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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 March 2018

17 April 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 31 March 2018.

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The materials are also available at www.kepkbsusreit.com, www.kepcapital.com and www.kepcorp.com

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 2.32 US cents for the period since Listing on 9 November 2017 to 31 March 2018, above the IPO forecast of 2.31 US cents

Results Highlights for the Financial Period since Listing on 9 November 2017 to 31 March 2018

- Stable portfolio performance and one-off compensation income resulted in net property income of US\$22.3 million, outperforming IPO forecast by 5.2%.
- Distribution per Unit (DPU) was 2.32 US cents, 0.4% higher than forecast of 2.31 US cents.
- Annualised distribution yield of 6.73% based on Unit trading price of US\$0.88.
- Proactive leasing efforts and engagement with tenants to reconfigure and rationalise spaces to meet various business needs.
- Portfolio committed occupancy rate of 89.8% as at 1Q 2018.
- Aggregate leverage of 33.6% provides headroom to grow the portfolio.

Summary of Results

	Period of 9 November 2017 to 31 March 2018		
	Actual (US\$'000)	IPO Forecast¹ (US\$'000)	+/-
Gross Revenue	36,102	35,519	+1.6%
Property Expenses	(13,774)	(14,298)	-3.7%
Net Property Income	22,328	21,221	+5.2%
Income available for distribution to Unitholders ²	14,616	14,607	+0.1%
Available DPU for the period (US cents)	2.32	2.31	+0.4%
Annualised available for distribution yield ³ (%)	6.73%	6.70%	+3bps

Notes:

- (1) There was no forecast figure for the period from 9 November 2017 (Listing Date) to 31 December 2017. Forecast results for the period from Listing Date to 31 March 2018 comprise actual figures from Listing Date to 31 December 2017 and one quarter of 2018 forecast. The forecast figures were derived from the Forecast Year 2018 as disclosed in the Prospectus.
- (2) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. Distributions for Keppel-KBS US REIT are declared on a half-yearly basis. As such, no distribution has been declared for the financial period from the Listing Date to 1 March 2018. The first distribution for Keppel-KBS US REIT will be for the period from the Listing Date to 30 June 2018.
- (3) Based on the Listing Date and 1Q 2018 closing price per Unit of US\$0.88 respectively.

Financial Performance

Keppel-KBS US REIT Management Pte. Ltd., as Manager of Keppel-KBS US REIT, is pleased to deliver net property income of US\$22.3 million for the financial period since listing on 9 November 2017 to 1Q 2018, exceeding its IPO forecast of US\$21.2 million by 5.2%. This was driven by stable portfolio performance and a one-off compensation income.

The one-off compensation income of US\$1.0 million was from a tenant at Westmoor Center in Denver, Colorado, that was granted permission to terminate its lease on 28 February 2018, ahead of its lease expiry in mid-2019. This was in connection with a new lease commencing July 2018 for an existing tenant that desired to expand into the space. The one-off income was commercially negotiated to offset the anticipated drop in rental income, and will be used to offset the anticipated drop in distribution from 2Q 2018 to 4Q 2018 in relation to the downtime and rent-free period for this space. The early lease termination follows the Manager's proactive engagement with both tenants to reconfigure and rationalise spaces to meet tenants' business needs.

DPU for the period of 9 November 2017 to 31 March 2018 is 2.32 US cents, which was 0.4% above the IPO forecast of 2.31 US cents. This translates to an annualised available for distribution yield of 6.73%, based on the Unit closing price of US\$0.88 as at 31 March 2018. Keppel-KBS US REIT declares distributions on a half-yearly basis. No distribution has been declared for the quarter under review.

Portfolio Review

There was positive leasing momentum from IPO till 1Q 2018, with the Manager signing 32 leases amounting to more than 252,000 sf during this period.

Leasing demand for new spaces was mainly driven by tenants in the technology, financial services and manufacturing sectors. As at 31 March 2018, Keppel-KBS US REIT's committed portfolio occupancy was 89.8%. Additionally, the securing of a new lease from an existing tenant at Westmoor Center is advantageous as it provides certainty of income, and is indicative of continuing demand for the property.

The portfolio continues to enjoy a diversified tenant base driven by key growth sectors such as technology, professional services, finance and insurance, as well as medical and healthcare. As at 31 March 2018, portfolio weighted average lease expiry¹ (WALE) was 3.7 years. WALE¹ for the top 10 tenants was 5.3 years, comprising tenants in the technology sector such as Ball Aerospace & Tech Corp and Zimmer Biomet Spine Inc., as well as companies in the finance and insurance sectors.

Capital Management

As at 31 March 2018, the REIT had an aggregate leverage of 33.6%, providing headroom to acquire quality yield-accretive assets. All-in average borrowing costs were 3.40%, and the REIT's borrowings are entirely in USD, providing a natural hedge for its income and investments. The weighted average term to maturity was 4.1 years.

The Manager continually reviews the REIT's financing requirements to ensure an optimal capital structure, with appropriate hedging strategies especially in view of rising interest rates. As at 31 March 2018, 75% of the REIT's interest rate exposure was hedged.

Outlook

The International Monetary Fund is projecting 2.7% GDP growth for the US in 2018, an increase from their previous projection of 2.3%. The upward revision was due to stronger than expected economic activity in 2017, higher projected external demand, and the positive impact of the tax cuts enacted in December 2017. Additionally, US nonfarm payrolls expanded for the 90th consecutive month in March 2018, the longest growth streak on record; wage growth also continues to be robust, with hourly earnings increasing by 2.7% year-to-date.

According to CoStar, net absorption for the last 12 months² was 54.6 million sf. Deliveries for the same period were 68.4 million sf, with the majority of supply in gateway cities like New York, the Bay Area and Chicago. This resulted in a national average occupancy rate of 89.7% as at March 2018. Overall rent growth projection for 2018 is 1.5%. Property consultants expect the technology sector to continue to be the main driver for leasing demand, consistent with 2017. Other expansionary drivers of demand include co-working spaces and the life sciences sector.

¹ By committed occupancy and NLA.

² Refers to the period from April 2017 to March 2018.

The Manager remains committed to delivering sustainable distributions and strong total returns to Unitholders, driven by its portfolio of assets located in key growth markets that exhibit strong economic fundamentals. Office demand in these markets is underpinned by strong and defensive sectors such as technology, IT, education and healthcare, as well as an employment base significantly made up of an educated workforce seeking a “Live, Work, Play” environment.

At the same time, the Manager continues to actively market the available space in its portfolio to improve net property income. To capture further upside from improving office market conditions, the Manager will also seek acquisition opportunities in key growth markets it currently has a presence in, as well as other US cities with similar growth characteristics.

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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 the United States (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.

Its current portfolio comprises a balanced mix of 11 office properties located in seven key growth markets across US. With an aggregate Net Lettable Area (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)³. Keppel Capital is a premier asset manager in Asia, with a diversified portfolio of real estate, infrastructure and data centre properties in key cities globally. It has an established track record of managing Singapore-listed REITs and Business Trust. With KPA as a co-sponsor of Keppel-KBS US REIT, the Manager is able to leverage KPA's affiliation with KBS Capital Advisors LLC (KBS), which is one of the largest US owner of office properties globally.

Through the association with Keppel Capital and KBS, the Manager will be able to harness synergies from two best-in-class management platforms to deliver long-term sustainable distributions and total returns to Unitholders.

³ The co-founding partners of KBS include Peter McMillan III and Keith D. Hall, who are partners of KPA and together indirectly hold a one-third stake of KBS. As KPA is a co-sponsor of Keppel-KBS US REIT, the Manager is able to leverage KPA's affiliation with KBS.

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.