

Appendix dated 26 March 2019

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

If you are in any doubt as to the contents herein or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your units in Keppel-KBS US REIT, please forward this Appendix to the purchaser or bank or stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.



(a real estate investment trust constituted on 22 September 2017
under the laws of the Republic of Singapore)

MANAGED BY

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD.

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
DATED 26 MARCH 2019**

IN RELATION TO

THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

CONTENTS

APPENDIX

	Page
1. Introduction	1
2. The Proposed Renewal of the Unit Buy-Back Mandate	2
3. Interests of Directors and Substantial Unitholders	12
4. Directors' Recommendation	13
5. Directors' Responsibility Statement	13
6. Document on Display	13

APPENDIX

1 INTRODUCTION

1.1 Summary

We refer to the proposed Ordinary Resolution 4 ("**Resolution 4**") under the "Special Business" section of the notice dated 26 March 2019 convening the annual general meeting of Keppel-KBS US REIT to be held at Suntec Singapore Convention and Exhibition Centre, Nicoll 1, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Wednesday, 17 April 2019 at 3.00 p.m. ("**AGM**").

The purpose of this Appendix is to provide Unitholders with information relating to the proposed renewal of the Unit Buy-Back Mandate.

Resolution 4 relates to the proposed renewal of the unit buy-back mandate of Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT (the "**Manager**"). The Manager's existing mandate to exercise its powers to procure the repurchases of units in Keppel-KBS US REIT ("**Units**") for and on behalf of Keppel-KBS US REIT without the prior specific approval of the holders of Units ("**Unitholders**") in a general meeting was approved by Unitholders at the time of the initial public offering of Keppel-KBS US REIT ("**IPO**") by subscribing to Units at the time of the IPO, and such mandate expires on 17 April 2019, being the date of the AGM. In this regard, the Manager seeks approval from Unitholders at the AGM in relation to the renewal of the mandate to exercise its powers to procure the repurchases of Units without the prior specific approval of Unitholders in a general meeting (the "**Unit Buy-Back Mandate**").

1.2 This Appendix

The purpose of this Appendix is to provide Unitholders with information relating to the above proposal which will be tabled at the AGM.

1.3 Advice to Unitholders

Unitholders should note that by voting in favour of the resolution relating to the proposed Unit Buy-Back Mandate, they will give the Manager the mandate to procure the repurchases of Units on the terms and conditions set out in paragraph 2 of this Appendix and in accordance with all applicable laws and regulations, including but not limited to the provisions of the trust deed dated 22 September 2017 constituting Keppel-KBS US REIT, as amended (the "**Trust Deed**") and the Listing Manual of the SGX-ST (the "**Listing Manual**").

(See "The Proposed Renewal of the Unit Buy-Back Mandate" in paragraph 2 of this Appendix for further details.)

1.4 Singapore Exchange Securities Trading Limited (the "**SGX-ST**")

SGX-ST assumes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Appendix.

2 THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

2.1 Rationale for the Unit Buy-Back Mandate

The approval of the renewal of the Unit Buy-Back Mandate authorising the Manager to repurchase Units for and on behalf of Keppel-KBS US REIT would give the Manager the flexibility to undertake repurchases of Units ("**Unit Buy-Back**") of up to the 10.0% limit described in paragraph 2.2.1 of this Appendix at any time, during the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates:

- (a) the date on which the next annual general meeting of Keppel-KBS US REIT is held;
- (b) the date by which the next annual general meeting of Keppel-KBS US REIT is required by applicable laws and regulations or the provisions of the Trust Deed to be held; or
- (c) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated,

(the "**Mandate Duration**").

The rationale for seeking the Unit Buy-Back Mandate is as follows:

- (i) the Unit Buy-Back Mandate would be a flexible and cost-effective capital management tool to enhance return on equity for Unitholders and/or the net asset value ("**NAV**") per Unit; and
- (ii) the Unit Buy-Back Mandate, when exercised at appropriate times, would help mitigate short-term market volatility, off-set the effects of short-term speculative trading of the Units and bolster market confidence in the Units.

While the Unit Buy-Back Mandate would authorise Unit Buy-Backs of up to the said 10.0% limit during the period when the Unit Buy-Back Mandate is in force, Unitholders should note that Unit Buy-Backs may not necessarily be carried out to the entire 10.0% limit as authorised by Unitholders.

Repurchases of Units will be made only when the Manager considers it to be in the best interests of Keppel-KBS US REIT and the Unitholders.

Rule 723 of the Listing Manual requires Keppel-KBS US REIT to ensure that at least 10.0% of its Units are at all times held by the public (the "**Public Float**"). As at 27 February 2019, being the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**"), the Public Float is approximately 72.49%, and accordingly, the Manager is of the view that the orderly trading and the listing status of the Units on the SGX-ST is not likely to be affected by the Unitholders' approval of the Unit Buy-Back Mandate and the repurchases of Units thereunder.

2.2 Authority and Limits on the Unit Buy-Back Mandate

The authority conferred on the Manager and the limits placed on the repurchases of Units by the Manager under the Unit Buy-Back Mandate are set out below:

2.2.1 Maximum Limit

The total number of Units which may be repurchased pursuant to the Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the AGM.¹

FOR ILLUSTRATIVE PURPOSES ONLY: On the basis of 823,489,620 Units in issue as at the Latest Practicable Date, and assuming that no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved, not more than 82,348,962 Units (representing 10.0% of the issued Units) may be repurchased by the Manager pursuant to the Unit Buy-Back Mandate during the Mandate Duration (as defined herein).

2.2.2 Duration of Authority

Unless revoked or varied by Unitholders in a general meeting, the Unit Buy-Back Mandate, if approved by Unitholders, will be in force for the Mandate Duration, being the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates:

- (i) the date on which the next annual general meeting of Keppel-KBS US REIT is held;
- (ii) the date by which the next annual general meeting of Keppel-KBS US REIT is required by applicable laws and regulations or the provisions of the Trust Deed to be held; or
- (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated.

Under the Trust Deed and the prevailing laws and regulations of Singapore, Keppel-KBS US REIT is required to convene an annual general meeting of Unitholders once every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, and in any case within four months from the financial year end of Keppel-KBS US REIT.

The authority conferred on the Manager under the Unit Buy-Back Mandate to repurchase Units may be renewed at the next annual general meeting of Unitholders. When seeking the approval of Unitholders for any subsequent Unit Buy-Back Mandate, the Manager shall disclose details of each Unit Buy-Back made during the Mandate Duration in respect of the Unit Buy-Back Mandate immediately preceding such Unit Buy-Back Mandate being sought, including the total number of Units repurchased, the repurchase price per

¹ Pursuant to the Listing Manual, a unit buy-back shall not exceed 10.0% of the total number of issued units excluding treasury units and subsidiary holdings in each class as at the date of the resolution passed by unitholders for the unit buy-back. For the avoidance of doubt, Keppel-KBS US REIT does not hold any treasury units and there are no subsidiary holdings as none of the subsidiaries of Keppel-KBS US REIT hold any Units. There is also only one class of units in Keppel-KBS US REIT.

Unit or the highest and lowest prices paid for such repurchases of Units, where relevant, and the total consideration paid for such repurchases.

2.2.3 Manner of Repurchase

Repurchases of Units may be made by way of:

- (i) market repurchase(s) ("**Market Repurchases**"); and/or
- (ii) off-market repurchase(s) ("**Off-Market Repurchases**").

Market Repurchases refer to repurchases of Units by the Manager effected on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Manager for the purpose.

Off-Market Repurchases refer to repurchases of Units by the Manager (which are not Market Repurchases) made under an equal access scheme or schemes for the repurchase of Units from Unitholders in accordance with the Trust Deed. In this regard, an Off-Market Repurchase must satisfy all the following conditions:

- (i) offers for the repurchase or acquisition of Units shall be made to every person who holds Units to repurchase or acquire the same percentage of their Units;
- (ii) all of the above-mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers may relate to Units with different accrued distribution entitlements;
 - (b) differences in consideration attributable to the fact that the offers may relate to Units with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each Unitholder is left with a whole number of Units.

Additionally, the Listing Manual provides that, in making an Off-Market Repurchase, the Manager must issue an offer document to all Unitholders which must contain, *inter alia*:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Unit repurchases;
- (iv) the consequences, if any, of Unit repurchases by the Manager that will arise under the Singapore Code on Take-overs and Mergers ("**Code**") or other applicable takeover rules;

- (v) whether the Unit repurchases, if made, could affect the listing of the Units on the SGX-ST;
- (vi) details of any Unit repurchases made by the Manager in the previous 12 months (whether Market Repurchases or Off-Market Repurchases in accordance with an equal access scheme), giving the total number of Units repurchased, the repurchase price per Unit or the highest and lowest prices paid for the repurchases, where relevant, and the total consideration paid for the repurchases; and
- (vii) whether the Units repurchased by the Manager will be cancelled or kept as treasury Units.

2.2.4 Repurchase Price

The Manager has the discretion to determine the repurchase price for a repurchase of Units under a Unit Buy-Back Mandate, subject to such repurchase price not exceeding:

- (i) in the case of a Market Repurchase, 105.0% of the Average Closing Price (as defined herein) of the Units in accordance with Rule 884 of the Listing Manual; and
- (ii) in the case of an Off-Market Repurchase, 110.0% of the Average Closing Price of the Units,

(the “**Maximum Price**”) in either case, excluding brokerage, stamp duty, commission, applicable goods and service tax and other related expenses (“**Related Expenses**”) of such repurchase. For the purposes of this paragraph 2.2.4:

“**Average Closing Price**” means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days.

“**date of the making of the offer**” means the date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase.

“**Market Day**” means a day on which the SGX-ST and/or as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities.

2.3 Status of Repurchased Units

Under the Trust Deed, a Unit repurchased by way of a Unit Buy-Back shall be deemed cancelled immediately on repurchase (and all rights and privileges attached to such Unit will expire on such cancellation).

2.4 Reporting Requirements

Rule 886 of the Listing Manual specifies that an issuer shall notify the SGX-ST of all repurchases or acquisitions of its Units not later than 9.00 a.m.:

- (i) in the case of a Market Repurchase, on the Market Day following the day on which the Market Repurchase was made; or
- (ii) in the case of an Off-Market Repurchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Repurchase.

The notification of any such repurchases of Units to the SGX-ST (in the form of an announcement on the SGXNet) shall be in such form and shall include such details as the SGX-ST may prescribe.

The Manager shall make arrangements with the appointed stockbrokers and/or custodians to ensure that they provide the Manager in a timely fashion the necessary information which will enable the Manager to make the notifications to the SGX-ST.

2.5 Sources of Funds

The Manager may only apply funds for the repurchase of Units as provided in the Trust Deed and in accordance with the applicable laws and regulations in Singapore. The Manager may not repurchase Units for a consideration other than in cash.

The Manager intends to utilise Keppel-KBS US REIT's internal sources of funds, external borrowings or a combination of both to finance the Manager's repurchase of Units on behalf of Keppel-KBS US REIT pursuant to the Unit Buy-Back Mandate, subject always to the requirements of the applicable laws and/or regulations in force at the relevant time.

2.6 Financial Effects

It is not possible for the Manager to calculate realistically or quantify the impact of repurchases of Units that may be made pursuant to the Unit Buy-Back Mandate on the NAV per Unit and distribution per Unit ("DPU") as the resultant effect would depend on, among others, the aggregate number of Units repurchased and the repurchase prices paid for such Units.

Keppel-KBS US REIT's total number of issued Units will be diminished by the total number of Units repurchased by way of a Unit Buy-Back as such Units will be cancelled.

The Manager will only exercise the Unit Buy-Back Mandate when it considers it to be in the best interests of Keppel-KBS US REIT and the Unitholders. The Manager will consider factors such as the working capital requirements, availability of financial resources, the investment and growth strategies of Keppel-KBS US REIT and the prevailing market conditions before repurchasing Units under the Unit Buy-Back Mandate. The Manager will exercise the Unit Buy-Back Mandate with a view to enhancing the DPU and/or the NAV per Unit. The Manager does not intend to exercise the Unit Buy-Back Mandate to such an extent as would have a material adverse effect on the financial position of Keppel-KBS US REIT.

FOR ILLUSTRATIVE PURPOSES ONLY: The financial effects of a Unit Buy-Back on Keppel-KBS US REIT are based on the assumptions set out below:

- (i) 82,348,962 Units (representing approximately 10.0% of the issued Units as at the Latest Practicable Date) are repurchased by the Manager pursuant to the Unit Buy-Back Mandate on 9 November 2017 (listing date);
- (ii) 823,489,620 Units are in issue as at the Latest Practicable Date (assuming no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved);
- (iii) Units are repurchased:
 - (a) in the case of Market Repurchases by the Manager at the Maximum Price of US\$0.6983 per Unit (being 105.0% of the Average Closing Price of the Units immediately preceding the Latest Practicable Date), and accordingly, the maximum amount of funds required for the repurchase of 82,348,962 Units, representing 10.0% of the issued Units as at the Latest Practicable Date (excluding Related Expenses) is approximately US\$57,504,280; and
 - (b) in the case of Off-Market Repurchases by the Manager at the Maximum Price of US\$0.7315 per Unit (being 110% of the Average Closing Price of the Units immediately preceding the Latest Practicable Date), and accordingly, the amount of funds required for the repurchase of 82,348,962 Units, representing 10.0% of the issued Units as at the Latest Practicable Date (excluding Related Expenses) is approximately US\$60,238,266;
- (iv) the Unit Buy-Back Mandate has been effective since 9 November 2017 (listing date);
- (v) all Units repurchased under the Unit Buy-Back Mandate are cancelled;
- (vi) the repurchases of Units are funded solely by internal sources of funds of Keppel-KBS US REIT; and
- (vii) there are no changes to the distribution policy to Unitholders.

Based on the assumptions set out above, the financial effects of the repurchase of 82,348,962 Units (representing 10.0% of the issued Units as at the Latest Practicable Date) by the Manager pursuant to the Unit Buy-Back Mandate by way of (A) Market Repurchases and (B) Off-Market Repurchases, are set out below based on the audited consolidated financial statements of Keppel-KBS US REIT and its subsidiaries (the “**Keppel-KBS US REIT Group**”) for the financial period from 9 November 2017 (listing date) to 31 December 2018 (“**FY 2018**”, and the audited consolidated financial statements of the Keppel-KBS US REIT Group for FY 2018, the “**FY 2018 Audited Financial Statements**”):

	Pro forma financial effects of Unit repurchases on the FY 2018 Audited Financial Statements		
	FY 2018 Audited Financial Statements	Market Repurchases	Off-Market Repurchases
Net Assets (US\$ million)	658	600	598
Current Assets (US\$ million)	47	6	6
Current Liabilities (US\$ million)	27	27	27
Number of issued Units (as at the Latest Practicable Date) (million)	823	741	741
Financial Ratios			
Adjusted NAV per Unit (excluding outstanding distributable income) (US\$)	0.78	0.79	0.78
Distribution per Unit (cents)	6.22	7.08	7.08
Aggregate Leverage (%)	35.1	38.1	38.4

Unitholders should note that the financial effects set out in the table above are based on the FY2018 Audited Financial Statements and are presented strictly for illustrative purposes only. The results of the Keppel-KBS US REIT Group for FY2018 may not be representative of future performance. Although the Unit Buy-Back Mandate would authorise the Manager to repurchase up to 10.0% of the total number of issued Units, the Manager may not necessarily repurchase or be able to repurchase the entire 10.0% of the total number of issued Units at any time while the Unit Buy-Back Mandate is in force.

2.7 Taxation

Unitholders who are in doubt as to their respective tax positions or the tax implications of Unit repurchases by the Manager, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.8 Units Repurchased by the Manager

As at the Latest Practicable Date, there has been no repurchase of Units.

2.9 Black-Out Periods

The Manager will not repurchase any Units for and on behalf of Keppel-KBS US REIT at any time after a material price sensitive development has occurred or has been the subject of a decision until such time the price sensitive information has been publicly announced. In addition, the Manager will not repurchase Units for and on behalf of Keppel-KBS US REIT during the period commencing two weeks before the announcement of the Keppel-KBS US REIT Group's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Keppel-KBS US REIT Group's full year financial statements.

2.10 Take-over Implications

The circumstances under which Unitholders and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code after a repurchase of Units by the Manager are set out in Appendix 2 of the Code. The take-over implications which may arise from any repurchase by the Manager of Units by way of a Unit Buy-Back are set out below.

2.10.1 Obligation to make a Take-over Offer

If, as a result of any repurchase by the Manager of the Units, the proportionate interest in the voting rights of a Unitholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, a Unitholder or a group of Unitholders acting in concert could obtain or consolidate effective control of Keppel-KBS US REIT and become obliged to make a mandatory take-over offer under Rule 14 of the Code.

2.10.2 Persons Acting in Concert

Applying the Code to Keppel-KBS US REIT, to the extent possible, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Units (or otherwise), to obtain or consolidate effective control of Keppel-KBS US REIT.

Unless the contrary is established, the following persons, among others, will be presumed to be acting in concert, namely:

- (i) the following companies:
 - (a) a company ("**A**");
 - (b) the parent company of (A) ("**B**");
 - (c) the subsidiaries of (A) (each, "**C**");
 - (d) the fellow subsidiaries of (A) (each, "**D**");
 - (e) the associated companies of any of (A), (B), (C), or (D) (each, "**E**");
 - (f) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

For this purpose, a company is an “associated company” (as defined in the Code) of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company.

2.10.3 Effect of Rule 14 and Appendix 2 of the Code

In general terms, the effect of Rule 14 and Appendix 2 of the Code is that, unless exempted¹, Unitholders and/or persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Manager repurchasing Units by way of a Unit Buy-Back, the voting rights of such Unitholders and/or their concert parties would increase to 30.0% or more, or in the event that such Unitholders and/or their concert parties hold between 30.0% and 50.0% of the voting rights in Keppel-KBS US REIT, if the voting rights of such Unitholders and/or their concert parties would increase by more than 1.0% in any period of six months.

Under Appendix 2 of the Code, a Unitholder not acting in concert with the directors of the Manager (“**Directors**”) will not be required to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Manager repurchasing Units by way of a Unit Buy-Back, the voting rights of such Unitholder would increase to 30.0% or more, or, if such Unitholder holds between 30.0% and 50.0% of the voting rights in Keppel-KBS US REIT, the voting rights of such Unitholder would increase by more than 1.0% in any period of six months. Such Unitholder need not abstain from voting in respect of the resolution relating to the renewal of the Unit Buy-Back Mandate.

Based on the interests of the Substantial Unitholders² in Units recorded in the Register of Substantial Unitholders as at the Latest Practicable Date, none of the Substantial Unitholders would become obliged to make a take-over offer for Keppel-KBS US REIT under Rule 14 of the Code as a result of any repurchase of Units by the Manager pursuant to the Unit Buy-Back Mandate of the maximum limit of 10.0% of its issued Units as at the Latest Practicable Date.

Important:

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all the implications that may arise under the Code. Unitholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a mandatory take-over offer would arise by reason of any Unit repurchases by the Manager.

1 Unitholders and/or persons acting in concert with them will be exempt from the requirement to make a mandatory take-over offer under Rule 14 of the Code upon the satisfaction of the conditions set out in paragraph 3(a) of Appendix 2 of the Code.

2 “**Substantial Unitholder**” means a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.

2.11 Restriction on ownership of Units in excess of 9.8% of the outstanding Units

Unitholders and all other persons are prohibited from directly or indirectly owning in excess of 9.8% of the outstanding Units (the “**Unit Ownership Limit**”), subject to any increase or waiver pursuant to the terms of the Trust Deed and on the recommendation of the Manager. The Trust Deed provides that Units held directly or indirectly by any person in excess of the Unit Ownership Limit will be automatically forfeited and held by the Trustee (“**Automatic Forfeiture**”). While forfeited Units are held by the Trustee, all rights attributable to those Units, such as the right to vote and the right to receive distributions, will be held by Perpetual (Asia) Limited (in its capacity as trustee of Keppel-KBS US REIT) (the “**Trustee**”); the Unitholder from whom the Units are forfeited shall have no right to vote or receive distributions arising from such Units. The Trustee (on the recommendation of the Manager) will have the right and power to dispose of Units subject to Automatic Forfeiture, and upon such disposal the Unitholder from whom the Units are forfeited will receive the proceeds (net of any commissions and expenses) from the disposition, but not in excess of (a) the price paid by such Unitholder for the forfeited Units or (b) if such Unitholder did not give value for the forfeited Units in connection with the event causing the Units to be forfeited (e.g. in the case of a gift, a non-pro rata Unit buy-back, a non-pro rata Unit consolidation or other corporate action where no acquisition or transfer of Units by a Unitholder takes place but has the result of increasing a Unitholder’s proportionate unitholdings), the market price of the Units on the day of the event causing the Automatic Forfeiture, in each case less certain distributions received by the Unitholder; any excess shall be donated by the Trustee to a charitable, philanthropic or benevolent organisation or purpose nominated by the Manager. If, prior to the discovery by the Trustee that Units are subject to Automatic Forfeiture, such Units are sold by the Unitholder, then such Units shall be deemed to have been sold on behalf of the Trustee and to the extent that such Unitholder received an amount in excess of the amount which it would otherwise have been entitled to, such excess shall be paid to the Trustee upon demand to be donated to a charitable, philanthropic or benevolent organisation or purpose nominated by the Manager.

For the avoidance of doubt, the Automatic Forfeiture is effective automatically, whether or not the Trustee or the Manager is aware of the change in ownership or aware of the fact that the Unit Ownership Limit has been breached and without any requirement for notice by the Trustee or the Manager.

The Manager intends to monitor and limit the extent of its repurchases under the Unit Buy-Back Mandate based on the Substantial Unitholder disclosure notifications made pursuant to the Securities and Futures Act, Chapter 289 of Singapore such that no Unitholders will end up directly or indirectly owning in excess of 9.8% of the outstanding Units as a result of the repurchase of Units by the Manager pursuant to the Unit Buy-Back Mandate.

2.12 Unitholders’ Approval

In view of the foregoing, the Manager is seeking the approval of Unitholders under Resolution 4 relating to the renewal of the Unit Buy-Back Mandate.

Important:

Unitholders should note that by voting in favour of the resolution relating to the renewal of the Unit Buy-Back Mandate, they will be authorising the Manager to procure the repurchase of Units on the terms and conditions set out in paragraph 2 of this Appendix and in accordance with the provisions of the Trust Deed and all applicable laws and regulations including, but not limited to the Listing Manual.

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

3.1 Interests of Directors

As at the Latest Practicable Date, certain Directors collectively hold an aggregate direct and indirect interest in 6,575,596 Units. Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests and voting rights of the Directors as at the Latest Practicable Date are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units	%	No. of Units	%		
Mr Peter McMillan III ⁽¹⁾	–	–	6,575,596	0.799	6,575,596	0.799
Mr Soong Hee Sang	–	–	–	–	–	–
Mr John J. Ahn	–	–	–	–	–	–
Mr Kenneth Tan Jhu Hwa	–	–	–	–	–	–
Mr Paul Tham	–	–	–	–	–	–

Note:

- (1) KBS Pacific Advisors Pte Ltd (“KPA”) is deemed to have an interest in the 6,575,596 Units in Keppel-KBS US REIT (the “Relevant Units”) held by the Manager as it holds 50% of the voting shares in the Manager. As Mr Peter McMillan III holds one-third of the voting shares in KPA, he is in turn deemed to have an interest in the Relevant Units.

3.2 Interests of Substantial Unitholders

Based on the information available to the Manager, the direct and deemed interests and voting rights of the Substantial Unitholders of Keppel-KBS US REIT as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Keppel Capital Investment Holdings Pte Ltd	56,979,352	6.92	–	–	56,979,352	6.92
Keppel Capital Holdings Pte Ltd ⁽¹⁾	–	–	63,554,948	7.72	63,554,948	7.72
Keppel Corporation Limited ⁽²⁾	–	–	63,554,948	7.72	63,554,948	7.72
Temasek Holdings (Private) Limited ⁽³⁾	–	–	96,005,548	11.65	96,005,548	11.65
KBS SOR Properties LLC	56,979,352	6.92	–	–	56,979,352	6.92
KBS SOR (BVI) Holdings Ltd ⁽⁴⁾	–	–	56,979,352	6.92	56,979,352	6.92
KBS Strategic Opportunity Limited Partnership ⁽⁵⁾	–	–	56,979,352	6.92	56,979,352	6.92
KBS Strategic Opportunity REIT, Inc. ⁽⁶⁾	–	–	56,979,352	6.92	56,979,352	6.92
Hillsboro Capital, Ltd.	73,579,569	8.94	–	–	73,579,569	8.94

Notes:

- (1) Keppel Capital Holdings Pte. Ltd.'s deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd.; and (ii) Keppel-KBS US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.
- (2) Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., which is in turn a wholly-owned subsidiary of Keppel Corporation Limited; and (ii) Keppel-KBS US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.
- (3) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and other associated companies of Temasek Holdings (Private) Limited.
- (4) KBS SOR (BVI) Holdings Ltd's deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd.
- (5) KBS Strategic Opportunity Limited Partnership's deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of KBS Strategic Opportunity Limited Partnership.
- (6) KBS Strategic Opportunity REIT, Inc.'s deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of KBS Strategic Opportunity Limited Partnership. KBS Strategic Opportunity Limited Partnership is a wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc.

4 DIRECTORS' RECOMMENDATION

Having considered the relevant factors, including the rationale for the proposed renewal of the Unit Buy-Back Mandate as set out in paragraph 2 of this Appendix, the Directors recommend that Unitholders vote at the AGM in favour of the resolution relating to the renewal of the Unit Buy-Back Mandate.

5 DIRECTORS' RESPONSIBILITY STATEMENT

- 5.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Unit Buy-Back Mandate, Keppel-KBS US REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.
- 5.2 Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

6 DOCUMENT ON DISPLAY

The Trust Deed will be available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 for so long as Keppel-KBS US REIT is in existence.

