

MEDIA RELEASE

Keppel-KBS US REIT deepens Seattle footprint with maiden acquisition of US\$169.4 million

- *The Westpark Portfolio business campus is strategically located in one of the strongest office markets and largest technology hubs in the U.S.*
- *In line with the REIT's investment strategy to acquire assets in first choice submarkets with positive macroeconomic and office fundamentals.*

Singapore, 24 September 2018 – Keppel-KBS US REIT Management Pte. Ltd., as Manager of Keppel-KBS US REIT, is pleased to announce that Keppel-KBS US REIT¹ has entered into an agreement with KBS SOR Westpark Portfolio, LLC (“KBS SOR”)² to acquire the Westpark Portfolio, a business campus comprising 21 freehold buildings in the Seattle-Tacoma-Bellevue Metropolitan Statistical Area (“Seattle MSA”).

The Westpark Portfolio is Keppel-KBS US REIT’s third asset in the Seattle MSA. The purchase consideration for the business campus is US\$169.4 million, and was negotiated on a willing-buyer and willing-seller basis³.

Strategically located in Redmond, the Westpark Portfolio is within the strong performing Eastside office market in Seattle MSA, where Keppel-KBS US REIT has two other properties – The Plaza Buildings and Bellevue Technology Center. The area, which enjoys good accessibility and is supported by an excellent retail and amenity base, has seen positive leasing demand in recent years due to limited new quality office inventory. The presence of Microsoft Corporation and Nintendo of America’s headquarters in Redmond has also created a highly educated labour force and reinforced Redmond’s position as a key technology hub.

Mr David Snyder, CEO and CIO of the Manager, said, “The acquisition of the Westpark Portfolio will strengthen Keppel-KBS US REIT’s foothold in the high growth Seattle MSA. This will allow the REIT to capitalise on strong leasing demand from the technology and professional services sectors in a supply-constrained market, with limited sites available for competitive new development. At the same time, Seattle, being one of the strongest office markets in the United States, will allow the REIT to benefit from steady rent growth of approximately 4%⁴ by 2020.

“The acquisition is expected to be yield accretive, and is in line with our strategy to acquire distinctive assets in first choice submarkets and create long term value for our Unitholders.”

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Keppel-KBS US Real Estate Investment Trust (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.

¹ Through its wholly-owned indirect subsidiary, Keppel-KBS Westpark, LLC.

² KBS SOR is a wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc.

³ The independent appraised market valuations by Cushman & Wakefield of Washington, Inc. and JLL Valuation & Advisory Services, LLC were US\$178.0 million and US\$181.4 million respectively.

⁴ According to Cushman & Wakefield Western, Inc., the independent market research consultant.

Since the acquisition in February 2016 by KBS SOR, the Westpark Portfolio has undergone repositioning and extensive capital improvements, including the conversion of underutilised space to an amenities centre. The successful repositioning has garnered strong leasing traction among a diversified tenant base, concentrated mainly in the technology and professional services sectors. This includes Oculus VR, Inc, an American technology company backed by Facebook Inc., that specialises in virtual reality hardware and software products. The Westpark Portfolio enjoys a healthy committed occupancy of 97.7%⁵ and has a weighted average lease expiry of 4.3 years⁶.

The strategic addition of the Westpark Portfolio will increase Keppel-KBS US REIT's aggregate valuation by 20.8% to US\$985.5 million and NLA will increase by 24.2% to more than 4 million sq ft.

The acquisition will be financed with the proceeds from an equity fund raising, debt financing and internal cash resources. The Manager will determine the structure and timing of the equity fund raising, subject to the then prevailing market conditions.

The acquisition is subject to the approval of Unitholders at an extraordinary general meeting. Please refer to the Manager's SGX announcements for more details.

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⁵ Computed based on the assumption that the lease with Oculus was in place as at 30 June 2018.

⁶ As at 30 June 2018 and based on Cash Rental Income.

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 US. The REIT’s investment strategy is to principally invest in a diversified portfolio of income-producing commercial and real estate assets in key growth markets of the US to provide sustainable distributions and strong total returns for Unitholders.

Prior to the acquisition of the Westpark Portfolio, KORE’s portfolio comprises a balanced mix of 11 office properties located in seven key growth markets across US. With an aggregate NLA of 3.2 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 and Bellevue Technology Center, both located in Seattle, Washington, as well as Iron Point in Sacramento, California. In the Central region, the assets are Great Hills Plaza and Westech 360 in Austin, Texas; and 1800 West Loop South and West Loop I & II in Houston, Texas; and Westmoor Center in Denver, Colorado. In the East Coast, the REIT owns Powers Ferry and Northridge Center I & II in Atlanta, Georgia and Maitland Promenade II in Orlando, Florida.

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

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