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MEDIA RELEASE

Unaudited Results of Keppel-KBS US REIT for the Financial Period since Listing on 9 November 2017 to 31 December 2018

24 January 2019

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 31 December 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 total distributable income of US\$43.8 million
for the financial period since listing on 9 November 2017 to 31 December 2018**

Results Highlights

- Distributable income (DI) for the financial period since listing on 9 November 2017 (Listing Date) to 31 December 2018 was US\$43.8 million, driven by strong leasing momentum and positive rental reversion, as well as the addition of the Westpark Portfolio in Seattle
 - DI from the 11 properties at IPO (IPO portfolio) was US\$9.6 million, and in line with forecast of US\$9.4 million
 - The strategic acquisition of the Westpark Portfolio was completed on 30 November 2018, and added DI of US\$0.7 million
- Distribution per Unit (DPU) from Listing Date to 31 December 2018 was 6.22 US cents, translating to a distribution yield of 8.9%
- Completed maiden accretive acquisition of the Westpark Portfolio, and announced acquisition of Maitland Promenade I in Orlando, which was completed on 16 January 2019
- Portfolio committed occupancy rate remained stable at 91.6% as at 31 December 2018

Summary of Results

	4Q 2018 ⁽¹⁾			Listing Date to 31 December 2018 ⁽¹⁾		
	Actual US\$'000	Forecast ⁽²⁾ US\$'000	+ / (-) %	Actual US\$'000	Forecast ⁽²⁾ US\$'000	+ / (-) %
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	43,098	42,947	0.3
- 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 the 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 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 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

Keppel-KBS US REIT Management Pte. Ltd., as Manager of Keppel-KBS US REIT (KORE), is pleased to deliver DI of US\$10.3 million for the fourth quarter of 2018 (4Q 2018), bringing DI for the financial period from Listing Date to 31 December 2018 to US\$43.8 million. This was 2.0% above the forecast of US\$42.9 million, due to the contribution from the newly acquired Westpark Portfolio in Seattle and stable operational performance from the IPO portfolio.

Excluding the Westpark Portfolio's DI of US\$0.7 million, DI from the IPO portfolio was in line with forecast at US\$43.1 million. Driving this stable operational performance are strong leasing momentum and positive rental reversions as a result of rising office rents in majority of the office markets where the REIT operates, offset by lower recoveries income¹.

Acquisition of the Westpark Portfolio was completed on 30 November 2018, and contributed US\$1.4 million in gross revenue and US\$1.1 million in net property income (NPI) in 4Q 2018. The added contribution saw KORE's overall NPI for 4Q 2018 increase correspondingly to US\$14.6 million in 4Q 2018, bringing NPI for the period from Listing Date to 31 December 2018 to US\$64.4 million, both above forecast by 7.7% and 3.8% respectively.

DPU declared for 4Q 2018 was 1.25 US cents, bringing DPU for the period from Listing Date to 31 December 2018 to 6.22 US cents, translating to a distribution yield of 8.9%². DPU for both periods were below forecast due to an enlarged Unit base as a result of a rights issue to raise gross proceeds of about US\$93.1 million to partially fund the acquisition of the Westpark Portfolio (Rights Issue). On a like-for-like basis, DPU, excluding effects of the acquisition of the Westpark Portfolio and Rights Issue, would have been 1.51 US cents for 4Q 2018 and 6.83 US cents for the period from Listing Date to 31 December 2018, above forecast by 0.7% and 0.6% respectively.

Distributions for KORE is on a semi-annual basis. Its second distribution for the period from 1 July to 31 December 2018, amounting to 2.40 US cents, will be paid out on 26 March 2019.

On 20 December 2018, the United States Department of the Treasury released proposed regulations that clarified its position and treatment of hybrid entities and hybrid arrangements. Separately, on 20 November 2018, the Government of Barbados announced that Barbados will converge its domestic and international tax rates³. The proposed regulations together with the Barbados tax changes are not expected to have any material impact on KORE's consolidated net tangible assets or DPU. We also do not expect further changes to KORE's trust structure to be required⁴.

Portfolio Review

In keeping with its aim to seek value accretive acquisitions for Unitholders, the Manager announced two acquisitions in 2018 – the Westpark Portfolio in Seattle and Maitland Promenade I in Orlando. The acquisitions were completed on 30 November 2018 and 16 January 2019 respectively.

On the leasing front, the quarter saw continued strong momentum with approximately 133,000 sf (18 leases) committed across all properties, majority of which recorded positive rental reversion. As at 31 December 2018, total committed space for the period from Listing Date to 31 December 2018 was approximately 741,000 sf (100 leases), with demand mainly from tenants in the fast-growing technology, finance and professional services sectors.

¹ Recoveries income refers to reimbursements from tenants for certain property expenses.

² Based on the market closing price of US\$0.61 cents per Unit

³ It was proposed in Barbados that from 1 January 2019, domestic companies will pay the same tax rates as international companies, on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases.

⁴ 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 is expected from the regulations.

New leases signed since listing have built-in average annual rental escalations of 3%. With this, the portfolio has built-in average annual rental escalations of between 2-3%.

As at end-2018, portfolio committed occupancy was 91.6% due to higher committed occupancies at some of the properties and the addition of the Westpark Portfolio. The weighted average lease expiry⁵ by cash rental income for KORE's portfolio and top 10 tenants was 4.0 years and 5.4 years respectively.

Capital Management

The Manager continues to adopt a prudent approach towards capital management, especially in a volatile macroeconomic environment. All the REIT's borrowings are US dollar-denominated, providing a natural hedge for its income and investments.

As at 31 December 2018, the weighted average term to maturity of its debt was 3.7 years, with no long-term debt refinancing requirements until November 2021. All-in average cost of debt was 3.53%. Aggregate leverage and interest coverage ratio was 35.1% and 5.5 times respectively. To limit interest rate exposure, 80.4% of the REIT's non-current term loans have been hedged with floating-to-fixed interest rate swaps.

Outlook

2018 ended with more volatility than usual in the financial markets. Nonetheless, US economic indicators remain strong. There is a general expectation of continued growth, albeit potentially at a slower pace. GDP⁶ grew at an annualised rate of 3.4% in 3Q 2018 – its 18th consecutive quarter of positive growth, buoyed by a robust jobs market and strong consumer spending. At the same time, data from the US Labor Department showed payrolls climbed 312,000 in December 2018 as employers added the most workers in 10 months. Wage gains also accelerated to 3.2% year-on-year in December 2018, matching its fastest pace since 2009.

Central to the Federal Reserve's (Fed) debates on interest rate policy has been the strengthening jobs market and inflation concerns. At the December 2018 Federal Open Market Committee meeting, the Fed raised benchmark interest rates by 0.25% to 2.25-2.5%. The Fed also maintained its upbeat view of the US economy albeit softening its growth expectations at 2.3% and 2.0% for 2019 and 2020 respectively, recognising potential external downside risks from trade policies and foreign economic developments.

As the US economic recovery matures, a strong jobs market coupled with a constrained office supply cycle has contributed to a healthy leasing environment. Within the US office market, the technology sector continues to be the key source of demand in 3Q 2018, accounting for nearly 27% of the top leases. The financial services sector took second place with 17%⁷.

Solid leasing momentum saw the US end 2018 with 55.3 million sf of net absorption and a national vacancy rate of 9.9%, with rent growth holding steady at 1.8%. Low capitalisation rates in gateway markets however, are increasingly pushing investors into higher-yielding secondary markets such as Seattle, which ranked sixth for rent growth due to the booming technology sector. Across the key submarkets that KORE operates in, office fundamentals continue to be generally favourable with positive rent growth. Annual office transaction volume in 2018 exceeded US\$120 billion for the fourth consecutive year and will likely continue to do so in 2019, according to CoStar.

⁵ By NLA, WALE for portfolio and top 10 tenants was 3.9 years and 5.6 years respectively.

⁶ According to data released by the U.S. Bureau of Economic Analysis.

⁷ According to an independent market review by Cushman & Wakefield.

Looking Ahead

The Manager is committed to delivering stable distributions and creating long term value for Unitholders through driving strong operational performance, as well as with the additional income contribution from Maitland Promenade I in Orlando, which was completed on 16 January 2019. With office rents rising in the submarkets where KORE operates, KORE with its well-spread lease expiry profile, will benefit when expiring leases with lower rents are marked to market.

KORE will also continue to focus on strategically located assets in first choice submarkets across the US where economic, population and employment growth outpace the national average.

- End -

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.

With the completion of Maitland Promenade I's acquisition on 16 January 2019, the REIT's portfolio comprises a balanced mix of 13 office properties located in seven key growth markets across US. With an aggregate NLA of approximately 4.2 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, Bellevue Technology Center and The Westpark Portfolio, 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; as well as Maitland Promenade I 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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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.