

STATEMENT BY THE MANAGER

The Board of Directors of Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT (the “**Manager**”), refers to recent articles published in the media regarding the consideration by KBS Realty Advisors LLC of the listing of a REIT in Singapore. Taking into account some questions which the Manager has recently received regarding these articles, the Manager is releasing this statement to address some questions which unitholders of Keppel-KBS US REIT may have.

As disclosed in the prospectus dated 2 November 2017 (“**Prospectus**”) issued in connection with the initial public offering (“**IPO**”) of Keppel-KBS US REIT, there are two distinct teams operating within KBS Capital Advisors LLC (the “**US Asset Manager**” or “**KBS**”), being the Core Strategy Team and the Core Plus Team (each as described below).

- The **Core Plus Team**¹ is operated by Peter McMillan III and Keith D. Hall and it is involved in the management and operations of KBS Strategic Opportunity REIT (“**KBS SOR**”) and KBS Strategic Opportunity REIT II (“**KBS SOR II**”) as well as (through the KBS Management Agreement which was entered into at the time of Keppel-KBS US REIT’s IPO) Keppel-KBS US REIT. KBS SOR and KBS SOR II invest primarily in value-add, opportunistic and core plus real estate² which are then asset managed into core status.
- The **Core Strategy Team** is separately operated by Peter M. Bren and Charles J. Schreiber Jr. and primarily manages and operates KBS REIT, KBS REIT II, KBS REIT III and KBS Growth & Income REIT (“**Core Strategy REITs**”) which invest primarily in core along with some core plus real estate.

As further disclosed in the Prospectus, Keppel-KBS US REIT will be the only KBS-advised program with a core strategy that the Core Plus Team manages. On the other hand, the Core Strategy Team manages the Core Strategy REITs that would be expected to compete with Keppel-KBS US REIT for investments. While the Manager is not in a position to confirm the accuracy of the articles, the

1 This was referred to as the SOR Team in the Prospectus. It has been re-named as the Core Plus Team to reflect that the team manages not only KBS SOR and KBS SOR II, but also Keppel-KBS US REIT.

2 Each of core, core plus, value add and opportunistic defines the risk and return characteristics of real estate investment. Core real estate investment tends to generate stable income with low risk. The risk and returns increases as the real estate investment moves from core plus to value add and finally to opportunistic, with opportunistic real estate investment being the riskiest.

DBS Bank Ltd. is the Sole Financial Adviser and Issue Manager for the Offering (the “**Sole Financial Adviser and Issue Manager**”). 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 (collectively, the “**Joint Bookrunners and Underwriters**”).

procedures to deal with potential conflicts of interests will continue to apply in relation to any such proposed listing.

It should also be noted that Peter McMillan III and Keith D. Hall are indirect shareholders of the Manager but Peter M. Bren and Charles J. Schreiber Jr. (who together are the owners of KBS Realty Advisors LLC) are not shareholders (whether direct or indirect) of the Manager. In addition, (i) Peter McMillan III has stepped down from his officer and director positions on KBS REIT III and (ii) Keith D. Hall has stepped down as a member of the investment committee for KBS REIT III and as an officer of KBS REIT III. KBS REIT III is managed and operated by the Core Strategy Team.

As disclosed in the Prospectus, the US Asset Manager is owned one-third by Peter McMillan III and Keith D. Hall and two-thirds by Peter M. Bren and Charles J. Schreiber Jr. The Manager has been informed by Peter McMillan III and Keith D. Hall that there is consideration of the possibility of the Core Plus Team being re-organised and employed under a separate entity from the US Asset Manager which will be wholly-owned by Peter McMillan III and Keith D. Hall. While the Manager understands that there are presently no concrete developments, there is no assurance that such re-organisation will not occur.

Peter McMillan III and Keith D. Hall have confirmed to the Manager that even if a re-organisation of the US Asset Manager were to occur, it is expected that the Core Plus Team will continue to be involved in the management and operations of Keppel-KBS US REIT. Should the re-organisation of the US Asset Manager occur, no change is presently contemplated to the Board of Directors of the Manager, including Peter McMillan III's position as Chairman of the Board, or the senior management of the Manager.

The Manager does not currently expect the proposed listing as mentioned above or the re-organisation of the US Asset Manager if it were to occur to have any material impact to the operations of the Manager and the management of Keppel-KBS US REIT.

Mr Peter McMillan III, Chairman of the Manager, co-founder of KBS and co-founder and shareholder of KBS Pacific Advisors Pte. Ltd. ("**KPA**"), said, "As co-sponsor, KPA remains committed to supporting the Manager's long-term objectives to grow Keppel-KBS US REIT. At the same time, Keppel-KBS US REIT will continue to enjoy the full support of the Core Plus Team, which has been exclusively sourcing and managing core real estate for Keppel-KBS US REIT."

Mr Paul Tham, Non-Executive Director of the Manager and Chief Financial Officer of Keppel Capital Holdings Pte. Ltd., co-sponsor of Keppel-KBS US REIT, said, "In keeping with Keppel Capital's aim to create value for investors, we remain fully supportive of Keppel-KBS US REIT and its growth plans. Leveraging Keppel's extensive network and platform, the Manager will be able to continue to draw on the group's expertise in the management of listed REITs and strong relationships with Asian investors."

To demonstrate its support for Keppel-KBS US REIT, KBS SOR Properties LLC and Keppel Capital Investment Holdings Pte. Ltd., which each owns an aggregate interest of approximately 6.97% of the total number of units in Keppel-KBS US REIT, have provided irrevocable undertakings to the Manager to accept, subscribe and pay in full for its total provisional allotment of the equity fund raising (in the event that the equity fund raising comprises either a rights issue or a preferential offering) to be undertaken by Keppel-KBS US REIT in connection with the acquisition of 21 buildings located at 8200 – 8644 154th Ave NE, Redmond, WA 98052 (the "**Westpark Portfolio**") as announced by the Manager today. The Westpark Portfolio is being acquired from KBS SOR which

is managed by the Core Plus Team. The Core Plus Team had also sourced the properties which KBS SOR had injected to form the IPO portfolio of Keppel-KBS US REIT.

By Order of the Board
Kelvin Chua
Company Secretary

Keppel-KBS US REIT Management Pte. Ltd.

(Company Registration No.: 201719652G)

As manager of Keppel-KBS US REIT

24 September 2018

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of Keppel-KBS US REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, Perpetual (Asia) Limited, in its capacity as trustee of Keppel-KBS US REIT, Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd., as the sponsors of Keppel-KBS US REIT or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (“**Unitholders**”) have no right to request that the Manager redeem or purchase 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 (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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