



**3Q 2018 and 9M 2018
Financial Results**

17 October 2018

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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.

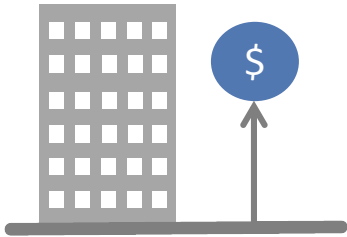
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Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (SGX-ST). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

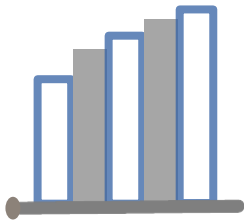


Key Highlights

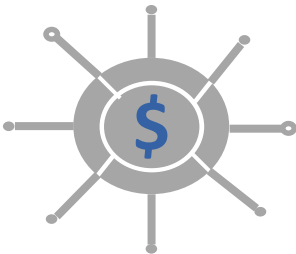
Stable 3Q 2018 performance driven primarily by organic growth



- **Strong leasing** with ~134,000 sf (18 leases) committed
- **Portfolio committed occupancy** of 90.1% as at 3Q 2018
- **Organic growth driven mainly by positive rental reversion** for leases committed in 3Q 2018, with 5.9% (by NLA) due for renewal for rest of year
- **Deepening Seattle footprint with maiden acquisition** of the Westpark Portfolio, a 21-building business campus



- **US\$33.5m income available for distribution** from Listing Date to 30 September 2018; Contribution of US\$9.5m in 3Q 2018
- **DPU of 1.50 US cents** for 3Q 2018, in line with IPO forecast



- **Zero refinancing** requirements until November 2021
- **Limited interest rate exposure** with 75% of term loans hedged
- **100% borrowings** in USD and 100% unsecured
- **Aggregate leverage of 33.3%** as at 30 September 2018



BELLEVUE TECHNOLOGY CENTER

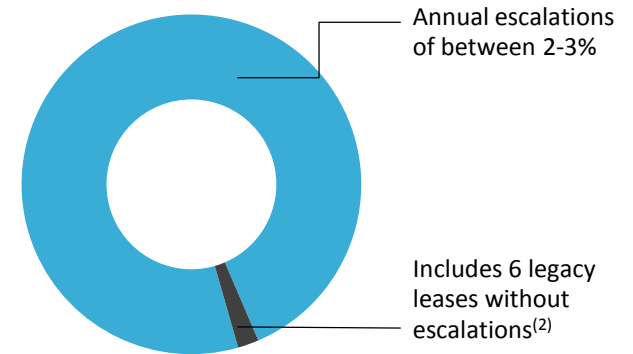
Portfolio Overview

Leasing Updates

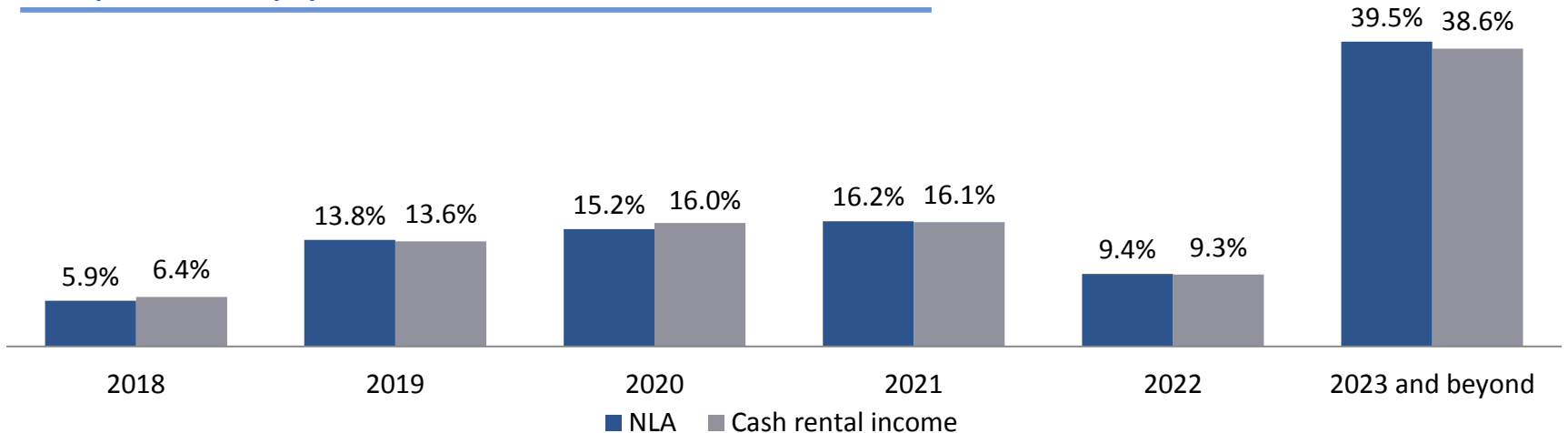
Strong leasing in 3Q 2018 with positive rental reversion

- ~134,000 sf (18 leases) committed, with positive rental reversion achieved for the majority of leases
- Average annual rental escalations of 3% for all new leases signed during the quarter
- Portfolio committed occupancy rate of 90.1%⁽¹⁾
- Portfolio WALE of 3.8 years⁽¹⁾

98% of portfolio has built-in rental escalations



Well-spread Lease Expiry Profile Positioned for Positive Rental Reversion



(1) As at 30 September 2018 and based on NLA

(2) Apart from the 6 legacy leases, property management office leases do not have escalations as well as they are on a monthly or annual lease term

Well-Diversified Tenant Base

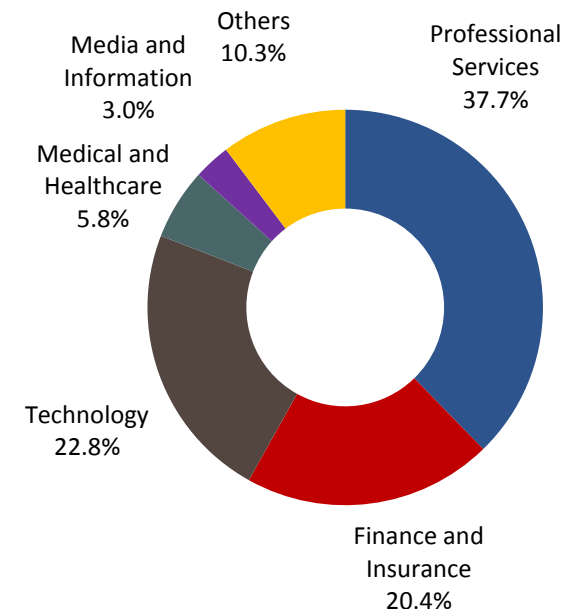
Resilient portfolio with low tenant concentration risk

- Well-diversified tenant base across key growth sectors
- Top 10 tenants comprise 19.0% of portfolio NLA and contribute 23.1% of cash rental income

Top 10 tenants by cash rental income as at 30 September 2018

| Tenant | Sector | Asset | % CRI |
|----------------------------------|-----------------------|-------------------------|------------------|
| Ball Aerospace | Professional Services | Westmoor Ctr | 3.7% |
| Zimmer Biomet Spine | Technology | Westmoor Ctr | 3.0% |
| Unigard Insurance ⁽¹⁾ | Finance & Insurance | Bellevue Technology Ctr | 2.5% |
| US Bank | Finance & Insurance | The Plaza Buildings | 2.4% |
| Blucora | Technology | The Plaza Buildings | 2.3% |
| Health Care Service | Finance & Insurance | 1800 West Loop South | 2.2% |
| Reed Group | Finance & Insurance | Westmoor Ctr | 2.0% |
| Regus | Professional Services | Bellevue Technology Ctr | 1.8% |
| Nintex | Technology | The Plaza Buildings | 1.7% |
| PointMarc | Technology | The Plaza Buildings | 1.5% |
| Total | | | 23.1% |
| WALE (NLA) | | | 5.4 years |

Portfolio tenant base composition (by NLA)



(1) Subsidiary of QBE Insurance Group

First choice submarkets with positive growth fundamentals

Portfolio Overview

| | |
|-------------|--|
| Description | 11 office properties across key growth markets |
| NLA | 3.2 million |
| AUM | US\$826.2 million |
| Occupancy | 90.1% |
| Average Age | 4.3 years (from last refurbishment) |

Seattle, Washington



The Plaza Buildings
Occupancy rate: 86.0%



Bellevue Technology Center
Occupancy rate: 98.1%

Sacramento, California



Iron Point
Occupancy rate: 97.9%

Denver, Colorado



Westmoor Center
Occupancy rate: 82.4%

Austin, Texas



Westtech 360
Occupancy rate: 97.4%



Great Hills Plaza
Occupancy rate: 96.5%

Houston, Texas



1800 West Loop South
Occupancy rate: 82.2%



West Loop I & II
Occupancy rate: 89.8%

Atlanta, Georgia



Northridge Center I & II
Occupancy rate: 93.7%

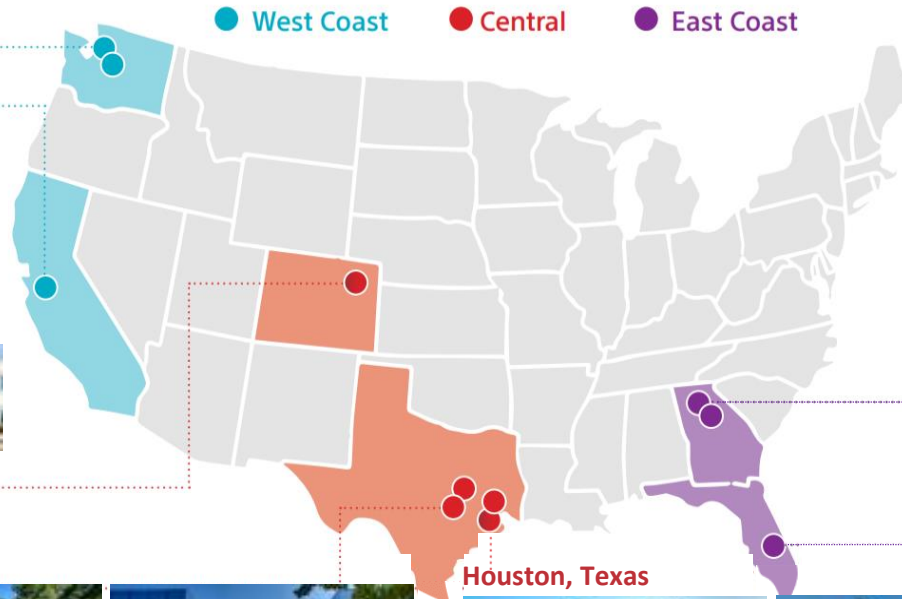


Powers Ferry
Occupancy rate: 94.9%

Orlando, Florida



Maitland Promenade II
Occupancy rate: 99.0%





**Financial Performance &
Capital Management**

Financial Performance

Performance in line with IPO Forecast

- 3Q 2018 DPU of 1.50 US cents, 0.7% above IPO forecast
- Total DPU of 5.32 US cents from Listing Date to 30 September 2018, 0.6% above IPO forecast
- Annualised distribution yield of 7.54%⁽¹⁾

| | 3Q 2018 | | | Listing Date to 30 Sept 2018 | | |
|--|----------------------|---------------------------------------|-------------|------------------------------|---------------------------------------|-------------|
| | Actual (US\$'000) | Forecast ⁽²⁾ (US\$'000) | % Change | Actual (US\$'000) | Forecast ⁽²⁾ (US\$'000) | % Change |
| Gross Revenue | 22,672 | 23,128 | (2.0) | 81,415 | 81,774 | (0.4) |
| Property Expenses | (9,078) | (9,537) | (4.8) | (31,699) | (33,369) | (5.0) |
| Net Property Income | 13,594 | 13,591 | - | 49,716 | 48,405 | 2.7 |
| Income Available for Distribution | 9,469 | 9,447 | 0.2 | 33,538 | 33,501 | 0.1 |
| Available DPU for the period (US cents) | 1.50 | 1.49 | 0.7 | 5.32 | 5.29 | 0.6 |
| Annualised distribution yield (%) | | | | 7.54 | 7.50 | 4 bps |

(1) Based on the Unit closing price of US\$0.79 as at 28 September 2018.

(2) Forecast for 3Q 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 30 September 2018 comprise actual figures from Listing Date to 31 December 2017 and 9M of the 2018 forecast.

Financial Performance

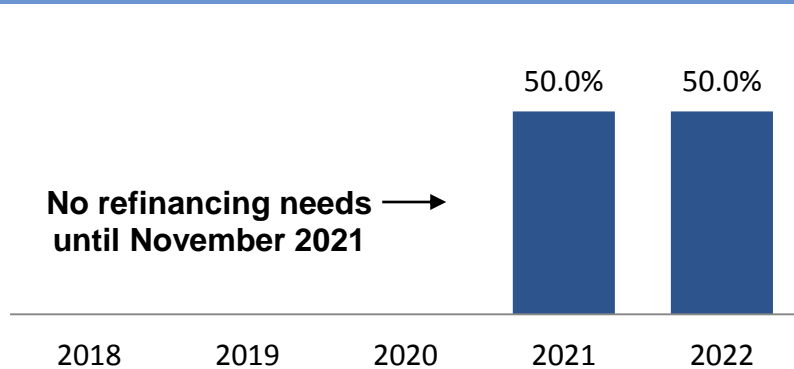
Maintained healthy balance sheet

| | As at 30 Sept 2018 (US\$'000) |
|---------------------------------|-------------------------------|
| Total Assets | 869,492 |
| Investment Properties | 826,153 |
| Cash and Cash Equivalents | 32,458 |
| Other Assets | 10,881 |
| Total Liabilities | 319,225 |
| Gross Borrowings | 289,440 |
| Other Liabilities | 29,785 |
| Unitholders' Funds | 550,267 |
| Units in Issue ('000) | 631,309 |
| Net Asset Value per Unit (US\$) | 0.87 |
| Unit Price (US\$) | 0.79 |

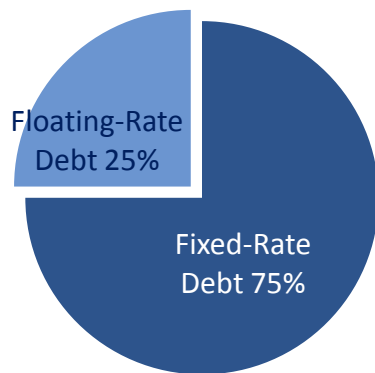
Capital Management

Limited interest rate exposure with term loans significantly hedged

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁴

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

As at 30 Sept 2018

| | |
|-----------------------------------|--|
| Total debt | US\$289.4m of external loans (100% unsecured) |
| Available facilities | US\$50.0m of undrawn revolving credit facility |
| Aggregate leverage ¹ | 33.3% |
| Average cost of debt ² | 3.47% p.a. |
| Interest coverage ³ | 5.6 times |
| Average term to maturity | 3.6 years |

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

² Includes amortisation of upfront debt financing costs.

³ Ratio of EBITDA over interest expense paid or payable

⁴ Based on the 25% debt which are unhedged, and the total number of Units in issue as at 30 September 2018.



**Deepening Seattle Presence with
Maiden Acquisition of the Westpark Portfolio**

Creating Long Term Value for Unitholders

The Westpark Portfolio

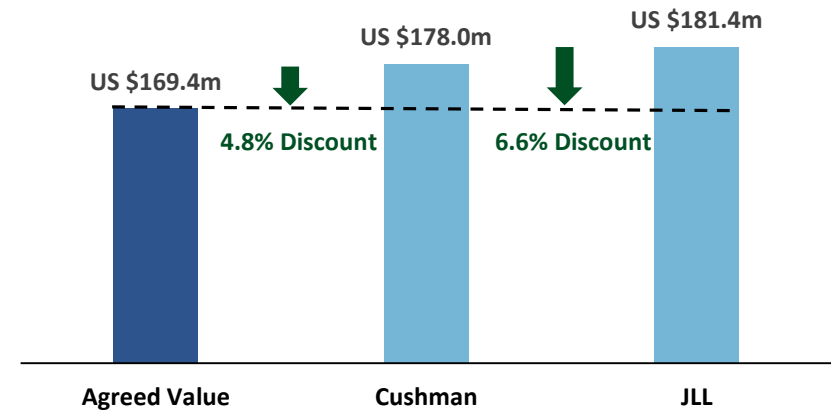


- Business campus comprising 21 buildings in Redmond, Seattle, Washington
- Strong appeal to tech & professional services tenants due to proximity to Microsoft World HQ and key commercial hubs in Bellevue and Seattle
- Located in the supply-constrained Eastside suburban office market of Seattle
- Good connectivity to key commercial hubs in Redmond and the Seattle-Bellevue area
- Surrounded and supported by excellent amenities and infrastructure

Transaction Summary

- Purchase price of US\$169.4m is lower than independent appraisals by Cushman and JLL

Attractive Discount to Independent Valuations⁽¹⁾



- Unitholders approved the proposed acquisition at an EGM
- Acquisition will be funded with proceeds from equity fund raising⁽²⁾, debt financing; and internal cash resources.

(1) The Manager has commissioned an independent property valuer, Cushman & Wakefield of Washington, Inc. ("Cushman"), and Perpetual (Asia) Limited, in its capacity as trustee of Keppel-KBS US REIT, has commissioned another independent property valuer, JLL Valuation & Advisory Services, LLC ("JLL", together with Cushman, the "Independent Valuers"), to value the Westpark Portfolio. Cushman in its report dated 22 August 2018, stated that the open market value of the Westpark Portfolio is US\$178.0 million and JLL in its report dated 20 August 2018, stated that the open market value of the Westpark Portfolio is US\$181.4 million

(2) As disclosed in the Circular dated 28 September 2018, the structure of the equity fund raising will be determined at a later date, taking into account prevailing market conditions

Strategic Addition for Stronger Growth Platform

| | |
|-----------------------------|---|
| Property | Westpark Portfolio: Business campus of 21 buildings in Redmond, Washington |
| Land Tenure | Freehold |
| Land Area | 1,804,255 sf |
| NLA | 781,966 sf |
| Occupancy | 97.7% ⁽¹⁾ |
| WALE | 4.3 years ⁽²⁾ |
| Refurbishment Period | Between 2016 to 2017 |
| Number of Tenants | 102 ⁽³⁾ |



- (1) The lease with Oculus VR, Inc (“Oculus”) was entered into on 10 August 2018. The occupancy rate is computed based on the assumption that the lease with Oculus was in place as at 30 June 2018.
- (2) As at 30 June 2018 and based on Cash Rental income. WALE is 4.0 years based on NLA
- (3) As at 30 June 2018

Accretive Acquisition Positioned for Long Term Growth

1 Deepen Presence in High Growth Seattle Market

- Strong macroeconomic growth indicators that outpace national average
- Limited new office inventory in the Redmond micromarket and positive leasing demand in recent years
- Positive trend in rental growth and low vacancy expected to continue

2 Accretive Acquisition Positioned for Long Term Growth

- Attractively priced acquisition with potential to benefit from the positive fundamentals in Seattle
- Well-spread lease expiry positioned for positive rental reversion
- 100% of leases have built-in annual rental escalations of 2-3%

3 Portfolio Diversification that Enhances Income Resilience

- Improve income resilience of portfolio, creating long term value for Unitholders



Market Outlook



US Market Outlook

Stable office market supported by sound macroeconomic conditions

- US economy momentum remains strong on the back of increased fiscal stimulus
- Projected GDP growth of 2.9% in 2018 and 2.5% in 2019
- Ongoing strong domestic demand projected to push economy above full employment, and raise imports and current account deficit
- Market expectations of interest rate is less steep than that projected by the Fed
- Demand for office space robust, supported by economic and job growth

| 12-month Deliveries | 12-month Absorption |
|---------------------|---------------------|
| 66.4m sf | 56.1m sf |

| Vacancy Rate | 12-month Rent Growth |
|--------------|----------------------|
| 10.2% | 1.9% |



First Choice Submarkets : 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 Bellevue CBD | 48.1 | - | 26 | 7.9% | 10.0% | 10.4% |
| Bellevue Technology Center & Westpark Portfolio Eastside | 33.9 | - | 24 | 5.1% | 4.9% | 5.9% |
| Iron Point Folsom | 24.4 | - | 108 | 5.7% | 4.8% | 4.3% |
| Westmoor Center Northwest Denver | 20.5 | - | (93) | 10.6% | 3.2% | 2.9% |
| 1800 West Loop South Galleria/Uptown | 32.4 | 105 | 429 | 16.0% | 1.9% | 2.1% |
| West Loop I & II Galleria/Bellaire | 24.9 | - | 22 | 7.1% | 2.5% | 1.2% |
| Great Hills & Westtech 360 Northwest Austin | 34.1 | 18 | (18) | 8.6% | 3.9% | 3.6% |
| Powers Ferry Cumberland/I-75 | 23.8 | 479 | 262 | 15.4% | 3.2% | 3.1% |
| Northridge Center I & II Central Perimeter | 28.2 | 576 | 350 | 13.3% | 5.2% | 5.4% |
| Maitland Promenade II Maitland | 22.0 | 16 | 122 | 7.9% | 3.1% | 3.4% |



Looking Ahead

Focused on Stable Distributions and Long Term Value Creation



- Focused on first choice submarkets that businesses desire to be located in
 - Desirable live-work-play destinations with a quality workforce
 - Strong macroeconomic growth indicators that outpace national average



- Strong organic growth drivers
 - Exposed to key growth markets with attractive office fundamentals
 - Well-spread lease expiries positioned for positive rental reversion
 - Continued leasing momentum to drive portfolio performance



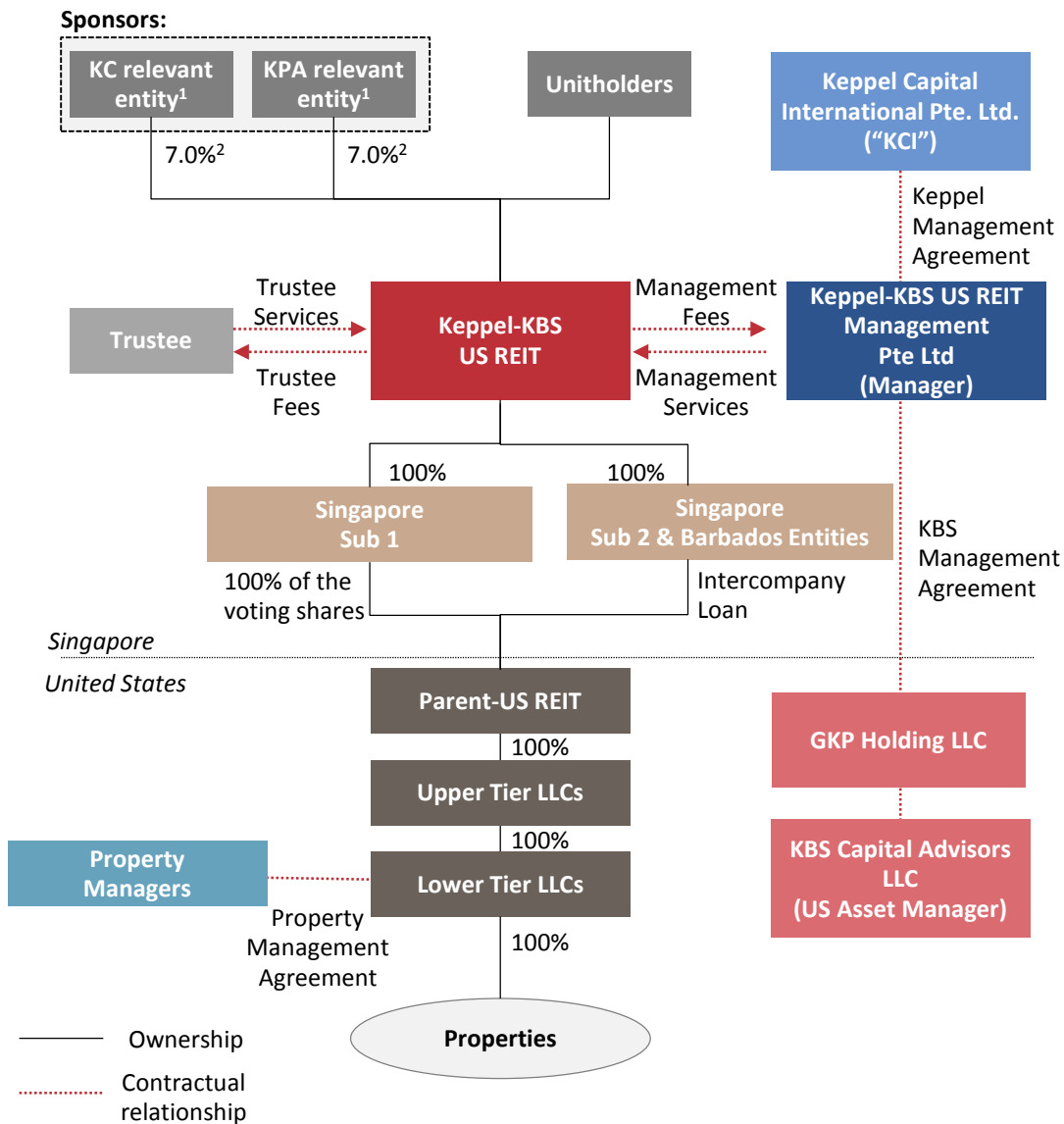
- Continue to pursue growth opportunities that create long term value

Thank You

For more information, please visit www.kepkbsusreit.com

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

¹ 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.

² 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 ¹ | WALE (in years) ¹ | Carrying Value (US\$m) |
|---|------------|----------|--|-----------|----------------------------------|------------------------------|------------------------|
| Westpark Portfolio⁽²⁾ | Seattle | Suburban | Redmond submarket, one of the best performing office markets in the Seattle region | 781,966 | 97.7% | 4.0 | 169.4 |
| The Plaza Buildings | Seattle | CBD | Bellevue CBD, one of the most active leasing submarket in Seattle | 490,994 | 86.0% | 3.2 | 243.9 |
| Bellevue Technology Center | Seattle | Suburban | Bellevue, one of the most active leasing submarket in Seattle | 330,508 | 98.1% | 3.1 | 132.2 |
| Iron Point | Sacramento | Suburban | Carmichael / Fair Oaks / Citrus Heights; expected to outperform the overall Sacramento market | 211,887 | 97.9% | 3.0 | 37.3 |
| Westmoor Center | Denver | Suburban | Northwest Denver; Well-positioned to capture tenants that outgrow nearby Boulder, and has better quality real estate | 607,755 | 82.4% | 5.3 | 125.7 |
| Great Hills Plaza | Austin | Suburban | Northwest submarket, a popular office locale along the Capital of Texas Highway corridor | 139,252 | 96.5% | 4.6 | 33.4 |
| Westech 360 | Austin | Suburban | Northwest submarket, a popular office locale along the Capital of Texas Highway corridor | 173,058 | 97.4% | 2.6 | 42.6 |
| 1800 West Loop South | Houston | CBD | West Loop, which is amenity-rich and highly sought after | 398,490 | 82.2% | 3.8 | 81.5 |
| West Loop I & II | Houston | Suburban | Bellaire, one of Houston's most desirable and affluent neighbourhoods | 313,873 | 89.8% | 4.4 | 46.8 |
| Powers Ferry | Atlanta | Suburban | Cumberland / I-75: Have been outperforming greater Atlanta market in terms of occupancy rate | 146,352 | 94.9% | 3.4 | 19.0 |
| Northridge Center I & II | Atlanta | 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% | 3.0 | 23.1 |
| Maitland Promenade II | Orlando | Suburban | Maitland Center, which is dominated by finance, insurance, tech and overwhelming activity in the Class A market | 226,990 | 99.0% | 3.9 | 40.6 |
| Total/Average | | | | 4,007,705 | 91.6% | 3.9 | 995.5 |

All information as at 30 September 2018 unless otherwise stated.

(1) Based on NLA

(2) Keppel-KBS US REIT announced the proposed acquisition of the Westpark Portfolio on 24 September 2018.