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MEDIA RELEASE

Unaudited Results of Keppel-KBS US REIT for the Financial Period since Listing on 9 November 2017 to 30 September 2018

17 October 2018

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 financial period since listing on 9 November 2017 to 30 September 2018.

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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 delivers DPU of 1.50 US cents for 3Q 2018, in line with IPO forecast

Results Highlights

- Stable performance for the third quarter of 2018 (3Q 2018) driven primarily by strong leasing, positive rental reversion and lower property expenses
- Achieved distribution per Unit of 1.50 US cents for 3Q 2018, bringing DPU from Listing Date to 30 September 2018 to 5.32 US cents and an annualised distribution yield of 7.54%
- Stable portfolio committed occupancy rate of 90.1% as at 30 September 2018
- Deepening Seattle footprint with maiden accretive acquisition of the Westpark Portfolio in the supply-constrained Eastside suburban office market of Redmond

Summary of Results

	3Q 2018 ⁽¹⁾			Listing Date to 30 Sept 2018 ⁽¹⁾		
	Actual US\$'000	Forecast ⁽²⁾ US\$'000	+/(-) %	Actual US\$'000	Forecast ⁽²⁾ US\$'000	+/(-) %
Gross Revenue	22,672	23,128	(2.0)	81,415	81,774	(0.4)
Property Expenses	(9,078)	(9,537)	(4.8)	(31,699)	(33,369)	(5.0)
Net Property Income	13,594	13,591	-	49,716	48,405	2.7
Income available for distribution to Unitholders ⁽³⁾	9,469	9,447	0.2	33,538	33,501	0.1
DPU (US cents) for the period ⁽³⁾	1.50	1.49	0.7	5.32	5.29	0.6
Annualised distribution yield (%) ⁽⁴⁾				7.54%	7.50%	+4bps

Notes:

(1) No comparative figures presented as Keppel-KBS US REIT was constituted on 22 September 2017 and listed on 9 November 2017 (Listing Date). 3Q 2018 refers to the period from 1 July 2018 to 30 September 2018.

(2) Forecast for 3Q 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 30 September 2018 comprise actual figures from Listing Date to 31 December 2017 and nine months of the 2018 forecast.

(3) Based on 100% of taxable income available for distribution. DPU of 5.32 US cents for the period from Listing Date to 30 September 2018 comprise (i) DPU of 0.82 US cents from Listing Date to 31 December 2017 and (ii) DPU of 4.50 US cents for the period 1 January 2018 to 30 September 2018.

(4) Based on 3Q 2018 market closing price per Unit of US\$0.79.

Financial Performance

Keppel-KBS US REIT Management Pte. Ltd., as Manager of Keppel-KBS US REIT, is pleased to deliver stable performance for 3Q 2018, driven primarily by the organic growth of its portfolio.

The stable performance, which is in line with the IPO forecast, was supported by strong leasing momentum, positive rental reversion and lower property expenses in 3Q 2018. Gross revenue for the quarter was 2.0% lower than the forecast period, due mainly to an early lease termination at Westmoor Center in Denver, Colorado, in 1Q 2018, as well as lower recoveries income arising from lower property expenses. Notwithstanding that, income available for distribution to Unitholders was up slightly due mainly to lower property expenses and the one-off compensation income from the early lease termination that was recognised in 1Q 2018. The space at Westmoor Center has since been taken up by an expanding tenant, and cash rental contribution will commence in December 2018.

DPU achieved for 3Q 2018 was 1.50 US cents, bringing DPU for the period from Listing Date¹ to 30 September 2018 to 5.32 US cents, in line with the IPO forecast of 1.49 US cents and 5.29 US cents respectively. This translates to an annualised distribution yield of 7.54%². Keppel-KBS US REIT declares distributions on a half-yearly basis, and no distribution has been declared for the quarter under review.

In October 2018, the Singapore Exchange launched the new FTSE ST Singapore Shariah Index, of which Keppel-KBS US REIT has been included as a constituent. Inclusion in this Index, alongside that of the MSCI Singapore Small Cap Index will raise Keppel-KBS US REIT's visibility among investors, thereby improving trading liquidity.

Portfolio Review

Capitalising on the steady demand for well-located office spaces in first choice submarkets, the quarter saw strong leasing momentum with approximately 134,000 sf (18 leases) committed, bringing portfolio committed occupancy to 90.1% as at 30 September 2018.

The majority of the leases signed during the quarter saw positive rental reversion, and all new leases signed have built-in average annual rental escalations of 3%. With this, 98% of the total portfolio will have built-in annual rental escalations of between 2-3%, providing organic growth visibility for the REIT.

As at 30 September 2018, the weighted average lease expiry³ for the portfolio and top 10 tenants was 3.8 years and 5.4 years respectively. Given the rising office rents in most of the markets where the assets are located, the well-spread lease expiry profile will provide positive upside for the REIT when expiring leases with lower rents are marked to market.

Capital Management

The Manager continues to adopt a prudent approach towards capital management. As at 30 September 2018, the REIT has zero refinancing requirements until November 2021. The weighted average term to maturity of its debt is 3.61 years, with all-in average cost of debt at 3.47%. As at the end of 3Q 2018, aggregate leverage was 33.3%, and interest coverage ratio at 5.6 times.

To limit interest rate exposure, 75.0% of the REIT's term loans have been hedged with floating-to-fixed interest rate swaps. All the REIT's borrowings are in USD, providing a natural hedge for its income and investments.

Deepening Seattle Presence with Maiden Acquisition

In keeping with its aim to create value for Unitholders, the Manager announced on 24 September 2018 the proposed acquisition of the Westpark Portfolio in Redmond, a first choice office submarket on the Eastside of Seattle. The property will be Keppel-KBS US REIT's third asset in the Seattle-Tacoma-Bellevue Metropolitan Statistical Area (Seattle MSA).

A business campus comprising 21 freehold buildings, the Westpark Portfolio is close to the REIT's two existing properties – The Plaza Buildings and Bellevue Technology Center. The Redmond area, where the Westpark Portfolio is located, enjoys good accessibility and is supported by an excellent retail and amenity base. Limited new quality office inventory in the area and positive leasing demand in recent years has led to low vacancy and significant rent growth in the submarket.

¹ Keppel-KBS US REIT was listed on 9 November 2017

² Based on the 3Q 2018 market closing price per Unit of US\$0.79 cents

³ By committed occupancy and NLA

At the same time, 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.

The purchase consideration for the acquisition is US\$169.4 million⁴, and the acquisition was approved by Unitholders at an extraordinary general meeting on 16 October 2018.

Outlook

In the October 2018 World Economic Outlook, the International Monetary Fund (IMF) reported that the momentum in the US economy is expected to remain strong for the rest of 2018 and 2019. The IMF expects growth for 2018 and 2019 at 2.9% and 2.5% respectively. At the same time, ongoing strong domestic demand is projected to push the economy above full employment, as well as raise imports and the current account deficit. Notwithstanding the US economy is above full employment, the market expects interest rate increases to be less steep than those projected by the Federal Reserve.

On the office market, CoStar, in its October 2018 report, noted that the national vacancy rate remained flat at 10.2%. 12-month⁵ net absorption was 56.1 million sf, supported by stronger economic and job market growth that have kept demand for office space robust. Deliveries for the same period was 66.4 million sf and is set to peak in the next two years, with large projects coming on-stream mainly from New York and San Francisco. Meanwhile, rents recorded a 1.9% growth over the 12-month period, driven mainly by markets with strong job growth and little development activities, including Sacramento and Orange County.

Looking Ahead

Keppel-KBS US REIT remains focused on delivering stable distributions and creating long term value for Unitholders with its assets that are strategically located in first choice submarkets across the US. These markets are well-placed to benefit from strong macroeconomic economic, population and employment growth that outpace national average.

Looking ahead, the REIT's performance will continue to be supported by organic growth drivers including improved portfolio occupancies, positive rental reversions and built-in rental escalations. At the same time, the Manager will also actively pursue opportunities through accretive acquisitions, while ensuring an optimal and nimble capital structure for growth.

- End -

⁴ 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.

⁵ Refers to the period from October 2017 to September 2018.

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 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).

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.

**KEPPEL-KBS US REIT
FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
UNAUDITED RESULTS FOR THE PERIOD FROM
9 NOVEMBER 2017 (LISTING DATE) TO 30 SEPTEMBER 2018**

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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 was listed on SGX-ST on 9 November 2017 (“Listing Date”) 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.

Keppel-KBS US REIT’s key objectives are to provide Unitholders with attractive total returns primarily driven by regular and stable distributions, while maintaining an appropriate capital structure and striving for sustainable growth in distribution and net asset value per Unit.

The initial portfolio of Keppel-KBS US REIT (the “IPO Portfolio”) comprise 11 office properties in the United States, with an aggregate NLA of 3,225,739 sq ft. The IPO Portfolio consists of the following properties (the “Properties”):

West Coast

The Plaza Buildings

Bellevue Technology Center

Iron Point

Central

Westmoor Center

Great Hills Plaza

Westech 360

1800 West Loop South

West Loop I & II

East Coast

Powers Ferry Landing East

Northridge Center I & II

Maitland Promenade II

As disclosed in the Prospectus, SGX-ST granted Keppel-KBS US REIT a waiver from compliance with Rule 705(1) of the SGX-ST Listing Manual which requires the announcement of financial statements for the full financial year immediately after the figures are available. Accordingly, Keppel-KBS US REIT will be announcing its first full year results for the period from 9 November 2017 (“Listing Date”) to 31 December 2018.

On 24 September 2018, Keppel-KBS US REIT announced the entry into a conditional purchase and sale agreement by its indirect wholly- owned subsidiary, Keppel-KBS Westpark, LLC with KBS SOR Westpark Portfolio, LLC to acquire the Westpark Portfolio which comprises 21 buildings located at 8200-8644 154th Ave NE, Redmond, WA 98052. This is an Interested Party Transaction (“IPT”) which required Unitholders’ approval. On 16 October 2018, via an Extraordinary General Meeting, Unitholders passed an ordinary resolution to approve the IPT.

**SUMMARY OF KEPPEL-KBS US REIT RESULTS
FOR THE PERIOD FROM 9 NOVEMBER 2017 (LISTING DATE) TO 30 SEPTEMBER 2018**

	Group					
	3Q 2018 ⁽¹⁾			Listing Date to 30 September 2018 ⁽¹⁾		
	Actual	Forecast ⁽²⁾	+ / (-)	Actual	Forecast ⁽²⁾	+ / (-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	22,672	23,128	(2.0)	81,415	81,774	(0.4)
Property Expenses	(9,078)	(9,537)	(4.8)	(31,699)	(33,369)	(5.0)
Net Property Income ⁽³⁾	13,594	13,591	-	49,716	48,405	2.7
Net Income for the period ⁽⁴⁾	9,602	7,986	20.2	38,792	29,619	31.0
Income available for distribution to Unitholders ⁽⁵⁾	9,469	9,447	0.2	33,538	33,501	0.1
Available distribution per Unit (DPU) (US cents) for the period ⁽⁵⁾	1.50	1.49	0.7	5.32	5.29	0.6
Annualised available for distribution yield (%) ⁽⁶⁾				7.54%	7.50%	4 bps

Notes:

- (1) No comparative figures have been presented as Keppel-KBS US REIT was constituted on 22 September 2017 and dormant from its constitution to the Listing Date.

3Q 2018 refer to the third quarter of 92 days from 1 July 2018 to 30 September 2018 and Listing Date to 30 September 2018 refers to the financial period of 326 days from 9 November 2017 to 30 September 2018.

- (2) Forecast for 3Q 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 30 September 2018 comprise actual figures from Listing Date to 31 December 2017 and nine months of the 2018 forecast.

The forecast figures were derived from the Forecast Year 2018 as disclosed in the Prospectus.

- (3) Net property income of US\$49.7 million for Listing Date to 30 September 2018 was higher than forecast by 2.7%. For more details, please refer to Paragraph 9 – Variance from Forecast Statement.
- (4) Included in net income are derivative gains of US\$1.0 million and US\$7.1 million due to the change in fair value of the interest rate swaps for 3Q 2018 and for the period from Listing Date to 30 September 2018 respectively.

- (5) The income available for distribution to Unitholders is based on 100% of the 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 available distribution per unit are US\$5.2 million and 0.82 US cents respectively.

Excluding the results for the period from Listing Date to 31 December 2017, actual income available for distribution to Unitholders and available distribution per Unit for nine months of 2018 are:

	Group		+ / (-) %
	1 January 2018 to 30 September 2018		
	Actual	Forecast	
	US\$'000	US\$'000	
Income available for distribution to Unitholders	28,376	28,339	0.1
DPU (US cents)	4.50	4.47	0.7

- (6) The annualised available for distribution yield for Listing Date to 30 September 2018 is on a pro-rata basis of 326 days following the Listing Date and is based on the IPO and market closing price as at the last trading day of 3Q 2018 of US\$0.790.

1 UNAUDITED RESULTS FOR THE PERIOD FROM 9 NOVEMBER 2017 (LISTING DATE) TO 30 SEPTEMBER 2018

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 period from 9 November 2017 (Listing Date) to 30 September 2018:

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

	Note	3Q 2018 ⁽¹⁾			Listing Date to 30 September 2018 ⁽¹⁾		
		Actual	Forecast ⁽²⁾	+ / (-)%	Actual	Forecast ⁽²⁾	+ / (-)%
<u>Consolidated Statement of Comprehensive Income</u>		US\$'000	US\$'000		US\$'000	US\$'000	
Rental income		17,184	17,505	(1.8)	62,478	62,249	0.4
Recoveries income		4,554	4,678	(2.7)	15,564	16,162	(3.7)
Other operating income		934	945	(1.2)	3,373	3,363	0.3
Gross Revenue		22,672	23,128	(2.0)	81,415	81,774	(0.4)
Utilities		(1,804)	(1,829)	(1.4)	(5,811)	(6,321)	(8.1)
Repairs and maintenance		(1,019)	(1,042)	(2.2)	(3,592)	(3,663)	(1.9)
Property management fees		(975)	(1,248)	(21.9)	(3,801)	(4,376)	(13.1)
Property taxes		(2,595)	(2,708)	(4.2)	(9,712)	(9,621)	0.9
Other property expenses		(2,685)	(2,710)	(0.9)	(8,783)	(9,388)	(6.4)
Property expenses		(9,078)	(9,537)	(4.8)	(31,699)	(33,369)	(5.0)
Net Property Income		13,594	13,591	-	49,716	48,405	2.7
Finance income		25	-	NM	66	12	>100
Finance expenses	3	(2,611)	(2,584)	1.0	(9,085)	(9,243)	(1.7)
Manager's base fee	4	(948)	(944)	0.4	(3,354)	(3,350)	0.1
Trustee's fee		(30)	(42)	(28.6)	(120)	(151)	(20.5)
Fair value change in derivatives	5	963	-	NM	7,131	989	>100
Other trust expenses	6	(495)	(649)	(23.7)	(2,316)	(2,474)	(6.4)
Net income for the period before tax		10,498	9,372	12.0	42,038	34,188	23.0
Tax expense	7	(896)	(1,386)	(35.4)	(3,246)	(4,569)	(29.0)
Net income for the period		9,602	7,986	20.2	38,792	29,619	31.0
<u>Distribution Statement</u>							
Net income for the period		9,602	7,986	20.2	38,792	29,619	31.0
Distribution adjustments	8	(133)	1,461	NM	(5,254)	3,882	NM
Income available for distribution to Unitholders	9	9,469	9,447	0.2	33,538	33,501	0.1
Available distribution per Unit (DPU) (US cents)	9	1.50	1.49	0.7	5.32	5.29	0.6

NM – Not meaningful

Notes:

- (1) No comparative figures have been presented as Keppel-KBS US REIT was constituted on 22 September 2017 and dormant from its constitution to the Listing Date.
- (2) 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 30 September 2018 comprise actual figures from Listing Date to 31 December 2017 and nine months of the 2018 forecast. The forecast figures were derived from the Forecast Year 2018 as disclosed in the Prospectus.
- (3) Finance expenses comprise the following:

	3Q 2018			Listing Date to 30 September 2018		
	Actual US\$'000	Forecast US\$'000	+/(-)%	Actual US\$'000	Forecast US\$'000	+/(-)%
Interest expense on borrowings	2,436	2,369	2.8	8,376	8,423	(0.6)
Amortisation of upfront debt-related transaction costs	155	144	7.6	555	528	5.1
Dividends on preferred units	-	51	NM	75	210	(64.3)
Commitment fees	20	20	-	79	82	(3.7)
	<u>2,611</u>	<u>2,584</u>	<u>1.0</u>	<u>9,085</u>	<u>9,243</u>	<u>(1.7)</u>

- (4) The Manager has elected to receive 100% of its base fee in the form of units for the period from Listing Date to 31 December 2018.
- (5) This relates to fair value gain of the interest rate swaps entered into by the Group for hedging purpose. During the period from 1 January 2018 to 30 September 2018, derivative gain from mark-to-market of the interest rate swaps amounted to US\$6.1 million as interest rates increased during the period. For the period from Listing Date to 31 December 2017, derivative gain was US\$1.0 million.
- (6) Other trust expenses comprise audit, tax compliance and other corporate expenses.
- (7) Tax expense comprise current and deferred tax expenses. Current tax expense comprise 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.

- (8) Included in distribution adjustments are the following:

	3Q 2018			Listing Date to 30 September 2018		
	Actual US\$'000	Forecast US\$'000	+/(-)%	Actual US\$'000	Forecast US\$'000	+/(-)%
Property related non-cash items ^(a)	(1,301)	(1,018)	27.8	(3,406)	(3,615)	(5.8)
Manager's base fee paid/payable in units	948	944	0.4	3,354	3,350	0.1
Trustee's fee	30	42	(28.6)	120	151	(20.5)
Amortisation of upfront debt-related transaction costs ^(b)	155	144	7.6	555	528	5.1
Deferred tax expense	781	1,349	(42.1)	2,898	4,457	(35.0)
Fair value change in derivatives	(963)	-	NM	(7,131)	(989)	>100.0
Others ^(c)	217	-	NM	(1,644)	-	NM
Net distribution adjustments	<u>(133)</u>	<u>1,461</u>	<u>NM</u>	<u>(5,254)</u>	<u>3,882</u>	<u>NM</u>

- (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.

- (9) 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. No distribution has been declared for the quarter ended 3Q 2018.

1 (B)(i) STATEMENTS OF FINANCIAL POSITION

	Note	Group As at 30 September 2018 US\$'000	Trust As at 30 September 2018 US\$'000
Current assets			
Cash and cash equivalents		32,458	9,909
Trade and other receivables		3,047	1,265
Prepaid expenses		703	57
Total current assets		36,208	11,231
Non-current assets			
Derivative asset	1	7,131	7,131
Investment properties	2	826,153	-
Investment in subsidiaries		-	802,257
Total non-current assets		833,284	809,388
Total Assets		869,492	820,619
Current liabilities			
Trade and other payables		21,778	4,016
Rental security deposits		764	-
Rent received in advance		3,571	-
Total current liabilities		26,113	4,016
Non-current liabilities			
Borrowings		287,240	287,240
Rental security deposits		2,850	-
Preferred units		125	-
Deferred tax liabilities		2,897	-
Total non-current liabilities		293,112	287,240
Total liabilities		319,225	291,256
Net assets		550,267	529,363
Represented by:			
Unitholders' funds		550,267	529,363
Net asset value per Unit (US\$)		0.87	0.84

Notes:

- (1) This relates to fair value of the interest rate swaps entered into by the Group for hedging purpose.
- (2) All the investment properties held are freehold.

Investment Properties

	Carrying value US\$'000
The Plaza Buildings	243,899
Bellevue Technology Center	132,247
Iron Point	37,257
Westmoor Center	125,707
Great Hills Plaza	33,434
Westech 360	42,577
1800 West Loop South	81,490
West Loop I & II	46,841
Powers Ferry Landing East	19,002
Northridge Center I & II	23,125
Maitland Promenade II	40,574
	<hr/> 826,153 <hr/>
	Group
	As at 30 September 2018
	US\$'000
As at 22 September 2017 (Date of constitution)	-
Acquisitions (including acquisition costs) ^(a)	796,894
Capital expenditure and straight-line rent capitalised	29,259
Investment properties	<hr/> 826,153 <hr/>

- (a) The actual acquisition consideration was net of seller's portion of capital and leasing costs as at IPO date.

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

	Group As at 30 September 2018 US\$'000
<u>Unsecured borrowings</u>	
Amount repayable after one year	289,440
Less: Unamortised upfront debt-related transaction costs	(2,200)
Total unsecured loans and borrowings	<hr/> 287,240 <hr/>

Notes:

Keppel-KBS US REIT has obtained unsecured credit facilities comprising: (i) term loan facilities amounting to US\$289.4 million and (ii) revolving credit facilities, amounting to a total of US\$50.0 million.

As at 30 September 2018, the Group had total gross borrowings of US\$289.4 million and unutilised US\$50.0 million of facilities to meet its future obligations. 75% of the 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 3.47%. Aggregate leverage, as defined in the Property Funds Appendix, is 33.3%.

1 (C) CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		1 July 2018 to 30 September 2018	Listing Date to 30 September 2018
		US\$'000	US\$'000
Operating activities			
Net income before tax		10,498	42,038
Adjustments for:			
Property related non-cash items		(1,301)	(3,406)
Manager's fee paid/payable in Units		948	3,354
Interest income		(25)	(66)
Finance expenses		2,611	9,085
Fair value change in derivatives		(963)	(7,131)
		11,768	43,874
Changes in working capital			
Trade and other receivables		(619)	(3,394)
Trade and other payables		6,622	12,243
Rental security deposits		193	389
Rent received in advance		(336)	1,043
Net cash generated from operations		17,628	54,155
Cash flows from investing activities			
Acquisition of investment properties and related assets and liabilities	1	-	(784,600)
Additions to investment properties		(8,745)	(25,853)
Interest received		25	66
Net cash used in investing activities		(8,720)	(810,387)
Cash flows from financing activities			
Proceeds from issuance of units	2	-	553,137
Payment for IPO related expenses		-	(19,995)
Proceeds from debt financing		-	289,440
Payment of debt related transaction costs		-	(2,755)
Proceeds from preferred units		-	1,625
Redemption of preferred units		-	(1,500)
Financing expense paid on loans and borrowings		(2,458)	(7,113)
Financing expense paid on preferred shares		-	(75)
Distribution to Unitholders		(24,074)	(24,074)
Net cash (used in) /generated from financing activities		(26,532)	788,690
Net (decrease)/ increase in cash and cash equivalents		(17,624)	32,458
Cash and cash equivalents at beginning of the period		50,082	-
Cash and cash equivalents at end of the period		32,458	32,458

Notes:

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

	Group Listing Date to 30 September 2018 US\$'000
Investment properties (see breakdown below)	796,894
Prepaid expenses and other receivables	356
Accrued expenses and other payables	(6,898)
Rental security deposits	(3,224)
Rent received in advance	(2,528)
Net assets acquired	<u>784,600</u>
Agreed purchase consideration for investment properties	804,000
Acquisition costs	622
Capital and leasing costs under seller's responsibility	(7,728)
Net cash consideration of investment properties	<u>796,894</u>

- (2) An aggregate of 628,565,000 units issued at US\$0.88 per unit and amounting to US\$553.1 million were issued on Listing Date.

The use of proceeds raised from the initial public offering, including proceeds from the IPO Loan Facilities, is in accordance with the stated uses as disclosed in the Prospectus, and is set out below.

	Actual US\$'000	Per Prospectus US\$'000	Variance US\$'000
Cash consideration of investment properties ^(a)	796,894	804,000	(7,106)
Transaction costs ^(b)	23,372	30,251	(6,879)
Working capital	9,951	9,951	-
	<u>830,217</u>	<u>844,202</u>	<u>(13,985)</u>

- (a) Actual cash consideration was net of seller's portion of capital and leasing costs as at IPO date.
- (b) The favourable variances are mainly from capital and leasing costs under seller's responsibility lower than expected IPO related costs and GST refund on transaction costs. These savings will be used for general working capital purposes. The Manager will make the appropriate announcements on any material development on the use of proceeds in compliance with the listing requirement of the SGX-ST, as and when required.

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

Group	Units in issue US\$'000	Retained earnings US\$'000	Total US\$'000
At 22 September 2017 (Date of Constitution) ⁽¹⁾	-	-	-
Operations			
Net income for the period	-	29,190	29,190
Unitholders' transactions			
Issue of new units			
- Initial Public Offering	553,137	-	553,137
- Issue of Management fees in units ⁽³⁾	1,462	-	1,462
Issue costs ⁽²⁾	(19,995)	-	(19,995)
Net increase in net assets resulting from Unitholders' transactions	534,604	-	534,604
At 30 June 2018	534,604	29,190	563,794
Operations			
Net income for the period	-	9,602	9,602
Unitholders' transactions			
Issue of new units			
- Issue of Management fees in units ⁽³⁾	945	-	945
Distribution to Unitholders	(5,294)	(18,780)	(24,074)
Net increase in net assets resulting from Unitholders' transactions	(4,349)	(18,780)	(23,129)
At 30 September 2018	530,255	20,012	550,267

	Units in issue US\$'000	Retained earnings US\$'000	Total US\$'000
Trust			
At 22 September 2017 (Date of Constitution) ⁽¹⁾	-	-	-
Operations			
Net income for the period	-	20,713	20,713
Unitholders' transactions			
Issue of new units			
- Initial Public Offering	553,137	-	553,137
- Issue of Management fees in units ⁽³⁾	1,462	-	1,462
Issue costs ⁽²⁾	(19,995)	-	(19,995)
Net increase in net assets resulting from Unitholders' transactions	534,604	-	534,604
At 30 June 2018	534,604	20,713	555,317
Operations			
Net income for the period	-	(2,825)	(2,825)
Unitholders' transactions			
- Issue of management fees in units ⁽³⁾	945	-	945
Distribution to Unitholders	(5,294)	(18,780)	(24,074)
Net increase in net assets resulting from Unitholders' transactions	(4,349)	(18,780)	(23,129)
At 30 September 2018	530,255	(892)	529,363

Notes:

- (1) Less than US\$1,000
- (2) Issue costs comprise underwriting and selling commissions, professionals and other fees, and other issue expenses.
- (3) This represents 1,655,767 and 1,088,464 units issued in 2Q 2018 and 3Q 2018 respectively as payment of management fees in units.

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

	Group and Trust
	Units
Units in Issue:	
New Units issued:	
- at Initial Public Offering	628,565,000
- issue of Management base fees in units	1,655,767
Total issued Units as at 30 June 2018	630,220,767
New Units issued:	
- issue of Management base fees in units	1,088,464
Total issued Units as at 30 September 2018	631,309,231

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

Keppel-KBS US REIT does not hold any treasury units as at 30 September 2018.

	As at 30 September 2018
Total number of issued units	631,309,231

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

The Group has applied the same accounting policies and methods of computation as described in the Prospectus in the preparation of the consolidated financial statements for the current reporting period.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	3Q 2018	Listing Date to 30 September 2018
EPU		
Weighted average number of Units in issue ⁽¹⁾	630,954,297	629,554,181
Net income for the period (US\$'000)	9,602	38,792
Basic and diluted EPU (US cents)	1.52	6.16
DPU		
Number of Units in issue at end of period	631,309,231	631,309,231
Income available for distribution to Unitholders (US\$'000)	9,469	33,538
DPU (US cents) ⁽²⁾	1.50	5.32

Notes:

- (1) The weighted average number of units was based on the number of units in issue during the period.
- (2) 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

	As at 30 September 2018	
	Group	Trust
Number of Units in issue	631,309,231	631,309,231
Net assets (US\$'000)	550,267	529,363
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.87	0.84

Notes:

- (1) The computation of NAV and NTA is based on number of units in issue 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

Please refer to Paragraph 9 on the review of the actual results for 3Q 2018 and for the period from Listing Date to 30 September 2018 against the forecast as disclosed in the Prospectus.

9. VARIANCE FROM FORECAST STATEMENT

Actual vs Forecast for the financial period from Listing Date to 30 September 2018

The gross revenue of US\$81.4 million was 0.4% or US\$0.4 million below forecast largely due to lower recoveries income but partially offset by higher rental income. Recoveries income is recognised from charging tenants for reimbursements of certain property expenses. Recoveries income was lower than forecast in line with the lower property expenses for the period.

Property expenses were lower than forecast by 5.0% or US\$1.7 million, arising from lower net property management fees and lower actual property expenses. In addition, year to date IPO Forecast included certain expenses, such as utilities, that are projected to be higher in the fourth quarter of 2018, but was straight-lined for the purpose of presenting IPO forecast comparatives.

Accordingly, net property income of US\$49.7 million was higher than forecast by US\$1.3 million or 2.7%.

During the period from 1 January 2018 to 30 September 2018, derivative gain from mark-to-market of interest rate swaps amounted to US\$6.1 million as interest rates increased during the period. Derivative gain for the period from 9 November 2017 to 31 December 2017 was US\$1.0 million.

Finance expenses of US\$9.1 million were 1.7% lower than forecast as the revolving credit facilities had yet to be drawn down. The remaining other trust expenses were generally in line with forecast.

Consequently, profit before tax of US\$42.0 million was above forecast by 23.0%.

Tax expense of US\$3.2 million, mainly relating to deferred tax expenses, was below forecast as the US corporate tax rate in relation to distribution of capital gains was reduced from 35% to 21%. This was partially offset by higher current tax expense from tax provision for the Barbados entities as a result of the tax restructuring.

Due to the net effects of the above, net income for the period from 9 November 2017 to 30 September 2018 of US\$38.8 million was higher than forecast by 31.0%.

Overall, income available for distribution to Unitholders of US\$33.5 million was higher than forecast by 0.1%.

Actual vs Forecast for 3Q 2018

During the quarter, gross revenue of US\$22.7 million was 2.0% or US\$0.5 million below forecast largely due to lower rental income and recoveries income. The lower rental income was from a drop in rental from a tenant at Westmoor Center which vacated the premises ahead of its lease expiry and paid a compensation fee in 1Q 2018. The compensation income received will be used to offset the drop in rental income and maintain the distribution until the replacement tenant begins contributing cash rental income. Recoveries income is recognised from charging tenants for reimbursements of certain property expenses. Recoveries income was lower than forecast in line with the lower property expenses for the period.

Property expenses were lower than forecast by 4.8% or US\$0.5 million, arising from lower net property management fees of US\$0.3 million, and lower actual property expenses such as property tax and other property expenses. Some expenses such as utilities and other property expenses are projected to increase later in the fourth quarter of the year.

Accordingly, net property income of US\$13.6 million is similar to forecast.

Derivative gain from mark-to-market of interest rate swaps amounted to US\$1.0 million as interest rates increased during the quarter.

Tax expense of US\$0.9 million was below forecast mainly due to lower deferred taxes recognised.

Due to the net effects of the above, net income for the quarter of US\$9.6 million was 20.2% higher than forecast.

Overall, income available for distribution to Unitholders of US\$9.5 million was higher than forecast by 0.2%.

10. PROSPECTS

In the October 2018 World Economic Outlook, the International Monetary Fund (IMF) reported that the momentum in the US economy is expected to remain strong for the rest of 2018 and 2019. The IMF expects growth for 2018 and 2019 at 2.9%, and 2.5% respectively. At the same time, strong domestic demand is projected to push the economy above full employment, as well as raise imports and the current account deficit. Notwithstanding the US economy is above full employment, market expectations of increases in interest rate is less steep than that projected by the Federal Reserve.

On the office market, CoStar, in its October 2018 report, noted that the national vacancy rate remained flat at 10.2%. 12-month¹ net absorption was 56.1 million sf, supported by stronger economic and job market growth that have kept demand for office space robust. Deliveries for the same period was 66.4 million sf and is set to peak in the next two years, with large projects coming onstream mainly from New York and San Francisco. Meanwhile, rents recorded a 1.9% growth over the 12-month period, driven mainly by markets with strong job growth and little development activities, including Sacramento and Orange County.

The REIT, with assets located in key growth markets in the West Coast, Central, and East Coast, is well-placed to benefit from organic growth, largely from improved occupancies and built-in rental escalations in its portfolio. Office demand in these markets is underpinned by strong and defensive sectors such as technology, education and healthcare.

To capture value and further upsides, the Manager is actively pursuing accretive acquisitions in key growth markets where the REIT has a presence in, as well as other US cities with similar growth characteristics. The Manager remains committed to deliver sustainable distributions and strong total returns to Unitholders.

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.

¹ Refers to the period from October 2017 to September 2018.

For example, the U.S. tax legislation modifying the IRC enacted in late 2017 (“2017 Tax Legislation”) impacted the deductibility of certain interest expense for taxable years beginning after 31 December 2017. As a result, Keppel-KBS US REIT restructured certain subsidiaries (the “Barbados Restructuring”), which resulted in certain costs being incurred. In this regard, although the Manager believes that the Barbados Restructuring is responsive to the relevant provisions in the 2017 Tax Legislation, the Manager cannot predict whether such restructuring will remain viable in either the near or long term. The IRS has indicated that certain guidance, with respect to the general provisions of the 2017 Tax Legislation and specifically, Sections 267A and 163(j) is imminent. The Manager cannot predict whether any such regulations or administrative guidance will adversely affect the deductibility of interest by Keppel-KBS US REIT’s U.S. subsidiaries, or whether any such regulations or administrative guidance will have retroactive effect, although the IRS has indicated that retroactivity is likely.

If regulations or administrative guidance result in the non-deductibility of any interest payments by Keppel-KBS US REIT’s subsidiaries, the Group may face material U.S. and/or non-U.S. tax payments and other costs, and may be required to engage in further restructuring at significant additional costs (including costs incurred on an on-going basis). Such regulations and/or administrative guidance may also potentially render restructuring to preserve the deductibility of interest payments by Keppel-KBS US REIT’s subsidiaries impossible, resulting in significant economic impairment to the structure. All such additional tax and/or costs would potentially have a material adverse effect on the Group’s financial condition, cash flows and results of operations.

The Manager will continue to monitor future changes and clarifications and will make future announcements, if and when appropriate.

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 rents 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

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 regularly.

12. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

No

(a) Corresponding Period of the Immediately Preceding Financial Year

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

Not applicable.

(b) Book closure date

Not applicable.

(c) Date payable

Not applicable.

13. DISTRIBUTION STATEMENT

No distribution has been declared / recommended.

14. INTERESTED PERSON TRANSACTIONS

Name of Interested Person

Keppel-KBS US REIT Management Pte. Ltd.

-Manager's management fees

Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)
3Q 2018
US\$'000
948

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
17 October 2018

CONFIRMATION BY THE BOARD

We, PETER MCMILLAN 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 9 November 2017 to 30 September 2018 to be false or misleading in any material respect.

On behalf of the Board,



Peter McMillan
Director



Paul Tham
Director

17 October 2018



**3Q 2018 and 9M 2018
Financial Results**

17 October 2018

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Important Notice

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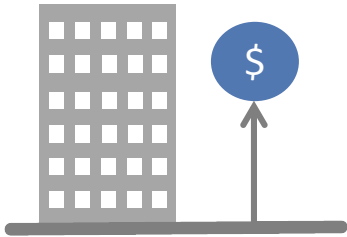
Prospective investors and unitholders of Keppel-KBS US REIT (Unitholders) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT (the Manager) on future events. No 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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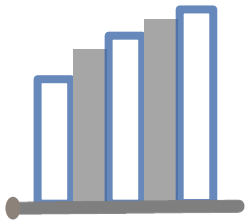


Key Highlights

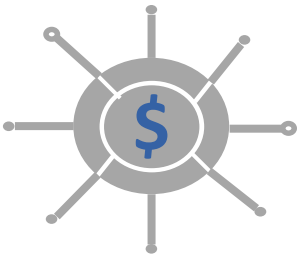
Stable 3Q 2018 performance driven primarily by organic growth



- **Strong leasing** with ~134,000 sf (18 leases) committed
- **Portfolio committed occupancy** of 90.1% as at 3Q 2018
- **Organic growth driven mainly by positive rental reversion** for leases committed in 3Q 2018, with 5.9% (by NLA) due for renewal for rest of year
- **Deepening Seattle footprint with maiden acquisition** of the Westpark Portfolio, a 21-building business campus



- **US\$33.5m income available for distribution** from Listing Date to 30 September 2018; Contribution of US\$9.5m in 3Q 2018
- **DPU of 1.50 US cents** for 3Q 2018, in line with IPO forecast



- **Zero refinancing** requirements until November 2021
- **Limited interest rate exposure** with 75% of term loans hedged
- **100% borrowings** in USD and 100% unsecured
- **Aggregate leverage of 33.3%** as at 30 September 2018



BELLEVUE TECHNOLOGY CENTER

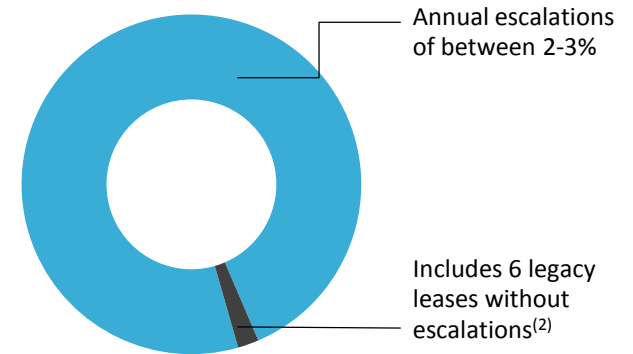
Portfolio Overview

Leasing Updates

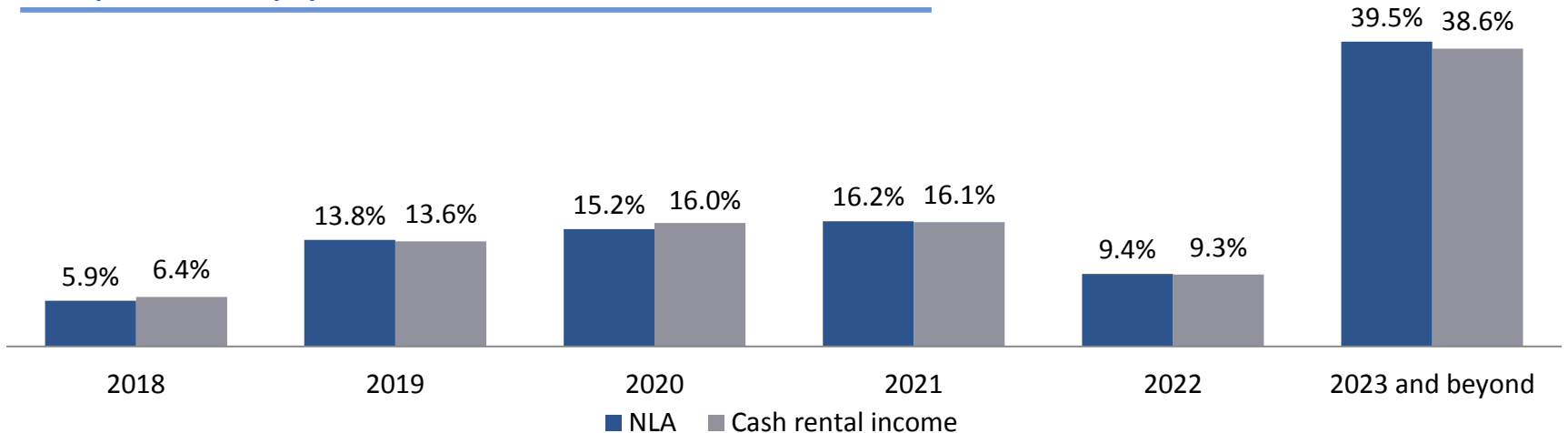
Strong leasing in 3Q 2018 with positive rental reversion

- ~134,000 sf (18 leases) committed, with positive rental reversion achieved for the majority of leases
- Average annual rental escalations of 3% for all new leases signed during the quarter
- Portfolio committed occupancy rate of 90.1%⁽¹⁾
- Portfolio WALE of 3.8 years⁽¹⁾

98% of portfolio has built-in rental escalations



Well-spread Lease Expiry Profile Positioned for Positive Rental Reversion



(1) As at 30 September 2018 and based on NLA

(2) Apart from the 6 legacy leases, property management office leases do not have escalations as well as they are on a monthly or annual lease term

Well-Diversified Tenant Base

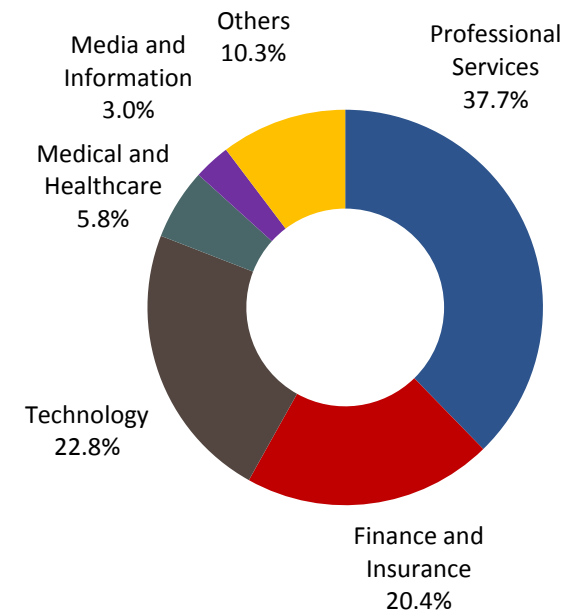
Resilient portfolio with low tenant concentration risk

- Well-diversified tenant base across key growth sectors
- Top 10 tenants comprise 19.0% of portfolio NLA and contribute 23.1% of cash rental income

Top 10 tenants by cash rental income as at 30 September 2018

Tenant	Sector	Asset	% CRI
Ball Aerospace	Professional Services	Westmoor Ctr	3.7%
Zimmer Biomet Spine	Technology	Westmoor Ctr	3.0%
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Ctr	2.5%
US Bank	Finance & Insurance	The Plaza Buildings	2.4%
Blucora	Technology	The Plaza Buildings	2.3%
Health Care Service	Finance & Insurance	1800 West Loop South	2.2%
Reed Group	Finance & Insurance	Westmoor Ctr	2.0%
Regus	Professional Services	Bellevue Technology Ctr	1.8%
Nintex	Technology	The Plaza Buildings	1.7%
PointMarc	Technology	The Plaza Buildings	1.5%
Total			23.1%
WALE (NLA)			5.4 years

Portfolio tenant base composition (by NLA)



(1) Subsidiary of QBE Insurance Group

First choice submarkets with positive growth fundamentals

Portfolio Overview

Description	11 office properties across key growth markets
NLA	3.2 million
AUM	US\$826.2 million
Occupancy	90.1%
Average Age	4.3 years (from last refurbishment)

Seattle, Washington



The Plaza Buildings
Occupancy rate: 86.0%



Bellevue Technology Center
Occupancy rate: 98.1%

Sacramento, California



Iron Point
Occupancy rate: 97.9%

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: 82.2%



West Loop I & II
Occupancy rate: 89.8%

Atlanta, Georgia



Northridge Center I & II
Occupancy rate: 93.7%

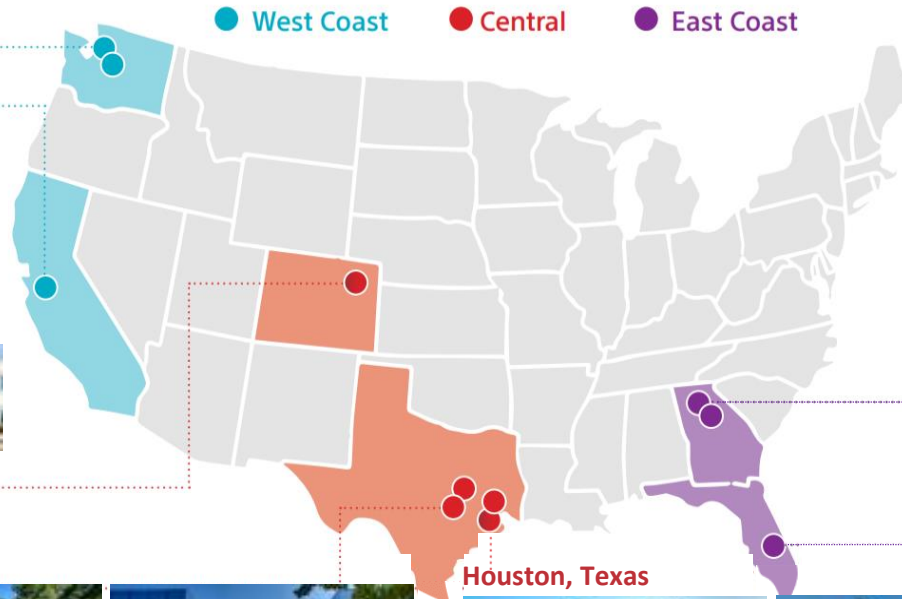


Powers Ferry
Occupancy rate: 94.9%

Orlando, Florida



Maitland Promenade II
Occupancy rate: 99.0%





**Financial Performance &
Capital Management**

Financial Performance

Performance in line with IPO Forecast

- 3Q 2018 DPU of 1.50 US cents, 0.7% above IPO forecast
- Total DPU of 5.32 US cents from Listing Date to 30 September 2018, 0.6% above IPO forecast
- Annualised distribution yield of 7.54%⁽¹⁾

	3Q 2018			Listing Date to 30 Sept 2018		
	Actual (US\$'000)	Forecast ⁽²⁾ (US\$'000)	% Change	Actual (US\$'000)	Forecast ⁽²⁾ (US\$'000)	% Change
Gross Revenue	22,672	23,128	(2.0)	81,415	81,774	(0.4)
Property Expenses	(9,078)	(9,537)	(4.8)	(31,699)	(33,369)	(5.0)
Net Property Income	13,594	13,591	-	49,716	48,405	2.7
Income Available for Distribution	9,469	9,447	0.2	33,538	33,501	0.1
Available DPU for the period (US cents)	1.50	1.49	0.7	5.32	5.29	0.6
Annualised distribution yield (%)				7.54	7.50	4 bps

(1) Based on the Unit closing price of US\$0.79 as at 28 September 2018.

(2) Forecast for 3Q 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 30 September 2018 comprise actual figures from Listing Date to 31 December 2017 and 9M of the 2018 forecast.

Financial Performance

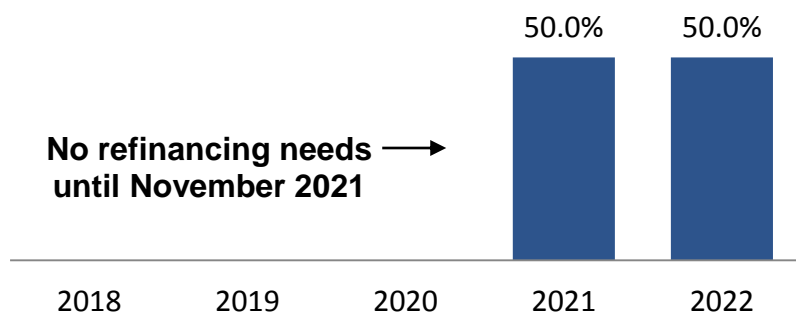
Maintained healthy balance sheet

	As at 30 Sept 2018 (US\$'000)
Total Assets	869,492
Investment Properties	826,153
Cash and Cash Equivalents	32,458
Other Assets	10,881
Total Liabilities	319,225
Gross Borrowings	289,440
Other Liabilities	29,785
Unitholders' Funds	550,267
Units in Issue ('000)	631,309
Net Asset Value per Unit (US\$)	0.87
Unit Price (US\$)	0.79

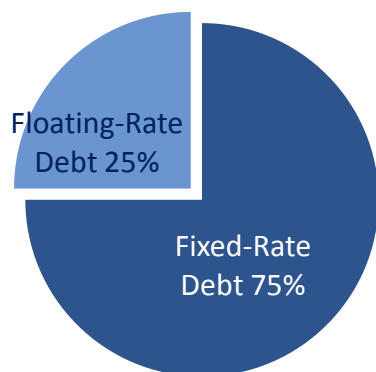
Capital Management

Limited interest rate exposure with term loans significantly hedged

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁴

Every +/- 50bps in LIBOR translates to -/+ 0.06 US cents in DPU per annum

As at 30 Sept 2018

Total debt	US\$289.4m of external loans (100% unsecured)
Available facilities	US\$50.0m of undrawn revolving credit facility
Aggregate leverage ¹	33.3%
Average cost of debt ²	3.47% p.a.
Interest coverage ³	5.6 times
Average term to maturity	3.6 years

¹ Calculated as the total borrowings and deferred payments (if any) as a percentage of the total assets.

² Includes amortisation of upfront debt financing costs.

³ Ratio of EBITDA over interest expense paid or payable

⁴ Based on the 25% debt which are unhedged, and the total number of Units in issue as at 30 September 2018.



**Deepening Seattle Presence with
Maiden Acquisition of the Westpark Portfolio**

Creating Long Term Value for Unitholders

The Westpark Portfolio

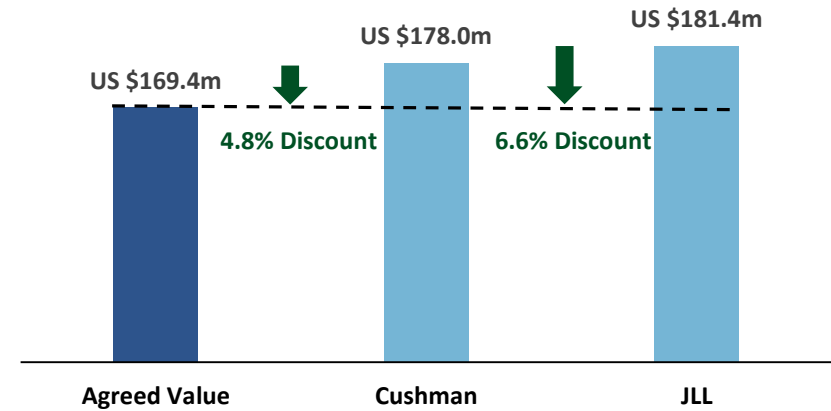


- Business campus comprising 21 buildings in Redmond, Seattle, Washington
- Strong appeal to tech & professional services tenants due to proximity to Microsoft World HQ and key commercial hubs in Bellevue and Seattle
- Located in the supply-constrained Eastside suburban office market of Seattle
- Good connectivity to key commercial hubs in Redmond and the Seattle-Bellevue area
- Surrounded and supported by excellent amenities and infrastructure

Transaction Summary

- Purchase price of US\$169.4m is lower than independent appraisals by Cushman and JLL

Attractive Discount to Independent Valuations⁽¹⁾



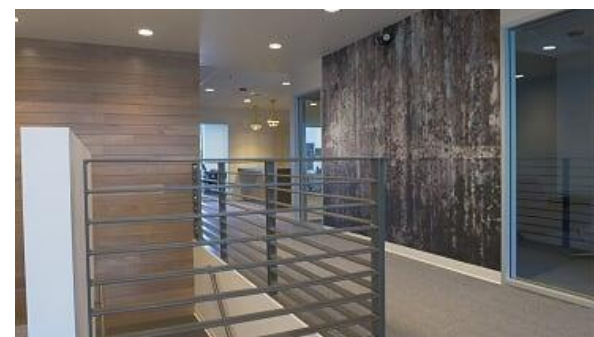
- Unitholders approved the proposed acquisition at an EGM
- Acquisition will be funded with proceeds from equity fund raising⁽²⁾, debt financing; and internal cash resources.

(1) The Manager has commissioned an independent property valuer, Cushman & Wakefield of Washington, Inc. ("Cushman"), and Perpetual (Asia) Limited, in its capacity as trustee of Keppel-KBS US REIT, has commissioned another independent property valuer, JLL Valuation & Advisory Services, LLC ("JLL", together with Cushman, the "Independent Valuers"), to value the Westpark Portfolio. Cushman in its report dated 22 August 2018, stated that the open market value of the Westpark Portfolio is US\$178.0 million and JLL in its report dated 20 August 2018, stated that the open market value of the Westpark Portfolio is US\$181.4 million

(2) As disclosed in the Circular dated 28 September 2018, the structure of the equity fund raising will be determined at a later date, taking into account prevailing market conditions

Strategic Addition for Stronger Growth Platform

Property	Westpark Portfolio: Business campus of 21 buildings in Redmond, Washington
Land Tenure	Freehold
Land Area	1,804,255 sf
NLA	781,966 sf
Occupancy	97.7% ⁽¹⁾
WALE	4.3 years ⁽²⁾
Refurbishment Period	Between 2016 to 2017
Number of Tenants	102 ⁽³⁾



(1) The lease with Oculus VR, Inc (“Oculus”) was entered into on 10 August 2018. The occupancy rate is computed based on the assumption that the lease with Oculus was in place as at 30 June 2018.

(2) As at 30 June 2018 and based on Cash Rental income. WALE is 4.0 years based on NLA

(3) As at 30 June 2018

Accretive Acquisition Positioned for Long Term Growth

1 Deepen Presence in High Growth Seattle Market

- Strong macroeconomic growth indicators that outpace national average
- Limited new office inventory in the Redmond micromarket and positive leasing demand in recent years
- Positive trend in rental growth and low vacancy expected to continue

2 Accretive Acquisition Positioned for Long Term Growth

- Attractively priced acquisition with potential to benefit from the positive fundamentals in Seattle
- Well-spread lease expiry positioned for positive rental reversion
- 100% of leases have built-in annual rental escalations of 2-3%

3 Portfolio Diversification that Enhances Income Resilience

- Improve income resilience of portfolio, creating long term value for Unitholders



Market Outlook



US Market Outlook

Stable office market supported by sound macroeconomic conditions

- US economy momentum remains strong on the back of increased fiscal stimulus
- Projected GDP growth of 2.9% in 2018 and 2.5% in 2019
- Ongoing strong domestic demand projected to push economy above full employment, and raise imports and current account deficit
- Market expectations of interest rate is less steep than that projected by the Fed
- Demand for office space robust, supported by economic and job growth

12-month Deliveries	12-month Absorption
66.4m sf	56.1m sf

Vacancy Rate	12-month Rent Growth
10.2%	1.9%



First Choice Submarkets : Rent growth drivers

Property/ Submarket	Average Submarket Rent (US\$)	Last 12M Deliveries (sf'000)	Last 12M Absorption (sf'000)	Vacancy Rate	Last 12M Rental Growth	Projected Rental Growth
The Plaza Buildings Bellevue CBD	48.1	-	26	7.9%	10.0%	10.4%
Bellevue Technology Center & Westpark Portfolio Eastside	33.9	-	24	5.1%	4.9%	5.9%
Iron Point Folsom	24.4	-	108	5.7%	4.8%	4.3%
Westmoor Center Northwest Denver	20.5	-	(93)	10.6%	3.2%	2.9%
1800 West Loop South Galleria/Uptown	32.4	105	429	16.0%	1.9%	2.1%
West Loop I & II Galleria/Bellaire	24.9	-	22	7.1%	2.5%	1.2%
Great Hills & Westtech 360 Northwest Austin	34.1	18	(18)	8.6%	3.9%	3.6%
Powers Ferry Cumberland/I-75	23.8	479	262	15.4%	3.2%	3.1%
Northridge Center I & II Central Perimeter	28.2	576	350	13.3%	5.2%	5.4%
Maitland Promenade II Maitland	22.0	16	122	7.9%	3.1%	3.4%



Looking Ahead

Focused on Stable Distributions and Long Term Value Creation



- Focused on first choice submarkets that businesses desire to be located in
 - Desirable live-work-play destinations with a quality workforce
 - Strong macroeconomic growth indicators that outpace national average



- Strong organic growth drivers
 - Exposed to key growth markets with attractive office fundamentals
 - Well-spread lease expiries positioned for positive rental reversion
 - Continued leasing momentum to drive portfolio performance



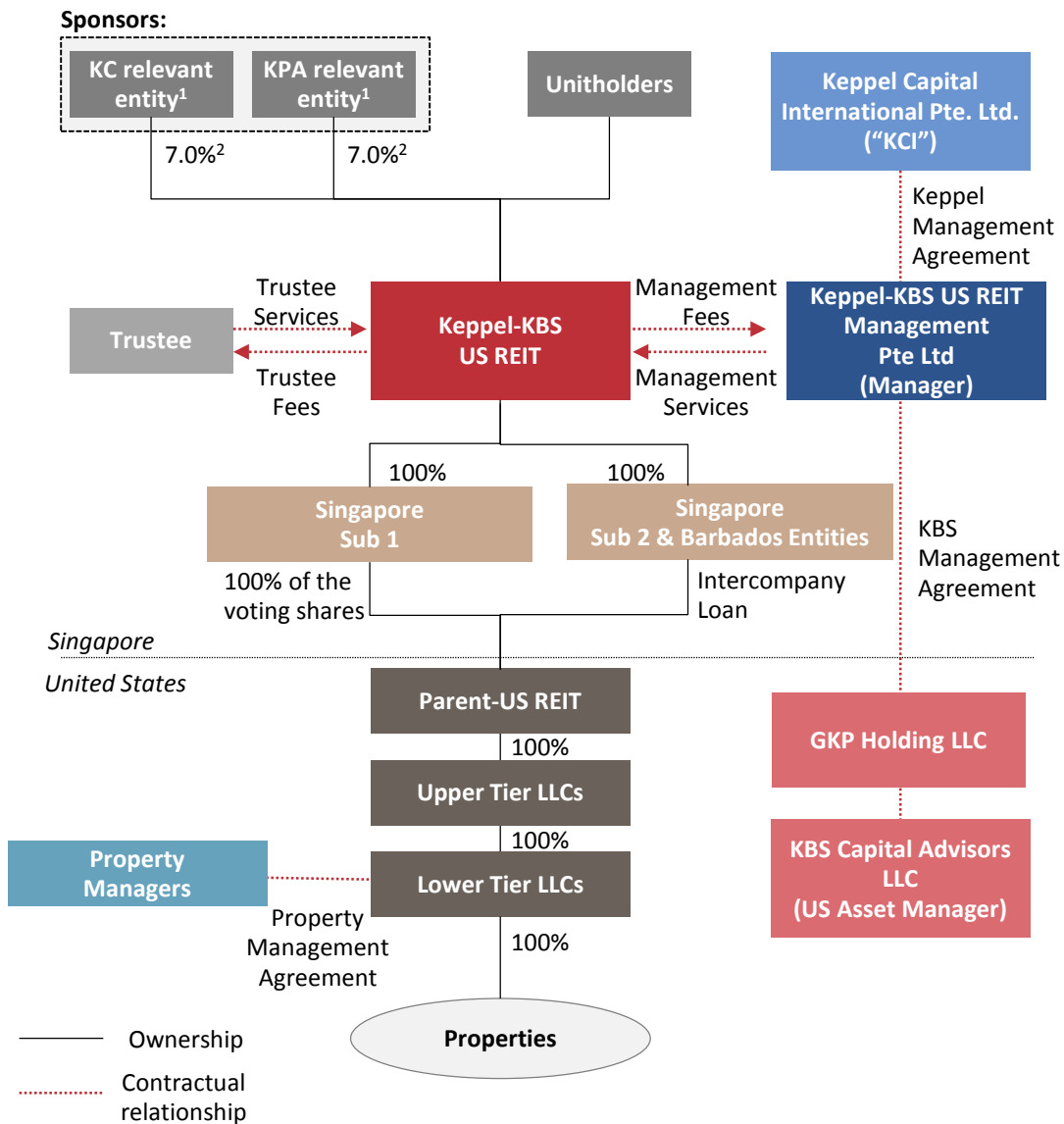
- Continue to pursue growth opportunities that create long term value

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 Investment Holdings Pte. Ltd., which is the wholly-owned subsidiary of KC will hold stake in Keppel-KBS US REIT. KBS SOR Properties, LLC, which is the wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc. will hold stake in Keppel-KBS US REIT.

² Unitholding in Keppel-KBS US REIT will be subject to an ownership restriction of 9.8% of the total units outstanding for each Sponsor.

Portfolio overview

Property	City	Type	Location	NLA (sf)	Committed occupancy ¹	WALE (in years) ¹	Carrying Value (US\$m)
Westpark Portfolio⁽²⁾	Seattle	Suburban	Redmond submarket, one of the best performing office markets in the Seattle region	781,966	97.7%	4.0	169.4
The Plaza Buildings	Seattle	CBD	Bellevue CBD, one of the most active leasing submarket in Seattle	490,994	86.0%	3.2	243.9
Bellevue Technology Center	Seattle	Suburban	Bellevue, one of the most active leasing submarket in Seattle	330,508	98.1%	3.1	132.2
Iron Point	Sacramento	Suburban	Carmichael / Fair Oaks / Citrus Heights; expected to outperform the overall Sacramento market	211,887	97.9%	3.0	37.3
Westmoor Center	Denver	Suburban	Northwest Denver; Well-positioned to capture tenants that outgrow nearby Boulder, and has better quality real estate	607,755	82.4%	5.3	125.7
Great Hills Plaza	Austin	Suburban	Northwest submarket, a popular office locale along the Capital of Texas Highway corridor	139,252	96.5%	4.6	33.4
Westech 360	Austin	Suburban	Northwest submarket, a popular office locale along the Capital of Texas Highway corridor	173,058	97.4%	2.6	42.6
1800 West Loop South	Houston	CBD	West Loop, which is amenity-rich and highly sought after	398,490	82.2%	3.8	81.5
West Loop I & II	Houston	Suburban	Bellaire, one of Houston's most desirable and affluent neighbourhoods	313,873	89.8%	4.4	46.8
Powers Ferry	Atlanta	Suburban	Cumberland / I-75: Have been outperforming greater Atlanta market in terms of occupancy rate	146,352	94.9%	3.4	19.0
Northridge Center I & II	Atlanta	Suburban	North Central / I-285 / GA 400: Home to numerous Fortune 500 companies, which solidifies the positive attributes of the location	186,580	93.7%	3.0	23.1
Maitland Promenade II	Orlando	Suburban	Maitland Center, which is dominated by finance, insurance, tech and overwhelming activity in the Class A market	226,990	99.0%	3.9	40.6
Total/Average				4,007,705	91.6%	3.9	995.5

All information as at 30 September 2018 unless otherwise stated.

(1) Based on NLA

(2) Keppel-KBS US REIT announced the proposed acquisition of the Westpark Portfolio on 24 September 2018.