

First Quarter 2019 Financial Results

16 April 2019

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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.

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

Downtown Bellevue,
Washington



Growing to Deliver

Distributable
Income
US\$12.4m

30.7% above 1Q 2018
and 22.9% above
IPO Forecast



Keppel KBS US REIT



DPU
1.50 US cts

30.4% and 23.0% above
adjusted DPUs of
1.15 US cts for 1Q 2018
and 1.22 US cts for IPO
Forecast respectively

Annualised Distribution
Yield
8.7%

Based on the market
closing price of
US\$0.70 per Unit
as at the last trading
day of 1Q 2019



Stable Occupancy
92.1%

Portfolio committed
occupancy as at
31 March 2019

Improved 1Q 2019 Performance

- Driven by
- higher gross revenue from two acquisitions,
 - positive rental reversions and
 - healthy leasing momentum

Key Growth Markets with Positive Fundamentals

Seattle, Washington



The Plaza Buildings

Occupancy rate: 94.2%



Bellevue Technology Center

Occupancy rate: 98.5%



The Westpark Portfolio

Occupancy rate: 97.8%

Atlanta, Georgia



Northridge Center I & II

Occupancy rate: 86.7%



Powers Ferry

Occupancy rate: 94.9%

Sacramento, California



Iron Point

Occupancy rate: 95.8%

Denver, Colorado



Westmoor Center

Occupancy rate: 83.7%

Austin, Texas



Westtech 360

Occupancy rate: 93.4%



Great Hills Plaza

Occupancy rate: 96.5%

Houston, Texas



1800 West Loop South

Occupancy rate: 78.1%



West Loop I & II

Occupancy rate: 90.5%

Orlando, Florida



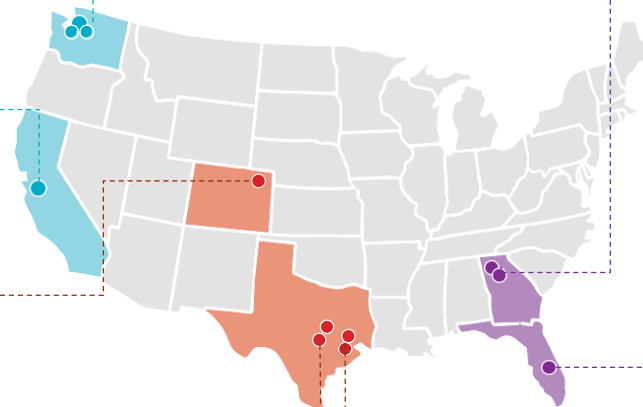
Maitland Promenade I

Occupancy rate: 97.9%



Maitland Promenade II

Occupancy rate: 98.3%



Overview

13 freehold office properties
across 7 key growth markets

NLA

Over 4.3 million sf

Assets Under Management

US\$1.07 billion

Portfolio Committed Occupancy

92.1%

- West Coast
- Central
- East Coast

Financial Performance & Capital Management

Westpark Portfolio
Seattle, Washington



Financial Performance

Achieves 30.7% y-o-y increase in Distributable Income for 1Q 2019

	Actual 1Q 2019 (US\$'000)	Forecast 1Q 2019 (US\$'000)	% Change	Actual 1Q 2019 (US\$'000)	Actual 1Q 2018 (US\$'000)	% Change
Gross Revenue	29,444	24,100	22.2	29,444	23,710	24.2
Property Expenses	(11,256)	(10,039)	12.1	(11,256)	(9,011)	24.9
Net Property Income	18,188	14,061	29.4	18,188	14,699	23.7
Income Available for Distribution⁽¹⁾	12,354	10,054	22.9	12,354	9,454	30.7
DPU (US cents) for the period	1.50	1.58	(5.1)	1.50	1.50	-
Annualised Distribution yield (%) ⁽²⁾	8.7%	7.3%	140 bps	8.7%	6.9%	180 bps
Adjusted DPU (US cents)	1.50	1.22⁽³⁾	23.0	1.50	1.15⁽³⁾	30.4

(1) The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. Keppel-KBS US REIT declares its distributions on a half-yearly basis, and no distribution has been declared for 1Q 2019.

(2) Actual 1Q 2019 annualised distribution yield is based on market closing price of US\$0.70 per Unit as at the last trading day of 1Q 2019. Forecast 1Q 2019 and Actual 1Q 2018 annualised distribution yields are based on the listing price and 1Q 2018 market closing price of US\$0.88 per Unit respectively.

(3) Adjusted DPU for Forecast 1Q 2019 and Actual 1Q 2018 was calculated based on the actual number of units as at 31 March 2019 of 823,489,620 for comparison purpose.

Financial Performance

Healthy Balance Sheet

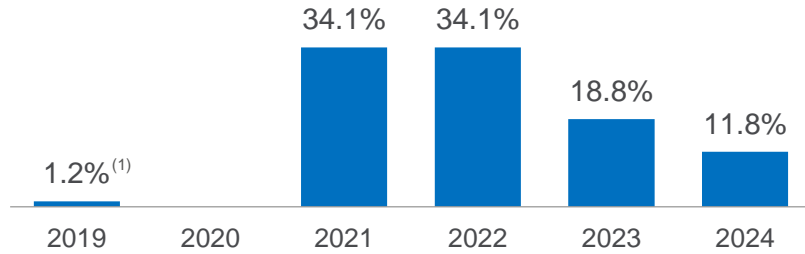
	As at 31 March 2019 (US\$'000)
Total Assets	1,113,037
Investment Properties	1,075,048
Cash and Cash Equivalents	30,872
Other Assets	7,117
Total Liabilities	466,629
Gross Borrowings	424,440
Other Liabilities	42,189
Unitholders' Funds	646,408
Units in issue and to be issued ('000) ⁽¹⁾	825,267
NAV per Unit (US\$)	0.78
Unit Price (US\$)	0.70

(1) Includes management fees in Units to be issued for 1Q 2019.

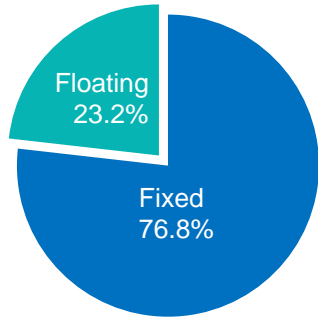
Capital Management

Limited interest rate exposure with term loans significantly hedged

Debt Maturity Profile



Interest Rate Exposure



Sensitivity to LIBOR⁽⁵⁾

Every +/- 50bps in LIBOR translates to +/- **0.062 US cents in DPU p.a.**

As at 31 March 2019

Total debt	US\$424.4 million of external loans (100% unsecured)
Available facilities	<ul style="list-style-type: none"> US\$50 million of revolving credit facility US\$20 million of uncommitted revolving credit facility
Aggregate leverage ⁽²⁾	38.1%
Average cost of debt ⁽³⁾	3.76% p.a.
Interest coverage ⁽⁴⁾	4.7 times
Average term to maturity	3.6 years

(1) Refers to the US\$5 million uncommitted revolving credit facility drawn.

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

(3) Includes amortisation of upfront debt financing costs.

(4) Ratio of EBITDA over interest expense paid or payable.

(5) Based on the 23.2% non-current debt which are unhedged, US\$5 million revolving credit facility drawn and the total number of Units in issue as at 31 March 2019.

Portfolio Overview

Aerial view of
Maitland Promenade I & II
Orlando, Florida



Healthy Leasing Momentum

~203,000sf

29 leases committed in 1Q 2019

4.8%

of portfolio leased in 1Q 2019

3%

Built-in average annual rental escalations

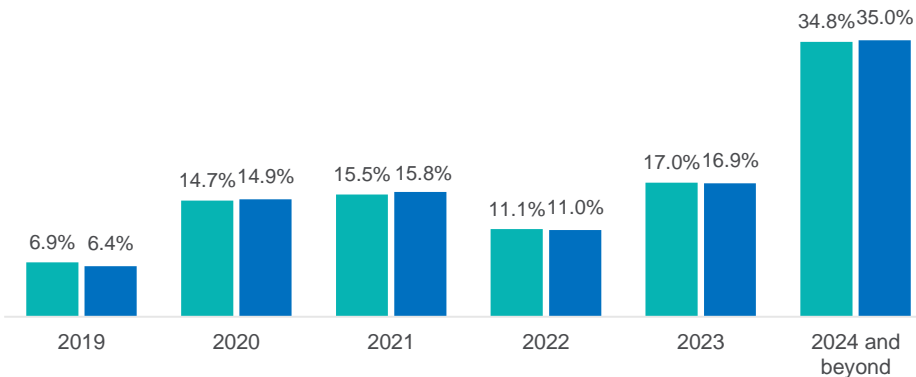
92.1%⁽¹⁾

Healthy portfolio committed occupancy

Continued Organic Growth

- Over half of leasing activities in 1Q 2019 were renewals
- More than half of signed leases were from Seattle properties – Bellevue Technology Center, The Plaza Buildings and The Westpark Portfolio
- Leasing demand mainly from the fast-growing technology and professional services sectors
- Positive rental reversion from marked-to-market expiring leases
- 3.9 years portfolio WALE by cash rental income⁽²⁾

Well-spread Lease Expiry Profile⁽³⁾ Positioned for Positive Rental Reversion



(1) By NLA.

(2) Based on NLA, portfolio WALE was 3.9 years.

(3) As at 31 March 2019.

Well-Diversified Tenant Base

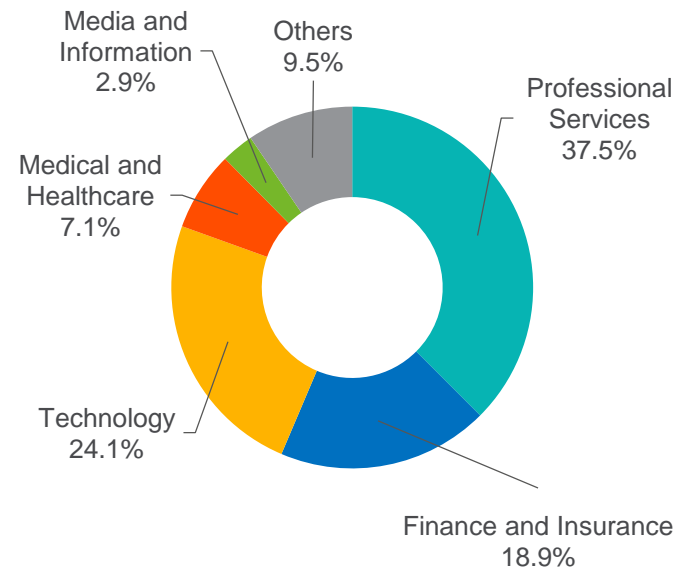
Resilient portfolio with low tenant concentration risk

- Well-diversified tenant base across key growth sectors
- Top 10 tenants comprise 17.0% of portfolio NLA and contribute 19.8% of cash rental income

Top 10 tenants by CRI as at 31 March 2019

Tenant	Sector	Asset	% CRI
Ball Aerospace	Professional Services	Westmoor Ctr	2.9%
Oculus VR, LLC	Technology	Westpark Portfolio	2.4%
Zimmer Biomet Spine	Technology	Westmoor Ctr	2.3%
Spectrum	Media & Information	Maitland Promenade I	2.1%
Unigard Insurance ⁽¹⁾	Finance & Insurance	Bellevue Technology Ctr	1.9%
US Bank	Finance & Insurance	The Plaza Buildings	1.9%
Blucora	Technology	The Plaza Buildings	1.8%
Health Care Service	Finance & Insurance	1800 West Loop South	1.5%
Reed Group	Finance & Insurance	Westmoor Ctr	1.5%
Futurewei	Technology	The Plaza Buildings	1.5%
Total			19.8%
WALE (by NLA)			5.4 years
WALE (by CRI)			5.2 years

Portfolio tenant base composition (by NLA)



(1) Subsidiary of QBE Insurance Group.

Portfolio Optimisation

Asset enhancement initiatives to boost leasing and competitiveness



Open Café at Westmoor Center, Denver – Completed in February 2019

Market Outlook

Downtown Seattle
Washington



US Economy at a glance

2.9% 
Real GDP growth¹

+3.2% 
Average hourly
earnings y-o-y

3.8% 
Unemployment

+1.9% 
Consumer
Price Index y-o-y

Sound Economic Fundamentals

- Despite concerns over slowing growth, economic fundamentals in the US remain strong
- Labour market continues to show strength with filings for US unemployment benefits falling to the lowest levels in 49 years²
- US Federal Reserve indicated no further rate hikes in 2019, holding interest rates steady
- Favourable leasing environment, supported by low unemployment, rising wages, low inflation and a more dovish Fed stance

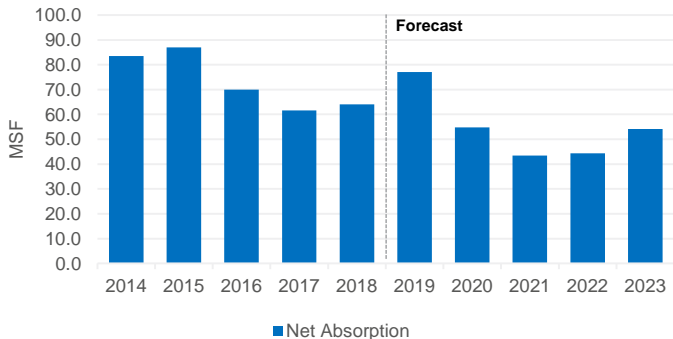
(1) Refers to FY 2018.

(2) U.S Department of Labor, week ending 30 March 2019.

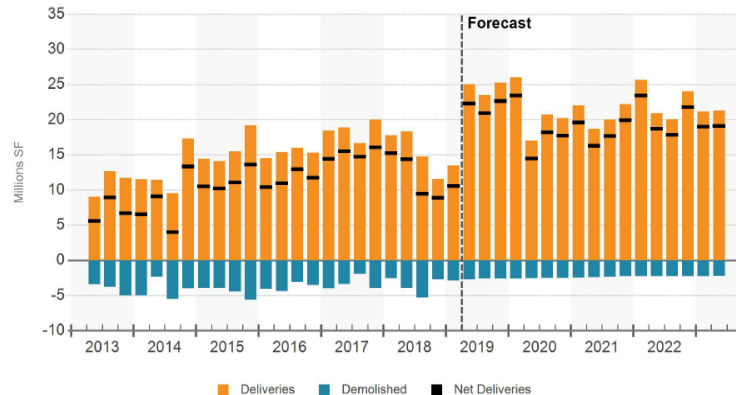
US Market Outlook

Attractive US Office Real Estate Fundamentals

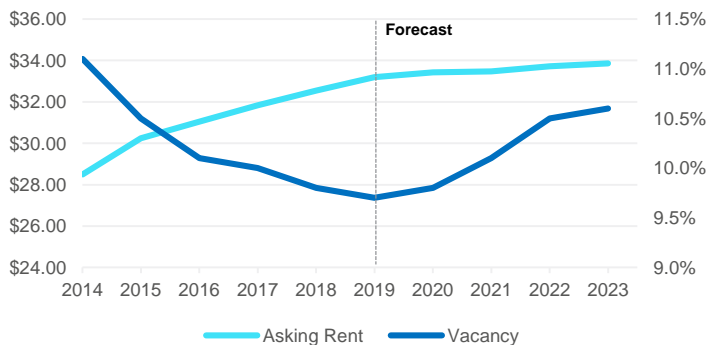
Overall Net Absorption⁽¹⁾



Deliveries & Demolitions⁽¹⁾



Overall Asking Rents & Vacancy⁽¹⁾



<p>51.9m</p> <p>Last 12M Absorption</p>	<p>57.5m</p> <p>Last 12M Deliveries</p>
<p>1.9%</p> <p>Last 12M Rent Growth</p>	<p>9.8%</p> <p>Vacancy Rate</p>

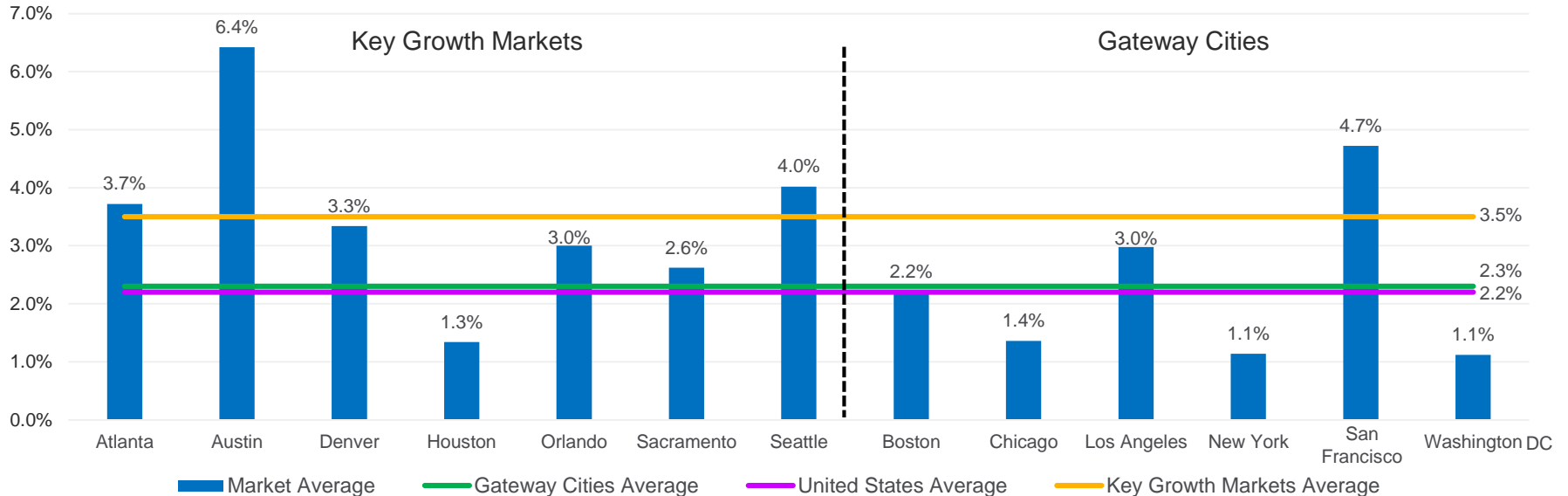
(1) CoStar United States National Office Report dated 3 April 2019.



Key Growth Markets Outlook

Our Markets have Outperformed the National Average Over the Last 5 Years

Real GDP Growth Average ⁽¹⁾
2013 - 2017



- With the exception of Houston, our key growth markets have exceeded United States and gateway cities in terms of real GDP, employment and population growth

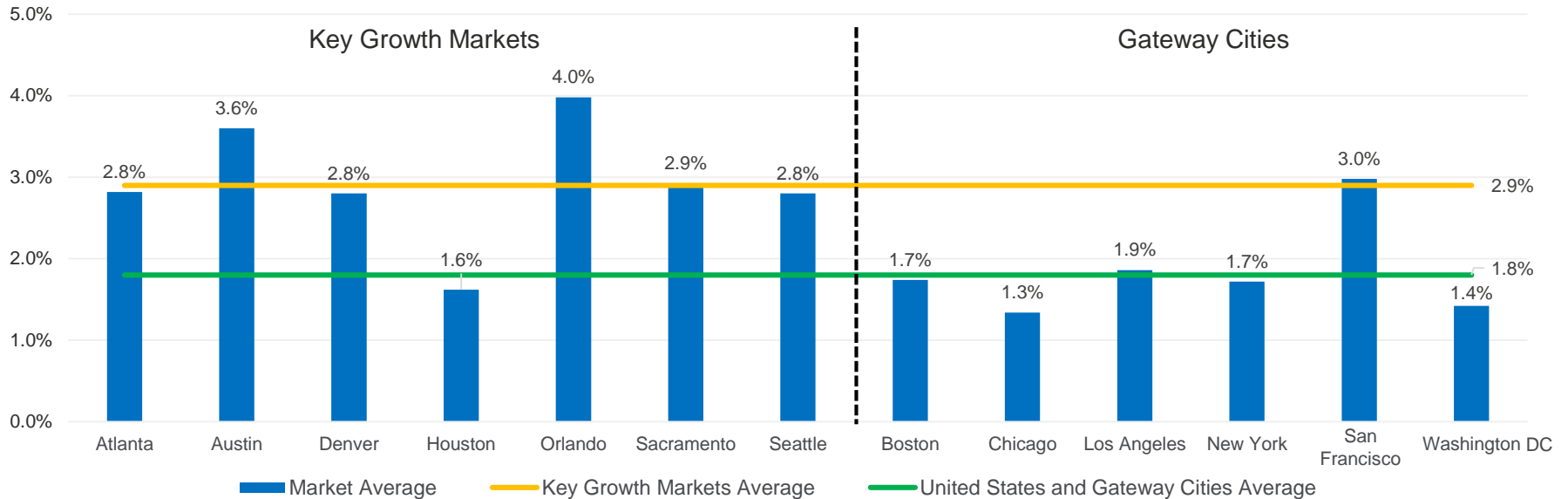
Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.

(1) U.S Bureau of Economic Analysis.

Key Growth Markets Outlook

Our Markets have Outperformed the National Average Over the Last 5 Years

Employment Growth Average ⁽¹⁾
2014 - 2018



- Houston was affected by one of the worst recessions in the energy sector during the great oil bust of 2015 – 2016

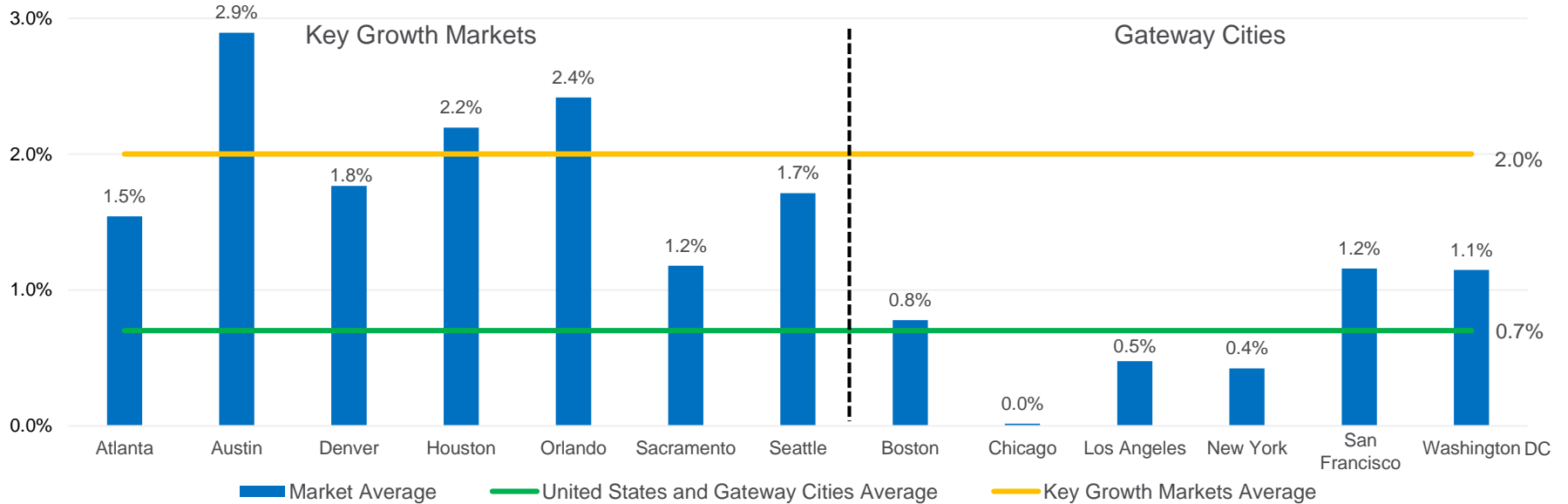
Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.

(1) U.S Bureau of Labor Statistics.

Key Growth Markets Outlook

Our Markets have Outperformed the National Average Over the Last 5 Years

Population Growth Average ⁽¹⁾
2013-2017



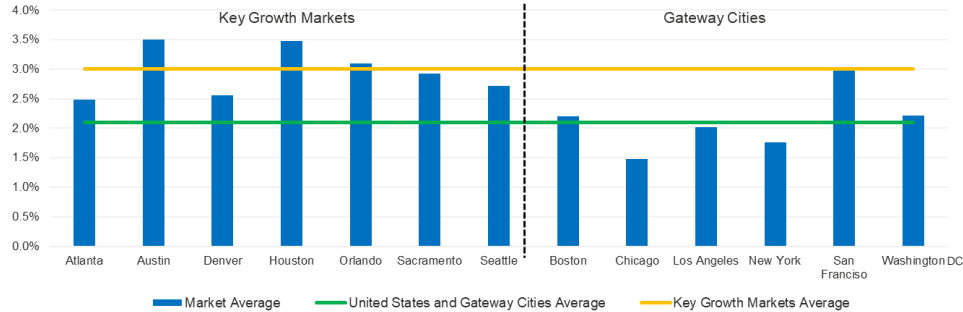
Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.

(1) U.S Census Bureau, Population Division.

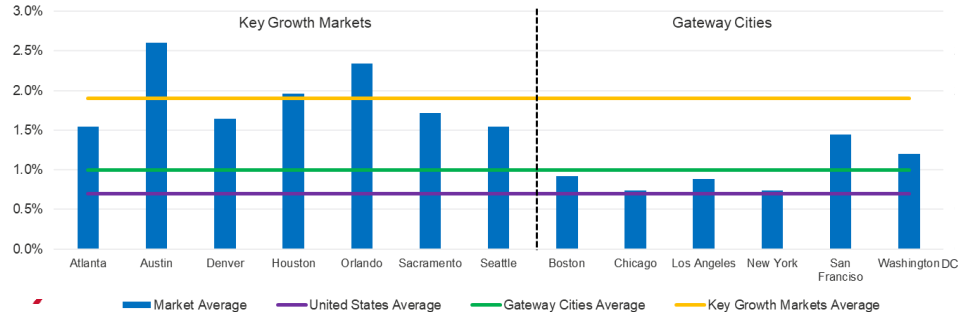
Key Growth Markets Outlook

Our Markets are Forecasted to Outperform National Average

Real GDP Growth Average Forecast ⁽¹⁾
2018F-2022F



Employment Growth Average Forecast ⁽¹⁾
2018F-2022F



Strength from the ground up

- Fast growing and defensive sectors such as technology, government, medical and healthcare are driving the economies in these submarkets
- Many of these submarkets including Seattle, Atlanta, Austin and Houston serve as national or regional headquarters of Fortune 500 companies
- Strong employment opportunities will lead to increasing household incomes and a higher quality of life, attracting and retaining young and highly-educated workers
- Higher levels of economic and employment growth are positive demand drivers for office space, and will continue to provide support for the submarket's office market

Note: Gateway cities average is based on New York, Washington DC, San Francisco, Los Angeles, Chicago, Boston.

(1) U.S Metro Economies: Economic Growth and Full Employment, June 2018 and IMF, World Economic Outlook, October 2018.

Key Growth Markets Outlook

Growing Educated Workforce and Rising Household Income

Educational Attainment – % of population with at least a Bachelor's Degree ⁽¹⁾

	2013	2014	2015	2016	2017
United States	29.6%	30.1%	30.6%	31.3%	32.0%
Atlanta MSA	35.2%	35.8%	37.0%	37.7%	37.9%
Austin MSA	41.5%	41.5%	42.6%	42.8%	44.8%
Denver MSA	40.3%	40.8%	41.8%	42.5%	43.9%
Houston MSA	30.9%	31.0%	31.5%	32.0%	32.4%
Orlando MSA	29.5%	28.7%	29.9%	30.9%	32.1%
Sacramento MSA	30.8%	31.3%	32.2%	32.6%	32.7%
Seattle MSA	39.4%	39.4%	41.2%	42.0%	41.9%

Household Median Income ⁽¹⁾

US\$'000	2013	2014	2015	2016	2017
United States	52.3	53.7	55.8	57.6	60.3
Atlanta MSA	55.7	56.2	60.2	62.6	65.4
Austin MSA	61.8	63.6	67.2	71.0	73.8
Denver MSA	62.8	66.9	70.3	71.9	76.6
Houston MSA	57.4	60.1	61.5	61.7	63.8
Orlando MSA	47.0	48.3	51.1	52.4	55.1
Sacramento MSA	57.0	60.0	62.8	64.1	67.9
Seattle MSA	67.5	71.3	75.3	78.6	82.1

- Maitland has one of the largest percentages of graduates with advanced degrees in the metro and is dominated by technical firms, finance and insurance companies, along with computer technology and data companies⁽²⁾
- Population aged 25 and above with at least a Bachelor's degree has grown steadily in KORE's markets, with Seattle, Atlanta, Austin and Sacramento surpassing the national benchmark
- Steady employment growth over the years has led to rising household median incomes in KORE's markets, providing support in retaining a young and educated workforce
- As growth extends beyond primary markets to secondary markets, markets with a highly skilled labor pool will continue to attract corporate expansions

(1) CoStar Office Report dated 3 April 2019.

(2) U.S Census Bureau, 2013-2017 American Community Survey 1 Year Estimates.

First Choice Submarkets Outlook

Submarket Property	Submarket Vacancy Rate (%)	Last 12M Deliveries (sf'000)	Last 12M absorption (sf'000)	Average Submarket Rent (US\$ p.a.)	Last 12M Rental Growth (%)	Projected Rental Growth (%)
Seattle, Bellevue CBD <i>The Plaza Buildings</i>	5.1%	-	210.0	50.1	8.7%	7.4%
Seattle, Eastside <i>Bellevue Technology Center</i>	4.0%	-	88.3	34.1	5.2%	4.6%
Seattle, Redmond <i>Westpark Portfolio</i>	4.8%	10.0	(121.0)	32.5	6.3%	6.3%
Sacramento, Folsom <i>Iron Point</i>	6.3%	-	1.7	25.6	5.1%	4.6%
Denver, Northwest <i>Westmoor Center</i>	9.6%	125.0	64.1	21.3	2.7%	2.5%
Austin, Northwest <i>Great Hills & Westtech 360</i>	9.8%	17.6	(303.0)	35.3	4.6%	3.9%
Houston, Galleria/Uptown <i>1800 West Loop</i>	15.4%	-	248.0	31.9	0.0%	1.3%
Houston, Galleria/Bellaire <i>West Loop I & II</i>	15.2%	-	(41.3)	25.1	1.4%	1.9%
Atlanta, Cumberland/I-75 <i>Powers Ferry</i>	15.2%	215.0	202.0	24.5	3.5%	3.4%
Atlanta, Central Perimeter <i>Northridge I & II</i>	13.9%	218.0	192.0	28.4	3.6%	4.7%
Orlando, Maitland <i>Maitland Promenade I & II</i>	10.0%	-	(155.0)	22.5	3.1%	3.1%

Looking Ahead

Northridge Center II
Atlanta, Georgia



Focused on Stable Distributions and Delivering Long Term Value

Portfolio Optimisation



- Focused leasing strategy targeting high growth sectors
- Proactive and effective asset management
- Maximise rental rates and capture positive rental reversions

Value Accretive Acquisitions



- Pursue growth opportunities that create long term value
- Target key growth markets with strong office fundamentals
- Focus on first choice submarkets with strong macroeconomic growth indicators that outpace national average

Prudent Capital Management



- Effective hedging to mitigate against impact of unfavourable interest rate movements
- Acquire funding at optimal costs
- Fortify balance sheet and maintain an optimal capital structure

Thank You

For more information, please visit

www.kepkbsusreit.com

Westech 360
Austin, Texas

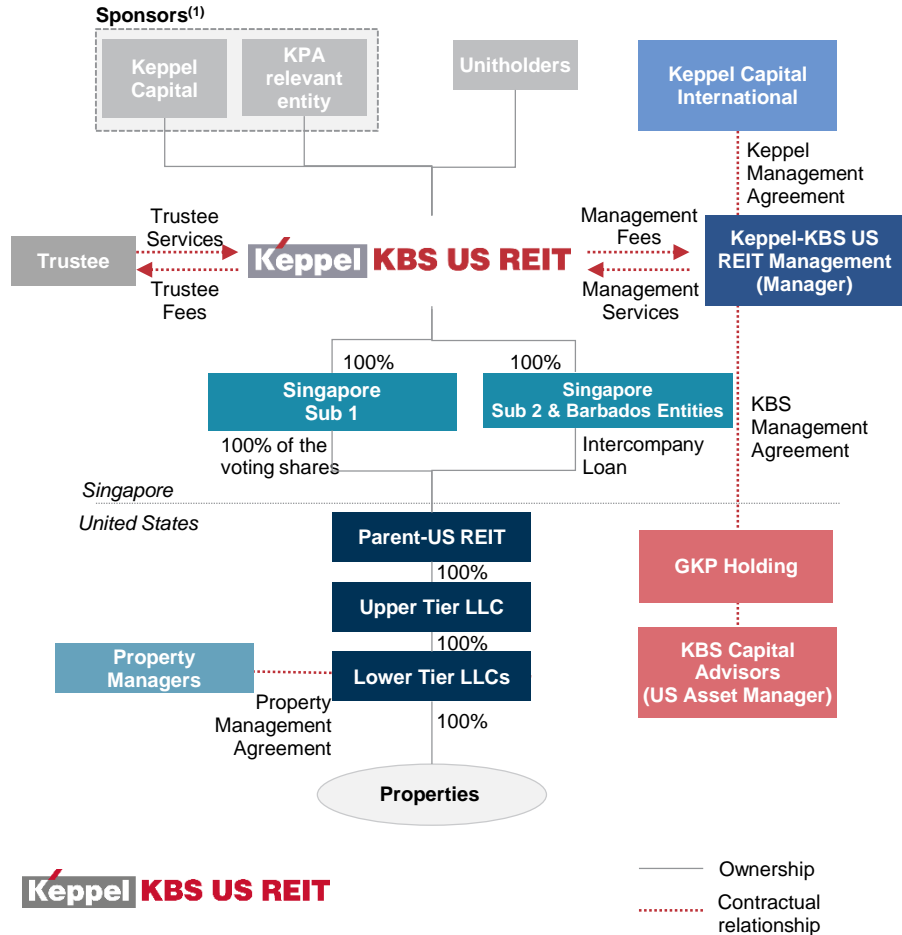


Additional Information

Bellevue Technology Center
Seattle, Washington



Tax-Efficient Structure



Tax-efficient structure for holding US properties

- No US corporate tax (21%) and US withholding tax (30%)
- No Singapore corporate tax (17%) and Singapore withholding tax (10%)
- Subject to limited tax (effective tax paid less than 2% of distributable income)

Leverage Sponsors' expertise and resources to optimise returns for Unitholders

Alignment of interests among Sponsors, Manager and Unitholders

(1) Keppel Capital holds a deemed 7.7% stake in Keppel-KBS US REIT (KORE). KBS Strategic Opportunity REIT, Inc. (KPA relevant entity) holds a 6.9% stake in KORE. KPA holds a deemed interest of 0.8% in KORE.

Note: Unitholding in KORE is subject to an ownership restriction of 9.8% of the total Units outstanding.

Portfolio Overview

Property	City	Location	NLA (sf)	Committed occupancy (by NLA)	WALE (in years)	Valuation (US\$m) ⁽¹⁾
The Plaza Buildings	Seattle	Bellevue CBD, one of the most active leasing submarket in Seattle	490,994	94.2%	3.6	253.5
Bellevue Technology Center	Seattle	Bellevue, one of the most active leasing submarket in Seattle	330,508	98.5%	3.6	136.0
Westpark Portfolio	Seattle	Redmond submarket, one of the best performing office markets in the Seattle region	782,185	97.8%	3.8	178.0
Iron Point	Sacramento	Carmichael / Fair Oaks / Citrus Heights; Expected to outperform the overall Sacramento market	211,944	95.8%	2.8	37.0
Westmoor Center	Denver	Northwest Denver; Well-positioned to capture tenants that outgrow nearby Boulder, and has better quality real estate	612,890	83.7%	5.1	126.4
Great Hills Plaza	Austin	Northwest submarket, a popular office locale along the Capital of Texas Highway corridor	139,252	96.5%	4.1	37.3
Westech 360	Austin	Northwest submarket, a popular office locale along the Capital of Texas Highway corridor	177,615	93.4%	2.8	46.6
1800 West Loop South	Houston	West Loop, which is amenity-rich and highly sought after	400,101	78.1%	4.1	75.5
West Loop I & II	Houston	Bellaire, one of Houston's most desirable and affluent neighbourhoods	313,873	90.5%	4.6	42.2
Powers Ferry	Atlanta	Cumberland / I-75: Have been outperforming greater Atlanta market in terms of occupancy rate	149,324	94.9%	3.0	19.8
Northridge Center I & II	Atlanta	North Central / I-285 / GA 400: Home to numerous Fortune 500 companies, which solidifies the positive attributes of the location	188,944	86.7%	2.9	20.9
Maitland Promenade I	Orlando	Maitland Center, which is dominated by finance, insurance, tech and strong activity in the Class A market	230,366	97.9%	3.8	48.9
Maitland Promenade II	Orlando	Maitland Center, which is dominated by finance, insurance, tech and strong activity in the Class A market	230,371	98.3%	4.6	43.6
Portfolio Information as at 31 March 2019			4,258,367	92.1%	3.9⁽²⁾	1,065.7

Unless otherwise stated, all information as at 31 March 2019.

(1) As at 31 December 2018.

(2) By NLA and CRI.