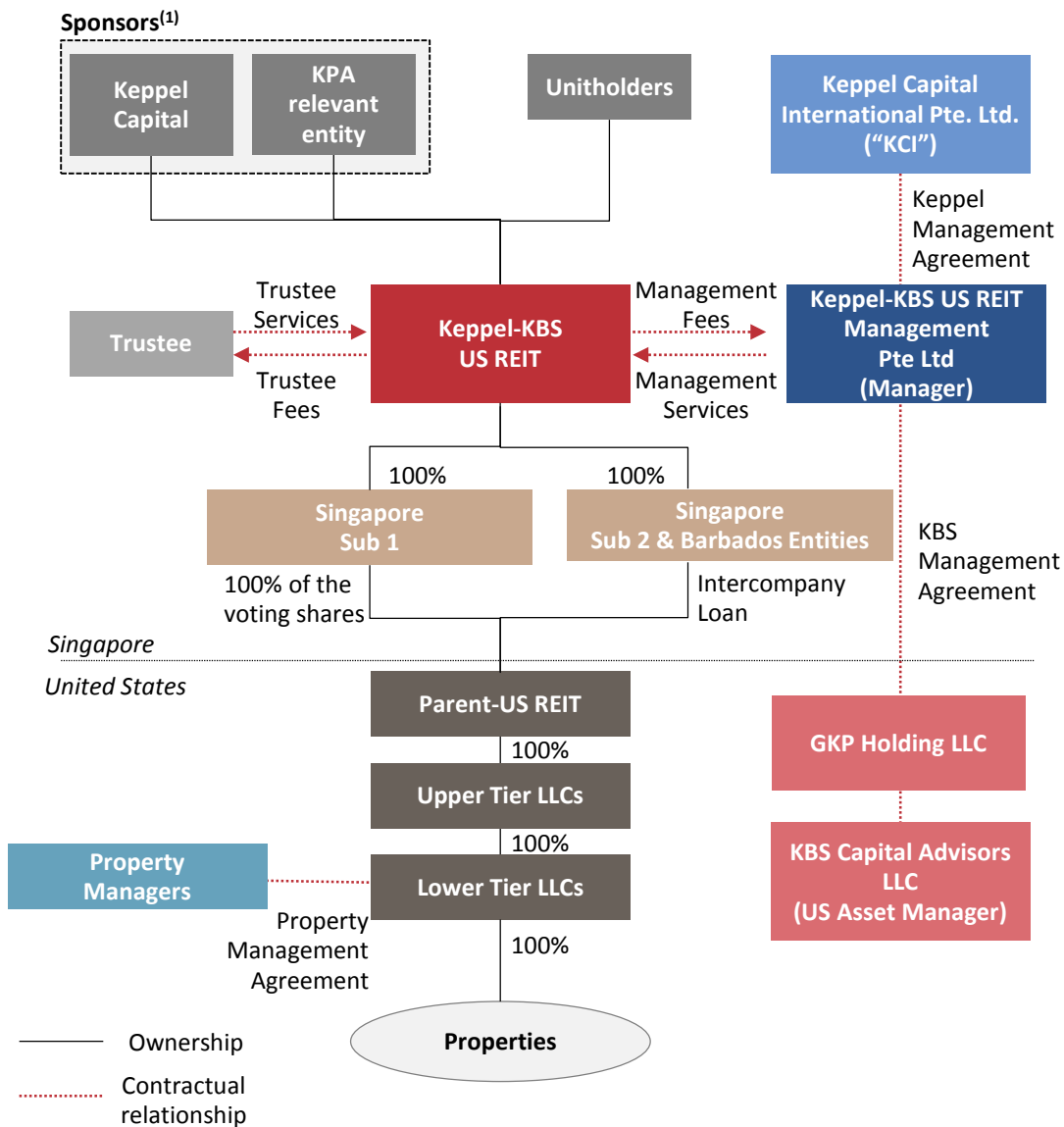


Thank You

For more information, please visit www.kepkbsusreit.com

Additional Information

Structure of Keppel-KBS US REIT



Tax-efficient structure for holding US properties

Leverage Sponsors' expertise and resources to optimise returns for Unitholders

Alignment of interests among Sponsors, Manager and Unitholders

(1) Keppel Capital holds a deemed 7.7% 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 0.8% in KORE.

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

Keppel Capital: Integrated Asset Management Platform With A Blue-Chip Parentage

TEMASEK HOLDINGS

| 20% ownership

Keppel Corporation

| 100% ownership

Keppel Capital

Private Fund Managers

Keppel Capital Alternative Asset

alpha



- Incepted in 2019 to establish, offer and manage new private funds investing in alternative asset classes
- Private equity fund manager with investments across key global gateway cities
- AUM: S\$13.0 bn

Listed REITs and Business Trust

Keppel KBS US REIT

Keppel DC REIT

Keppel Infrastructure Trust

Keppel REIT



- Distinctive US office REIT in key growth markets
- Asia's first data centre REIT listed on SGX
- One of the largest Singapore infrastructure trusts listed on SGX
- One of the largest Pan-Asian commercial REITs listed on SGX
- AUM*: US\$1.02 bn (~S\$1.38 bn)
- AUM: S\$2.0 bn
- AUM: S\$3.8 bn
- AUM: S\$8.1 bn

Information as at 31 December 2018

*AUM as at 31 December 2018 and excludes Maitland Promenade I which was acquired on 16 January 2019. Including Maitland Promenade I, AUM would be US\$1.07 bn (~S\$1.44 bn)