

# 2Q2018 and 1H2018 Financial Results

17 July 2018



# Table of contents

---

<b>Key Highlights</b>	<b>2</b>
<b>Portfolio Review</b>	<b>4</b>
<b>Market Outlook</b>	<b>8</b>
<b>Financial Performance &amp; Capital Management</b>	<b>11</b>

---

## **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.*

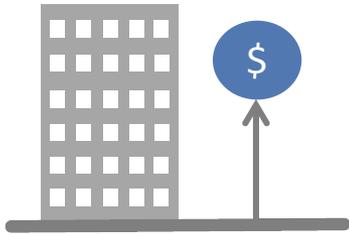


**Key Highlights**

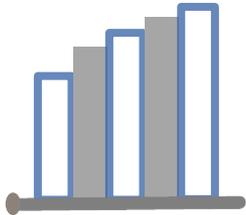
1800 West Loop South, Houston, Texas

# Key Highlights

## 2Q2018 Performance in line with IPO projections



- **32 (>220,000 sf) leases** signed in 2Q2018 with reputable tenants across the technology, financial, legal and professional services sectors
- **Positive rental reversion** for leases signed in 2Q2018
- **Well-placed to capture upside** from positive US economy and office market with 9.1% of NLA up for renewal in 2H2018



- **US\$24.1m income available for distribution** from Listing Date to 30 Jun 2018, 0.1% higher than IPO forecast
- **Declared 1<sup>st</sup> DPU of 3.82 US cents**, 0.5% above IPO forecast of 3.80 US cents



- **Limited interest rate exposure** with 75% of term loans hedged and all borrowings made in USD
- **Aggregate leverage of 33.1%** as at 30 Jun 2018



BELLEVUE TECHNOLOGY CENTER

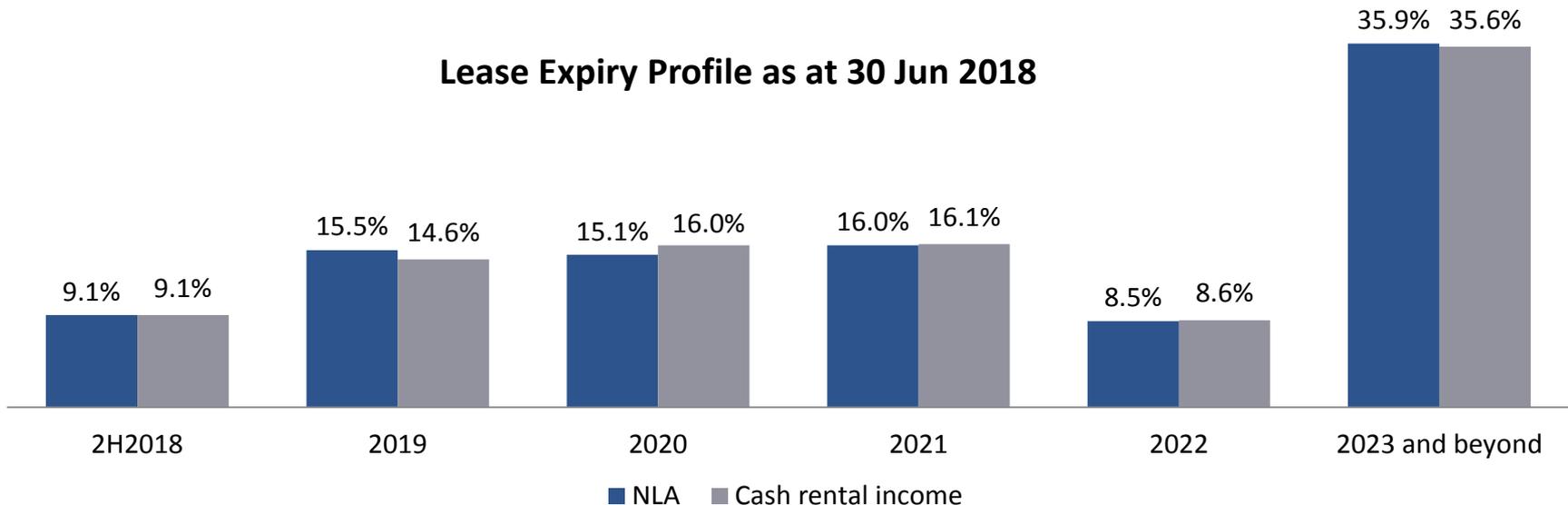
## Portfolio Overview

# Portfolio Overview

## Strong leasing momentum with positive rental reversion

- 32 leases (>220,000 sf) signed in 2Q2018 with reputable tenants across the technology, financial, legal and professional services sectors; 64 leases (about 472,000 sf) signed since IPO
- Achieved overall positive rental reversion with annual rental escalations of 2-4% p.a. for leases signed in 2Q2018
- Portfolio occupancy rate: 90.3% with 339 tenants in total as at 30 Jun 2018
- Portfolio WALE: 3.7 years as at 30 Jun 2018

Lease Expiry Profile as at 30 Jun 2018



# Portfolio Overview

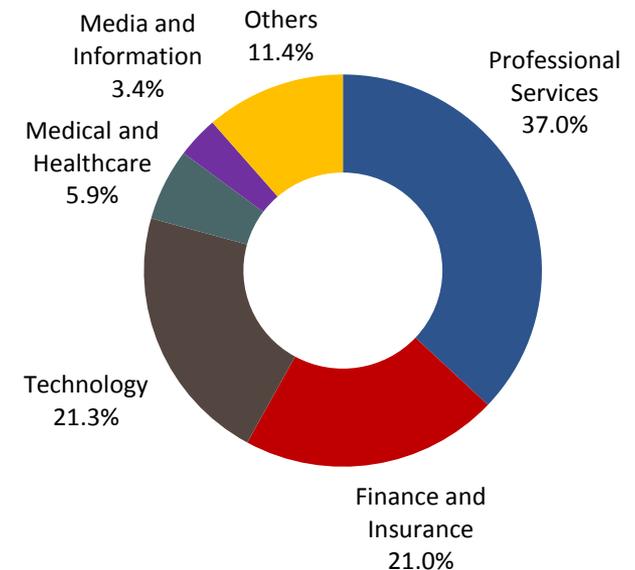
## Resilient portfolio with diversified tenant base

- Low tenant concentration: Top 10 tenants take up 19.0% of portfolio NLA and contribute 22.8% of cash rental income as at 30 Jun 2018

### Top 10 tenants by cash rental income as at 30 Jun 2018

Tenant	Asset	% CRI
Ball Aerospace & Tech Corp	Westmoor Center	3.6%
Zimmer Biomet Spine, Inc.	Westmoor Center	2.9%
Unigard Insurance Company <sup>1</sup>	Bellevue Technology Center	2.5%
US Bank National Association	The Plaza Buildings	2.4%
Blucora, Inc.	The Plaza Buildings	2.3%
Health Care Service Corp	1800 West Loop South	2.2%
Reed Group, Ltd	Westmoor Center	2.0%
Regus PLC	Bellevue Technology Center	1.7%
Nintex USA LLC	The Plaza Buildings	1.7%
PointMarc LLC	The Plaza Buildings	1.5%
<b>Total</b>		<b>22.8%</b>
<b>WALE (NLA)</b>		<b>5.1 years</b>

### Portfolio tenant base composition (by NLA)



<sup>1</sup> Subsidiary of QBE Insurance Group

# Portfolio Overview

11 properties (totaling 3.2m sf of NLA) located in key growth markets



Note: Committed occupancy by NLA as at 30 Jun 2018

## Market Outlook

# Market Outlook

## US office market supported by stable macroeconomic conditions

- IMF raised US GDP growth projection for 2018 from 2.7% to 2.9%, supported by strong near-term outlook, robust job creation, and various favourable financial conditions<sup>1</sup>
- 12-month<sup>2</sup> office net absorption of 50.2m sf and deliveries of 67.2m sf as at end-Jun 2018 with the majority of new supply coming from major cities CBD and downtown
- 12-month<sup>2</sup> average occupancy rate remained stable at 89.7%
- Rental growth uptrend: The 12-month<sup>2</sup> overall rent growth improved from 1.5% as at end-Mar 2018 to 1.6% as at end-Jun 2018, with Seattle, Sacramento and Atlanta amongst markets with highest growth



<sup>1</sup> Source: International Monetary Fund

<sup>2</sup> Refers to the period from Jul 2017 to Jun 2018; Source: CoStar

# Market Outlook

## Submarket snapshot: 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 <b>Bellevue CBD</b>	46.8	-	941	5.9%	8.0%	9.5%
Bellevue Technology Center <b>Eastside</b>	32.8	97	133	5.3%	4.5%	5.6%
Iron Point <b>Folsom</b>	23.9	-	91	5.8%	5.4%	4.6%
Westmoor Center <b>Northwest Denver</b>	20.5	-	58	8.8%	3.2%	3.1%
1800 West Loop South <b>Galleria/Uptown</b>	31.6	105	239	16.7%	0.7%	1.0%
West Loop I & II <b>Galleria/Bellaire</b>	24.3	-	20	8.6%	0.9%	0.6%
Great Hills & Westech 360 <b>Northwest Austin</b>	33.7	-	(20)	8.8%	3.3%	3.0%
Powers Ferry <b>Cumberland/I-75</b>	25.4	713	288	15.7%	2.5%	2.8%
Northridge Center I & II <b>Central Perimeter</b>	27.7	601	206	13.8%	5.0%	5.1%
Maitland Promenade II <b>Maitland</b>	22.0	17	1	9.4%	3.2%	3.0%

Source: CoStar, Jun 2018



**Financial Performance &  
Capital Management**

# Financial Performance

## DPU outperformed forecast by 0.5%

- Declared DPU of 3.82 US cents: 0.5% higher than IPO forecast
- Annualised distribution yield of 6.77% based on 2Q2018 closing price of US\$0.88

### Key dates for distribution

Ex-date	25 Jul 2018
Books closure date	27 Jul 2018
Payment date	25 Sep 2018

	2Q 2018			Listing Date to 30 Jun 2018		
	Actual (US\$'000)	Forecast <sup>1</sup> (US\$'000)	% Change	Actual (US\$'000)	Forecast <sup>1</sup> (US\$'000)	% Change
Gross Revenue	22,641	23,127	(2.1)	58,743	58,646	0.2
Property Expenses	(8,847)	(9,534)	(7.2)	(22,621)	(23,832)	(5.1)
<b>Net Property Income</b>	<b>13,794</b>	<b>13,593</b>	<b>1.5</b>	<b>36,122</b>	<b>34,814</b>	<b>3.8</b>
Distributable Income	9,453	9,447	0.1	24,069	24,054	0.1
Available DPU for the period (US cents)	1.50	1.49	0.7	3.82	3.80	0.5
Annualised available for distribution yield (%)				6.77%	6.74%	3 bps

<sup>1</sup> Forecast for 2Q 2018 was derived from one quarter of the 2018 forecast. There was no forecast figure for the period from Listing Date to 31 Dec 2017. Hence, forecast results for the period from Listing Date to 30 Jun 2018 comprise actual figures from Listing Date to 31 Dec 2017 and one half of the 2018 forecast.

# Financial Performance

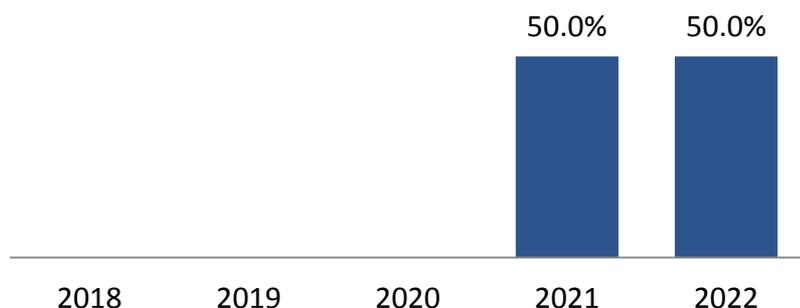
## Maintained healthy balance sheet

	As at 30 Jun 2018 (US\$'000)
<b>Total Assets</b>	875,489
Investment Properties	816,107
Cash and Cash Equivalents	50,082
Other Assets	9,300
<b>Total Liabilities</b>	311,695
Gross Borrowings	289,440
Other Liabilities	22,255
<b>Unitholders' Funds</b>	563,794
Units in Issue ('000)	630,221
Net Asset Value per Unit (US\$)	0.89
Adjusted Net Asset Value per Unit (US\$)	0.86
Unit Price (US\$)	0.88

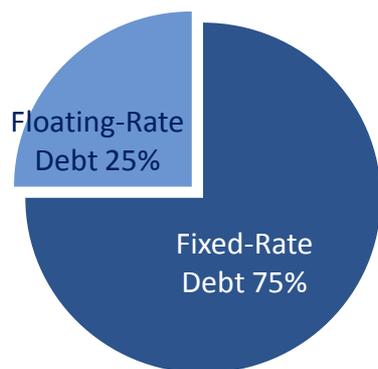
# Capital Management

Limited interest rate exposure with term loans significantly hedged

## Debt Maturity Profile



## Interest Rate Exposure



### Sensitivity to LIBOR<sup>4</sup>

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

## As at 30 Jun 2018

Total debt	US\$289.4m of external loans (unsecured)
Available facilities	US\$50m of undrawn revolving credit facility
Aggregate leverage <sup>1</sup>	33.1%
Average cost of debt <sup>2</sup>	3.4% p.a.
Interest coverage <sup>3</sup>	5.7 times
Average term to maturity	3.9 years

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

<sup>2</sup> Includes amortisation of upfront debt financing costs.

<sup>3</sup> Ratio of EBITDA over interest expense paid or payable

<sup>4</sup> Based on the 25% debt which are unhedged, and the total number of Units in issue as at 30 Jun 2018.

# Key Takeaways

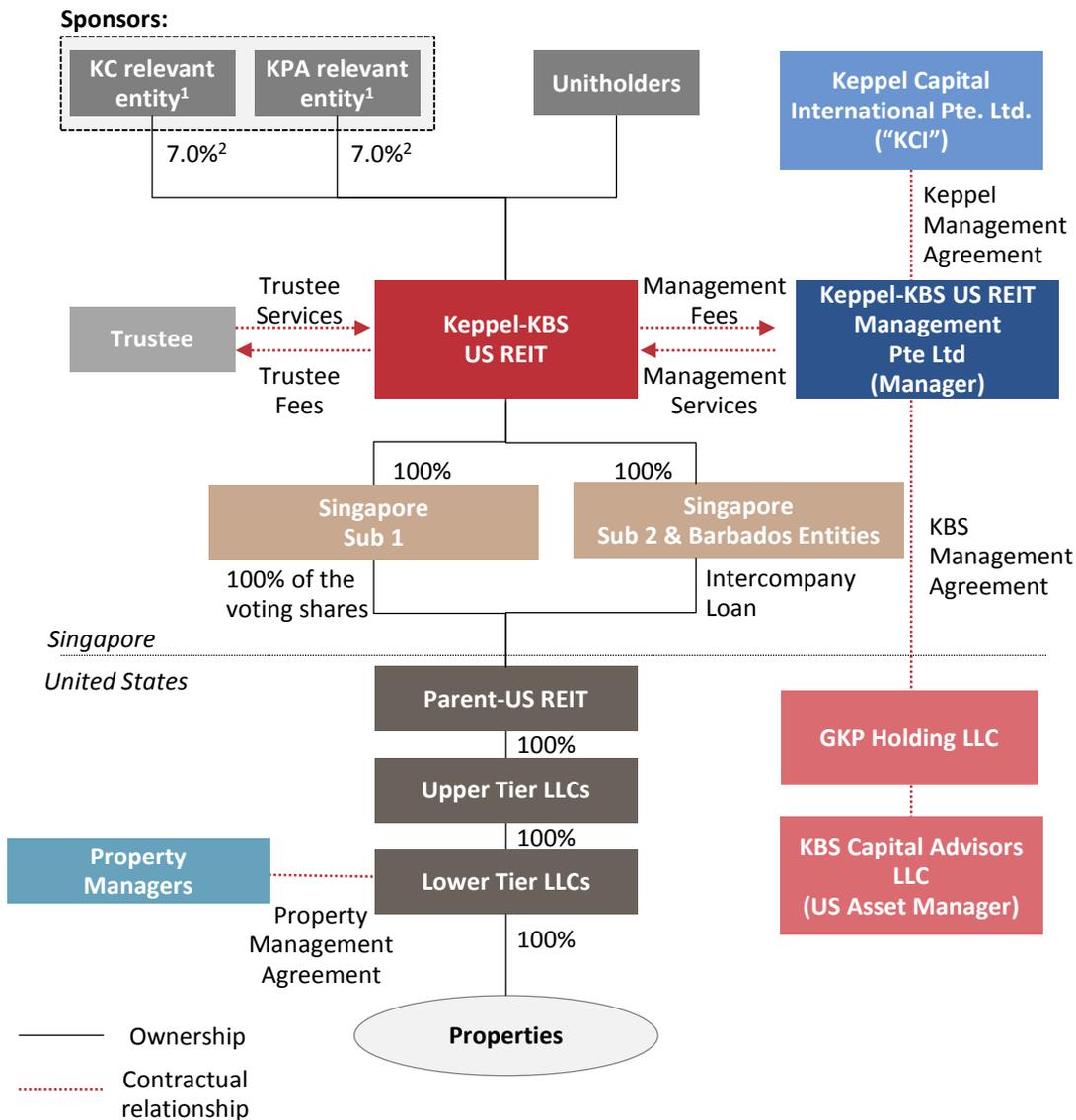
## Sustainable distributions and total returns

- Exposure to targeted growth cities within the US with attractive office real estate fundamentals
- Organic growth from positive rental reversion, strong leasing momentum and portfolio performance
- Actively pursuing inorganic growth via acquisitions in:
  - Markets with good macroeconomic fundamentals e.g. GDP growth, population growth, low unemployment rate
  - First choice submarkets that businesses desire to be located in
  - Submarkets with strong office fundamentals e.g. rent growth, improving occupancy, limited construction

**Thank you**

## 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**

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>1</sup>	WALE (in years) <sup>1</sup>	Carrying Value (US\$m)
The Plaza Buildings	Seattle	Class A CBD	Bellevue CBD, one of the most active leasing sub-market in Seattle	490,994	88.8%	3.0	242.3
Bellevue Technology Center	Seattle	Class A & B Suburban	Bellevue, one of the most active leasing sub-market in Seattle	330,508	95.1%	3.1	131.8
Iron Point	Sacramento	Class A Suburban	Carmichael / Fair Oaks / Citrus Heights; expected to outperform the overall Sacramento market	211,887	97.9%	2.6	37.1
Westmoor Center	Denver	Class A Suburban	Northwest Denver; Well-positioned to capture tenants that outgrow nearby Boulder, and has better quality real estate	607,755	82.4%	5.2	121.7
Great Hills Plaza	Austin	Class B Suburban	Northwest sub-market, a popular office locale along the Capital of Texas Highway corridor	139,252	96.5%	4.8	33.4
Westech 360	Austin	Class B Suburban	Northwest sub-market, a popular office locale along the Capital of Texas Highway corridor	173,058	97.4%	2.8	42.2
1800 West Loop South	Houston	Class A CBD	West Loop, which is amenity-rich and highly sought after	398,490	82.9%	2.9	80.6
West Loop I & II	Houston	Class A Suburban	Bellaire, one of Houston's most desirable and affluent neighbourhoods	313,873	90.2%	5.1	46.5
Powers Ferry	Atlanta	Class B Suburban	Cumberland / I-75: Have been outperforming greater Atlanta market in terms of occupancy rate	146,352	94.9%	3.2	18.9
Northridge Center I & II	Atlanta	Class B 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%	2.4	21.1
Maitland Promenade II	Orlando	Class A Suburban	Maitland Center, which is dominated by finance, insurance, tech and overwhelming activity in the Class A market	226,990	99.0%	4.2	40.5
<b>Total/Average</b>				<b>3,225,739</b>	<b>90.3%</b>	<b>3.7</b>	<b>816.1</b>

Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# The Plaza Buildings, Seattle

Class A office buildings in the heart of Bellevue CBD



## Property overview

Type	Two Class A office buildings with a freestanding garage
Completion date	1978 – 1983
Refurbishment date	2014 – 2015
NLA (sf)	490,994
Committed occupancy <sup>1</sup>	88.8%
WALE by NLA	3.0 years
Notable tenants	<ul style="list-style-type: none"><li>▪ Blucora, Inc.</li><li>▪ US Bank National Association</li><li>▪ Nintex USA LLC</li><li>▪ Pointmarc Consulting LLC</li></ul>

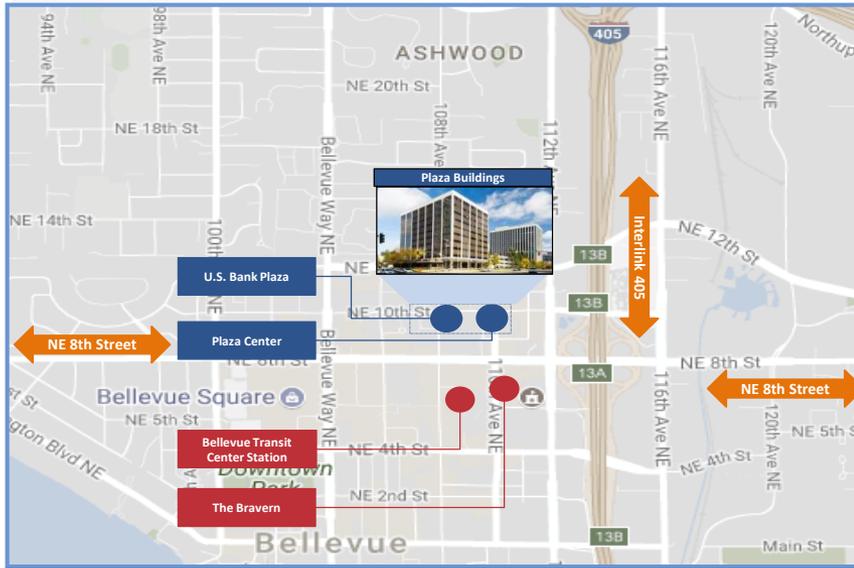
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# The Plaza Buildings, Seattle

## Class A office buildings in the heart of Bellevue CBD

### Location map



### Market dynamics and outlook

- Bellevue is the fifth largest city in the state of Washington, and the third largest in the Seattle metropolitan area
- Bellevue CBD is one of the fast growing metro due to strong demographics and forecast growth in various employment sectors (e.g. cloud)
- Seattle office market expected to remain strong in near future supported by large undersupply of office space and low vacancy rate. Large scale expansion of cloud and IT firms will also fuel the office market
- Office construction activity suggests developers' confidence about future demand. Office rents likely to remain high or increase as employment growth drives demand for office space

### Key landmarks / amenities



- The Bravern is a mixed-use project containing world class shopping, dining, entertainment and top-end residential accommodations

### Accessibility features



#### Roads

- Full block frontage along NE 8th street, the primary east-west arterial in downtown Bellevue that connects high-density commercial uses to Interstate 405



#### Train

- Close proximity to the Bellevue Transit Center Station and upcoming East Link Extension, which will provide connection from the East side's biggest population and employment centers to downtown Seattle, Sea-Tac Airport and the University of Washington

# Bellevue Technology Center, Seattle

Modern office campus with diverse functionalities



## Property overview

Type	Class A and B office buildings with an underground parking garage
Completion date	1973, 1980 and 2000
Refurbishment date	2013 – 2014
NLA (sf)	330,508
Committed occupancy <sup>1</sup>	95.1%
WALE by NLA	3.1 years
Notable tenants	<ul style="list-style-type: none"><li>▪ Unigard Insurance Company</li><li>▪ Regus LLC</li><li>▪ Trane U.S. LLC</li><li>▪ MOD Super Fast Pizza</li></ul>

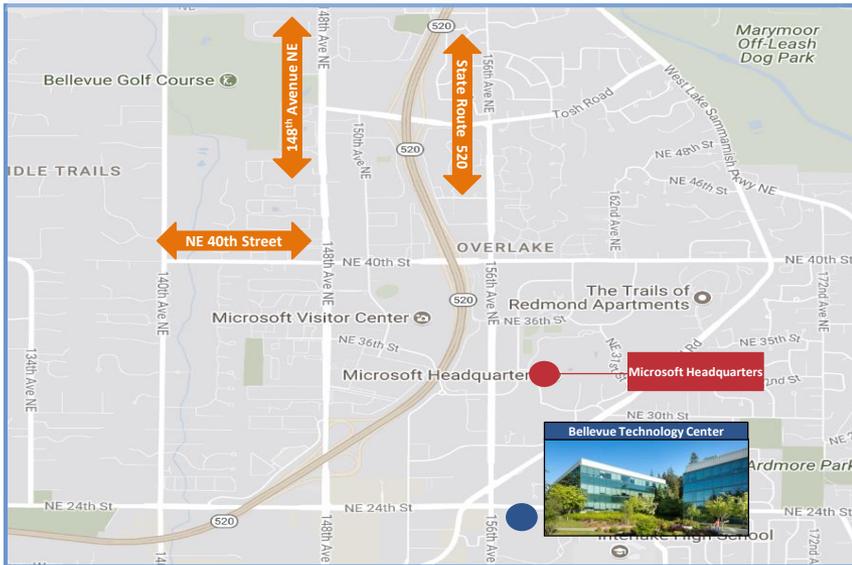
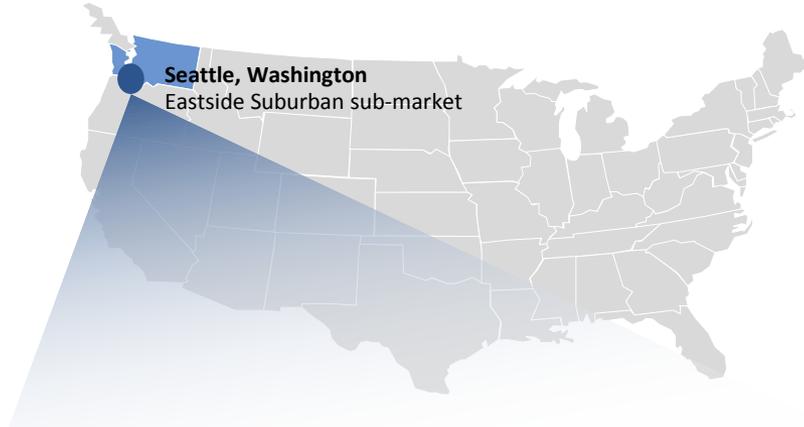
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Bellevue Technology Center, Seattle

## Modern office campus with diverse functionalities

### Location map



### Market dynamics and outlook

- Seattle's eastside suburban office market has historically been among the most active in the region due to its relatively large inventory of office space
- One of the strongest suburban markets in the Seattle area with low vacancy rates despite high construction activity
- East suburban market contains a large supply of more affordable class A inventory than Seattle CBD or the Bellevue CBD, which should be attractive to tenants seeking lower rents for high quality space

### Key landmarks / amenities



- Located just south of the Microsoft headquarters campus
- New ventures by Microsoft could result in increased demand for space office in the area by vendors and contractors who work with the software company

### Accessibility features



#### Roads

- Situated near State Route 520, which provides access to the greater Seattle region, including the Seattle-Tacoma International Airport and the entire Puget Sound region
- 148th Avenue NE and NE 40th Street provide residents and businesses access to the greater Seattle region



#### Train

- Close proximity to the East Link Extension of Sound Transit's Link Light Rail which is scheduled to open in 2023
- This line will run from Redmond to downtown Seattle through Bellevue and across the I-90 floating bridge

# Iron Point, Sacramento

Centrally located high-quality office asset in Folsom



## Property overview

Type	Class A business campus
Completion date	1999 and 2001
Refurbishment date	2013 - 2016
NLA (sf)	211,887
Committed occupancy <sup>1</sup>	97.9%
WALE by NLA	2.6 years
Notable tenants	<ul style="list-style-type: none"><li>Sierra Pacific Mortgage Co</li><li>Pro Unlimited, Inc.</li><li>CorVel Healthcare Corporation</li><li>FPI Management, Inc.</li></ul>

Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Iron Point, Sacramento

## Centrally located high-quality office asset in Folsom

### Location map



### Market dynamics and outlook

- Sacramento is the state capital
- Region offers pro-business climate, an educated workforce from the research and educational institutions, relatively low housing costs and a strong diversified economic base
- Office demand supported by new business migration from surrounding metros such as San Francisco due to lower costs and a strong workforce
- New construction activity not expected to surpass absorption; average asking rents forecast to increase between 2017-21F
- Subject sub-market expected to outperform the overall Sacramento market

### Key landmarks / amenities



- Located directly across from Intel Corporation's Folsom campus
- Serves as one of Intel's four major U.S. sites

### Accessibility features



Roads

- Situated near U.S. Highway 50, which is one of the three main thoroughways into Sacramento, providing regional access to Interstate 80 and 5
- Public transportation available through the Sacramento Regional Transit bus



Train

- Access to light rail system, which serves the city of Folsom as well as a number of suburban communities

# Westmoor Center, Denver

Class A office campus between downtown Denver and Boulder



## Property overview

Type	Class A business campus
Completion date	1999 – 2000
Refurbishment date	2014 – 2016
NLA (sf)	607,755
Committed occupancy <sup>1</sup>	82.4%
WALE by NLA	5.2 years
Notable tenants	<ul style="list-style-type: none"><li>▪ Ball Aerospace &amp; Tech Corp</li><li>▪ Zimmer Biomet Spine, Inc.</li><li>▪ Reed Group, Ltd.</li><li>▪ ServiceLink Field Services LLC</li></ul>

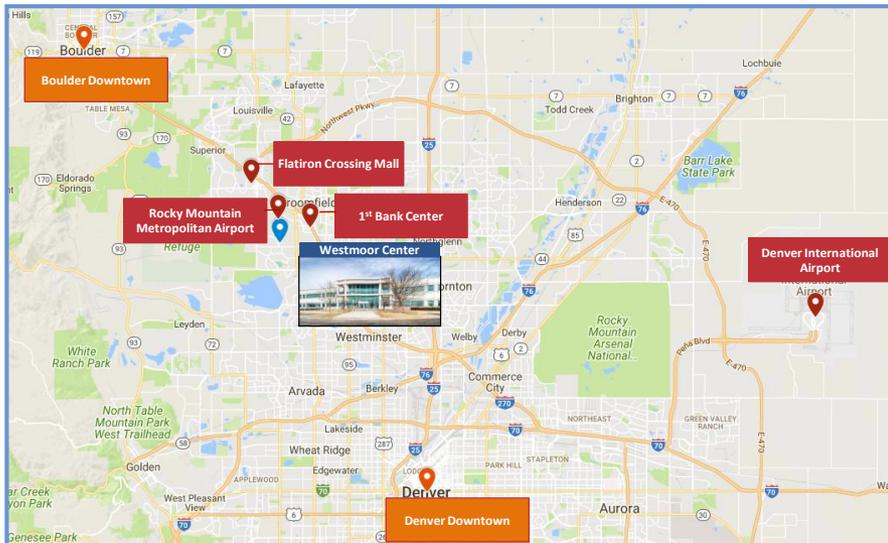
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Westmoor Center, Denver

## Class A office campus between downtown Denver and Boulder

### Location map



### Market dynamics and outlook

- The Denver area's highly educated workforce and slightly below average business costs continue to attract employers and support job growth
- Significant residential base that supports numerous corporate headquarters, professional and financial services, high-tech firms, major healthcare-organisations, R&D in aerospace and software technology, and growing data storage and security firms.
- New construction expected to surpass absorption in the near term; nonetheless, rents forecast to increase between 2017-21F

### Key landmarks / amenities



- The property is part of the wider Westmoor Technology Park, which is a developing 425 acre office / high-tech campus with several major tenants

### Accessibility features



Roads

- Located west of U.S. Highway 36 providing access to the city of Boulder to the west and Interstate 25 to the east
- Interstate 25 provides link to Central Business District



Airport

- In close proximity to Rocky Mountain Metropolitan Airport (one of the nation's busiest general aviation executive airports) and Denver International Airport

# Great Hills Plaza, Austin

Class B office building with excellent access to major thoroughfares



## Property overview

Type	Three-storey Class B office building
Completion date	1985
Refurbishment date	2014
NLA (sf)	139,252
Committed occupancy <sup>1</sup>	96.5%
WALE by NLA	4.8 years
Notable tenants	<ul style="list-style-type: none"><li>▪ E20pen, LLC</li><li>▪ Cintra US, LLC</li><li>▪ Regus, LLC</li></ul>

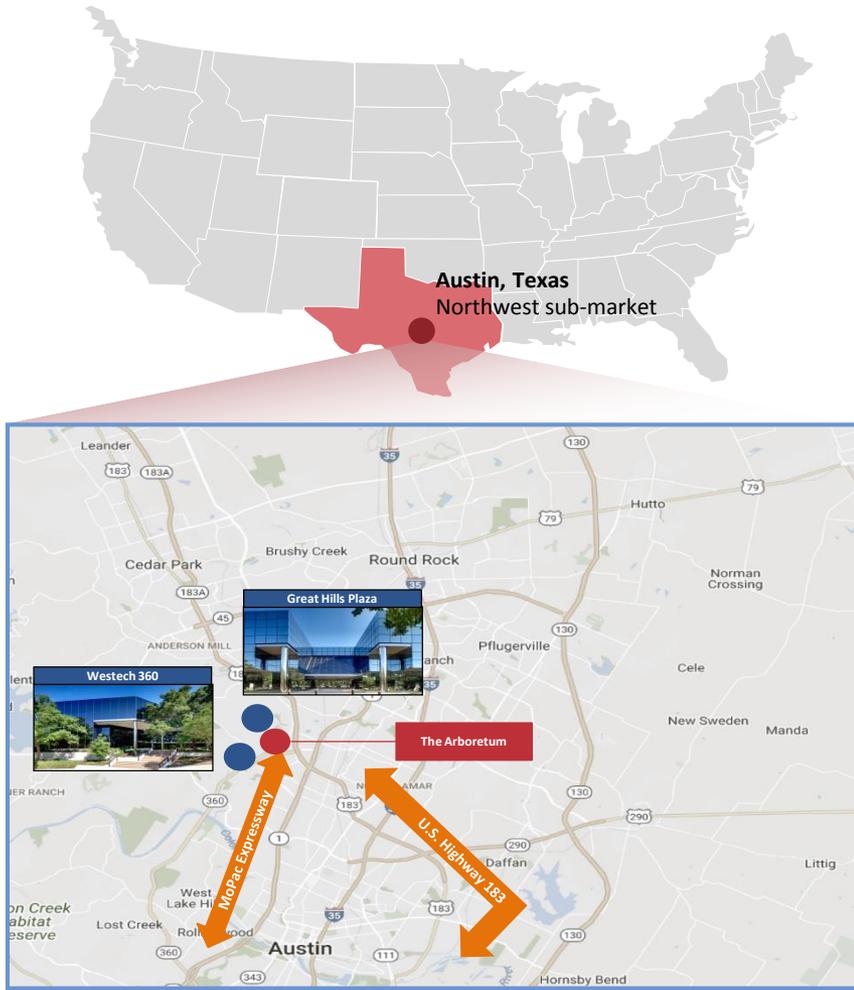
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Great Hills Plaza, Austin

## Class B office building with excellent access to major thoroughfares

### Location map



### Market dynamics and outlook

- Austin is the state capital and one of the biggest tech hubs in the US; an attractive destination for growing businesses given access to capital and a highly educated workforce amidst growing population
- Large-scale corporate footprints by Google, Samsung, Dell, IBM, Apple etc have supported low vacancy rates with their own expansions as well as attraction of vendors and similar tenants
- The absorption rate in the Austin office market slowed but the fundamentals of the office market remained stable

### Key landmarks / amenities



- The Arboretum is one of Austin's major destination retail centers
- The Arboretum features a variety of F&B offerings as well as upmarket retailers and specialty shops

### Accessibility features



#### Roads

- Access to many major state highways such as MoPac Expressway and U.S. Highway 183 (which extends through northwest Austin)
- Public bus system is part of a 500 square-mile Central Texas system of >3,000 bus stops and 53 routes

# Westech 360, Austin

Office park with excellent access to major thoroughfares



## Property overview

Type	Office park with four Class B buildings
Completion date	1986
Refurbishment date	2014
NLA (sf)	173,058
Committed occupancy <sup>1</sup>	97.4%
WALE by NLA	2.8 years
Notable tenants	<ul style="list-style-type: none"><li>Maxpoint Interactive, Inc</li><li>D&amp;S Residential Holdings, Inc</li><li>Flahive, Ogden, &amp; Latson, PC</li><li>Roku, Inc</li></ul>

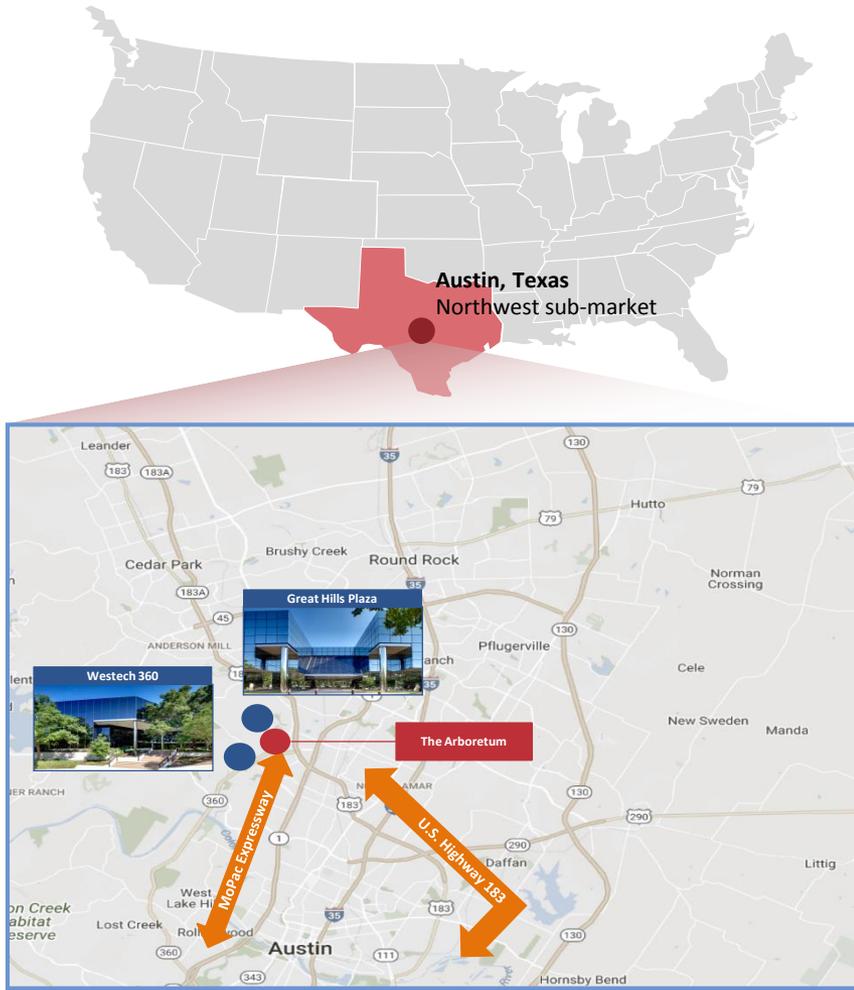
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Westtech 360, Austin

## Office park with excellent access to major thoroughfares

### Location map



### Market dynamics and outlook

- Austin is the state capital and one of the biggest tech hubs in the US; an attractive destination for growing businesses given access to capital and a highly educated workforce amidst growing population
- Large-scale corporate footprints by Google, Samsung, Dell, IBM, Apple etc have supported low vacancy rates with their own expansions as well as attraction of vendors and similar tenants
- The absorption rate in the Austin office market slowed but the fundamentals of the office market remained stable

### Key landmarks / amenities



- The Arboretum is one of Austin's major destination retail centers
- The Arboretum features a variety of F&B offerings as well as upmarket retailers and specialty shops

### Accessibility features



#### Roads

- Access to many major state highways such as MoPac Expressway and U.S. Highway 183 (which extends through northwest Austin)
- Public bus system is part of a 500 square-mile Central Texas system of >3,000 bus stops and 53 routes

# 1800 West Loop South, Houston

## Class A office building in Uptown Houston



### Property overview

Type	Class A office building with 12 storeys of onsite parking
Completion date	1982
Refurbishment date	2013-2014
NLA (sf)	398,490
Committed occupancy <sup>1</sup>	82.9%
WALE by NLA	2.9 years
Notable tenants	<ul style="list-style-type: none"> <li>▪ Health Care Service Corp</li> <li>▪ Quanex Building Products</li> <li>▪ Project Consulting Services</li> <li>▪ General Service Administration</li> </ul>

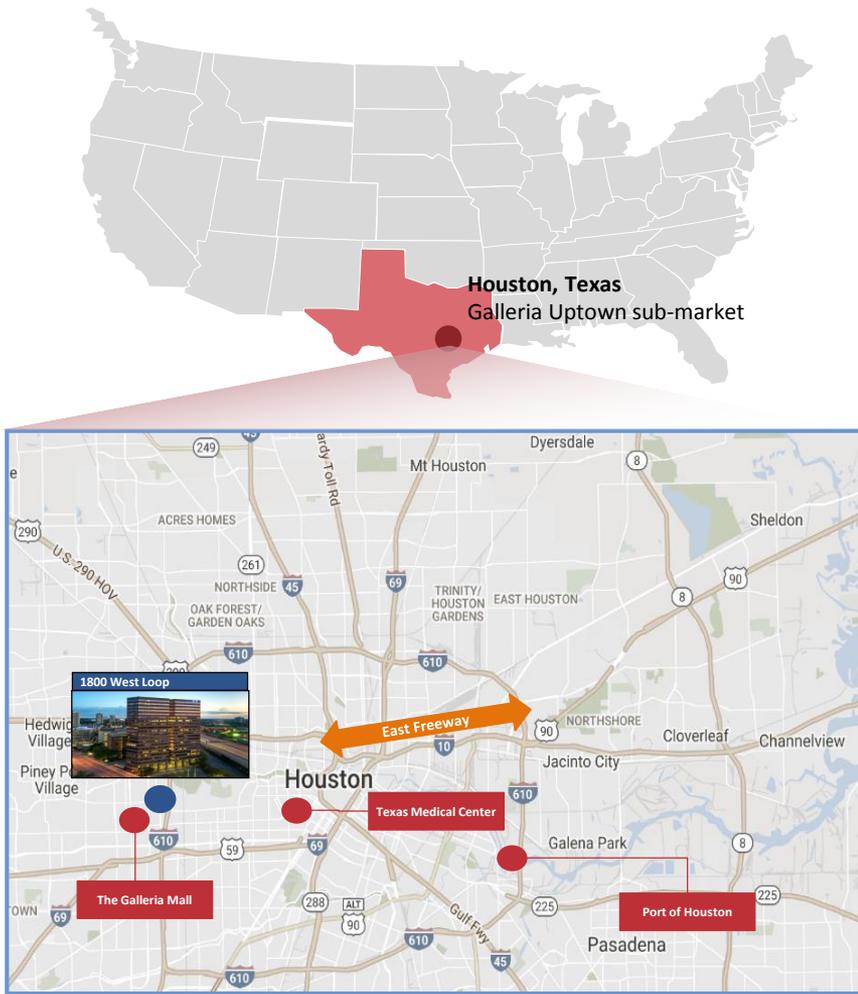
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# 1800 West Loop South, Houston

## Class A office building in Uptown Houston

### Location map



Source: Cushman, CoStar

### Market dynamics and outlook

- Located in Uptown Houston, among the largest suburban business districts in the U.S. Houston is second only to New York City in terms of number of Fortune 500 companies with headquarters in a city
- Widely regarded as Houston's second CBD, the area is a diversified economic centre, densely developed with office, retail, hotel, restaurant and residential sites
- Economy driven by energy and healthcare sectors as well as port activities
- Slow and steady recovery is expected as new construction is limited and vacancies have bottomed. Rents expected to stagnate over the next 2 years followed by a market rise thereafter

### Key landmarks / amenities



- Vicinity of Port Houston, 25-mile-long complex of 150+ diversified facilities, including nine public terminals managed or leased
- Handles 8,000+ vessels annually coupled with 200,000 barge movements

### Accessibility features



- Close proximity to the 610 Loop and East Freeway, which splits the city from the middle, connecting from east to west

# West Loop I & II, Houston

Class A office building located in an affluent suburb in Houston



## Property overview

Type	Two Class A office buildings targeting healthcare and professional services tenants
Completion date	1980
Refurbishment date	2013-2014
NLA (sf)	313,873
Committed occupancy <sup>1</sup>	90.2%
WALE by NLA	5.1 years
Notable tenants	<ul style="list-style-type: none"><li>▪ Synergy Healthcare</li><li>▪ The Rand Group, LLC</li><li>▪ Mitrates Holdings, Inc.</li><li>▪ Eye Centers of Texas, LLP</li></ul>

Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# West Loop I & II, Houston

## Class A office building located in an affluent suburb in Houston

### Location map



### Market dynamics and outlook

- The West Loop is Houston's largest suburban (non-CBD) office sub-market
- The property is located within the Bellaire area which has a significant residential household base
- Economy driven by energy and healthcare sectors as well as port activities; office market continues to be tied to the energy market, although general sense is that Houston may have bottomed out. However, this asset is in a sub-market that is not significantly impacted by energy
- Slow and steady recovery expected as new construction has ceased and vacancies bottomed. Rents expected to stagnate over the next 2 years followed by a market rise thereafter

### Key landmarks / amenities



- Centrally located upscale shopping mall with access to 375 well-known stores, dining and entertainment options



- Texas Medical Center is the largest medical centre in the world
- One of the highest densities of clinical facilities globally for patient care, basic science and research

### Accessibility features



Roads

- Regional access via Interstate Highway 610, Westpark Tollway and U.S. Highway 69, which extends from South Texas through Houston and continues northward

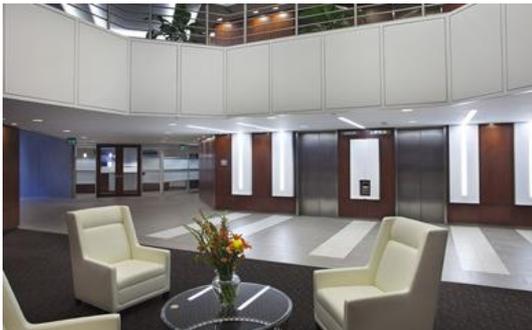


Bus

- Access to local and commuter bus routes providing transportation within the local area and from the local area into the Houston CBD

# Powers Ferry, Atlanta

Multi-tenanted office building located within a well-established sub-market



## Property overview

Type	Class B office building
Completion date	1985
Refurbishment date	2013
NLA (sf)	146,352
Committed occupancy <sup>1</sup>	94.9%
WALE by NLA	3.2 years
Notable tenants	<ul style="list-style-type: none"><li>▪ LL Global Inc</li><li>▪ Georgia Banking Company</li><li>▪ Penton Business Media Inc</li><li>▪ Mortgage Guaranty Insurance Corp</li></ul>

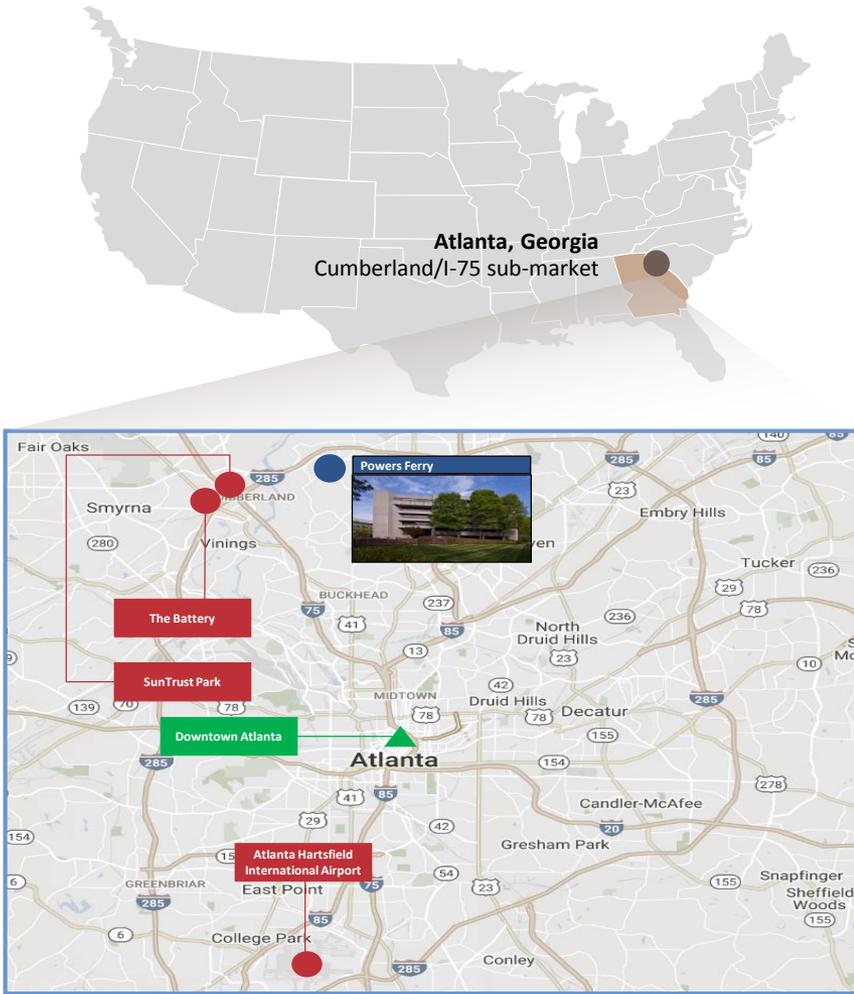
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Powers Ferry, Atlanta

## Multi-tenanted office building located within a well-established sub-market

### Location map



### Market dynamics and outlook

- Situated in the Cumberland/I-75 sub-market of the Atlanta office market
- The sub-market has been outperforming the greater Atlanta market with recent development in key amenities
- Heightened office demand driven by large corporate relocations. Attractive business environment supported by well-educated workforce, diverse industrial structure, strong population growth and tax incentives
- Near-term office outlook positive with continued improvement in rates

### Key landmarks / amenities



- Sun Trust Park- newly constructed stadium which is home to the Atlanta Braves MLB baseball team
- The Battery- mix of branded retailers, acclaimed restaurants and high-end hotels & residential sites surrounding the SunTrust Park

### Accessibility features



- Proximity to major Atlanta highway
- Located south of Interstate 285, which is known locally as “the perimeter”, and rings the city and intersects other interstate highways

# Northridge Center I & II, Atlanta

## Office park buildings in the Central Perimeter



### Property overview

Type	Two Class B office buildings
Completion date	1985 – 1989
Refurbishment date	2013
NLA (sf)	186,580
Committed occupancy <sup>1</sup>	93.7%
WALE by NLA	2.4 years
Notable tenants	<ul style="list-style-type: none"><li>▪ Allstar Financial Group Inc</li><li>▪ Kuck Baxter Immigration LLC</li><li>▪ Nolan Transportation Group Inc</li><li>▪ Calero Software LLC</li></ul>

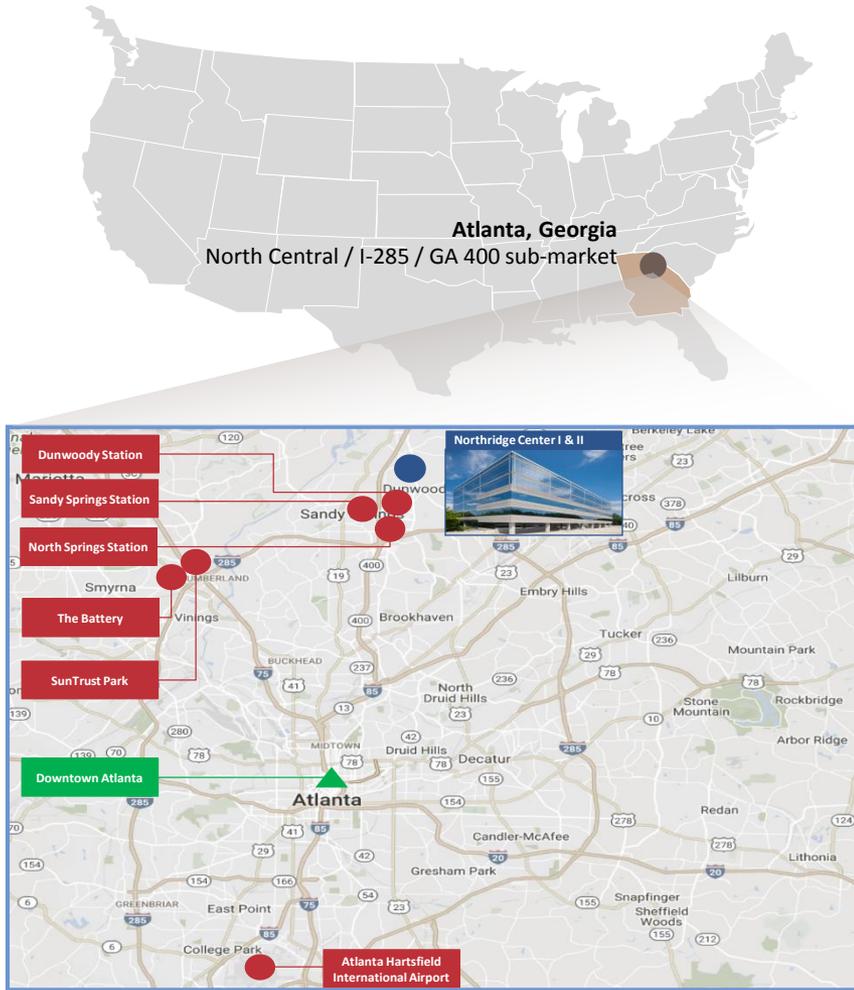
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Northridge Center I & II, Atlanta

## Office park buildings in the Central Perimeter

### Location map



### Market dynamics and outlook

- Atlanta is home to numerous Fortune 500 companies within Atlanta; ranks 3rd in no. of Fortune 500 company HQs, behind NY and Houston
- Heightened office demand driven by large corporate relocations and expansions. Attractive business environment supported by well-educated workforce, diverse industries, strong population growth and tax incentives
- Near-term office outlook remains positive with continued improvement in rates despite fluctuations in vacancy

### Key landmarks / amenities



- Sun Trust Park- newly constructed stadium which is home to the Atlanta Braves MLB baseball team
- The Battery- mix of branded retailers, acclaimed restaurants and high-end hotels & residential sites surrounding the SunTrust Park

### Accessibility features



Roads

- Proximity to major Atlanta highway
- Located south of Interstate 285 which is known locally as “the perimeter” rings the city and intersects other interstate highways



Train

- Boasts one of the nation's cutting-edge rapid transit systems known as MARTA (Metropolitan Atlanta Rapid Transit Authority)
- Operates 240 electric rail cars over 62.7 km of track

Source: Cushman

# Maitland Promenade II, Orlando

Modern Class A building located in Orlando's largest sub-market



## Property overview

Type	Class A office building with a three-storey garage
Completion date	2001
Refurbishment date	2013 – 2016
NLA (sf)	226,990
Committed occupancy <sup>1</sup>	99.0%
WALE by NLA	4.2 years
Notable tenants	<ul style="list-style-type: none"><li>▪ Zurich American Insurance Co</li><li>▪ Akerman, Senterfitt &amp; Edison</li><li>▪ United Health Care Services</li><li>▪ Sonepar Management US Inc</li></ul>

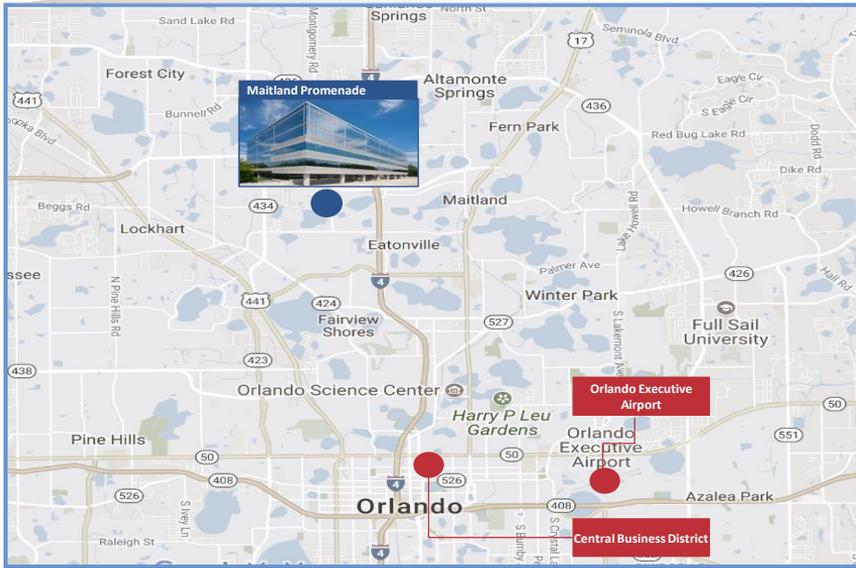
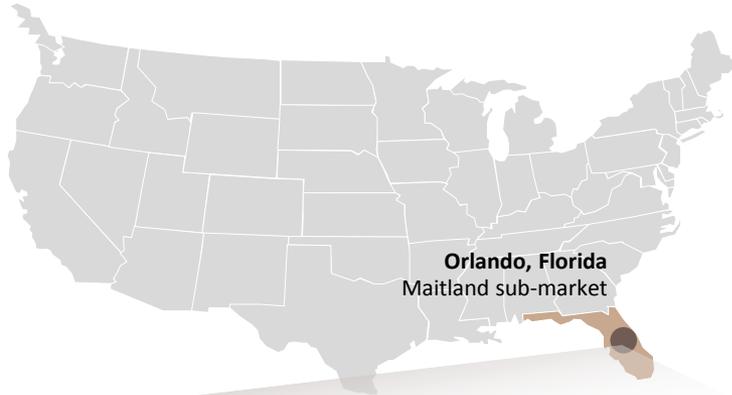
Data as at 30 June 2018 unless otherwise stated.

<sup>1</sup> Based on NLA

# Maitland Promenade II, Orlando

## Modern Class A building located in Orlando's largest sub-market

### Location map



### Market dynamics and outlook

- Maitland is one of the largest office sub-markets in Orlando, which is dominated by technical, finance and insurance companies
- Robust job growth and in-migration expected to fuel demand for office space
- No significant pipeline development projects leaves few options for quality space and implies market conditions shifting to favour landlords
- Sub-market expected to experience stabilising vacancy over the next few years
- Rents are projected to increase as absorption outpaces projected construction completions

### Key landmarks / amenities



- 20 minutes drive to the Orlando Central Business District- thriving retail and office market that consists of theaters, galleries, museums and parks connected by public transit

### Accessibility features



Roads

- Located near Maitland Boulevard, which serves as a local arterial and provides direct access to Interstate 4