Growing to Deliver

Report to Unitholders 2018

Vision

To be the preferred real estate investment trust offering Unitholders the opportunity to invest in a distinctive portfolio of office properties in the United States.

Mission

To deliver sustainable distributions and strong total returns to our Unitholders through investments in high quality office buildings with a strategic focus on key growth markets in the United States.

Operating Principles

1. Best value propositions to customers.
2. Tapping and developing best talents from our global workforce.
3. Cultivating a spirit of innovation and enterprise.
4. Executing our projects well.
5. Being financially disciplined to earn best risk-adjusted returns.
6. Clarity of focus and operating within our core competence.
7. Being prepared for the future.

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Growing to Deliver

We are growing a stable portfolio of quality office assets in first choice submarkets across key growth markets in the United States. We will focus on executing and delivering on our initiatives to create value for all our stakeholders.

Key Figures for 2018[1]

Portfolio Committed Occupancy

91.6%

Signed leases of approximately 741,000 sf, equivalent to approximately 22.8% of the initial public offering (IPO) portfolio's net lettable area.

Distributable Income

US$43.8m

2.0% above IPO forecast[2], driven by stable operating performance from the IPO portfolio and contribution from the strategic addition of the Westpark Portfolio in Seattle.

Assets Under Management

US$1.02b

Grew 26.5% from US$804.0 million at IPO due to the acquisition of the Westpark Portfolio and net fair value gains recognised.

Net Property Income

US$64.4m

3.8% higher than IPO forecast[2] due to lower property expenses and the contribution from the Westpark Portfolio.

Net Asset Value (NAV) Per Unit

US$0.80

Adjusted NAV per Unit was US$0.78, excluding the DPU of 2.40 US cents declared for the financial period from 1 July 2018 to 31 December 2018.

Distribution Per Unit (DPU)

6.22 US cts

Below IPO forecast[2] due to an enlarged Unit base as a result of a rights issue. Excluding the effects of the Westpark Portfolio acquisition and rights issue, DPU would have been 6.83 US cents, 0.6% above IPO forecast[2].

Aggregate Leverage

35.1%

Weighted average term to maturity of debt was 3.7 years, with no long-term debt refinancing requirements until November 2021.

Interest Coverage Ratio

5.5 times

At a healthy level of 5.5 times, while all-in average cost of debt was 3.53% per annum. To manage interest rate exposure, 80.4% of non-current term loans have been hedged with floating-to-fixed interest rate swaps.

1 For the financial period from 9 November 2017 (Listing Date) to 31 December 2018.
2 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 31 December 2018 comprise actual figures from Listing Date to 31 December 2017 and 2018 full year forecast. The forecast figures were derived from the Forecast Year 2018 as disclosed in the IPO Prospectus.

Corporate Profile and Strategic Direction

Keppel-KBS US REIT (KORE) is a distinctive office REIT listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017. KORE's investment strategy is to principally invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets of the United States with favourable economic and office fundamentals that are above the national average, so as to provide sustainable distributions and strong total returns for Unitholders.

As at 31 December 2018, KORE's portfolio comprised a balanced mix of 12 quality freehold properties across seven key submarkets with a combined asset value of US$1.02 billion. With an aggregate net lettable area of approximately 4.0 million sf, these quality properties have a diversified tenant base led by tenants in the growth and defensive sectors such as technology, finance and insurance, professional services, as well as medical and healthcare.

The assets in the West Coast are the Plaza Buildings, Bellevue Technology Center and the Westpark Portfolio, located in Seattle, Washington, as well as Iron Point in Sacramento, California. In the Central region, the assets are Westmoor Center in Denver, Colorado, Great Hills Plaza and Westech 360 in Austin, Texas, as well as 1800 West Loop South and West Loop I & II in Houston, Texas. In the East Coast, KORE owns Powers Ferry and Northridge Center I & II in Atlanta, Georgia, and Maitland Promenade II in Orlando, Florida.

On 16 January 2019, KORE completed its acquisition of Maitland Promenade I, its second asset in Orlando. Including Maitland Promenade I, KORE has a total of 13 assets with approximately 4.3 million sf of quality spaces.

KORE is managed by Keppel-KBS US REIT Management Pte. Ltd., which is jointly owned by two Sponsors, Keppel Capital Holdings and KBS Pacific Advisors.

Keppel-KBS US REIT seeks to be the preferred real estate investment trust offering Unitholders the opportunity to invest in distinctive office properties in key growth markets in the United States.

The Manager aims to deliver sustainable distributions and strong total returns to Unitholders through three strategic thrusts.

Portfolio Optimisation

- Focused leasing strategy targeting growth and defensive sectors
- Proactive and effective asset management
- Drive rental escalations and capture positive rental reversions

Strategic Investment

- Pursue opportunities in key growth markets with long-term value
- Target first choice submarkets with high-growth potential, as well as strong economic and office fundamentals

Prudent Capital Management

- Manage interest rate risks through effective hedging
- Maintain an optimal capital structure and strong balance sheet
- Acquire funding at optimal costs

Financial Highlights

Actuals
9 November 2017 (Listing Date) to 31 December 2018

	Actual US$'000	Forecast[1] US$'000	Change %
Gross revenue	**105,917**	104,902	1.0
Net property income	**64,352**	61,997	3.8
Income available for distribution to Unitholders[2]	**43,796**	42,947	2.0
Available distribution per Unit (DPU) (US cents)	**6.22**[3]	6.79	(8.4)
Annualised available for distribution yield (%)[4]	**8.90%**	9.72%	(82 bps)
DPU (US cents) restated for Rights Issue[5]	**6.22**	6.32[5]	(1.6)
Actual DPU (US cents) adjusted to exclude the effects of the acquisition of the Westpark Portfolio and Rights Issue[6]	**6.83**[6]	6.79	0.6
Weighted average all-in interest rate (% per annum)	**3.53%**	3.33%	20 bps
Interest coverage ratio (times)	**5.50**	5.30	3.8

Balance Sheet
as at 31 December 2018

	2018 US$'000
Investment properties	**1,016,750**
Total assets[7]	**1,067,112**
Gross borrowings[7,8]	**374,440**
Total liabilities	**409,136**
Unitholders' funds	**657,976**
Units in issue and to be issued as at balance sheet date ('000)	**823,490**
Net asset value (NAV) per Unit (US$)	**0.80**
Adjusted NAV per Unit, excluding distribution (US$)[9]	**0.78**
Aggregate leverage (%)[7]	**35.1**

1 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 31 December 2018 comprise actual figures from Listing Date to 31 December 2017 and 2018 full year forecast. The forecast figures were derived from the Forecast Year 2018 as disclosed in the initial public offering (IPO) Prospectus.
2 The income available for distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
3 Actual DPU for the period from Listing Date to 31 December 2018 of 6.22 US cents comprised 3.82 US cents paid for the period from Listing Date to 30 June 2018 and 2.40 US cents declared for the period from 1 July 2018 to 31 December 2018.
4 The annualised available for distribution yield for Listing Date to 31 December 2018 is based on 418 days and pro-rated to 365 days following the Listing Date and is based on the market closing price of US$0.61 per Unit as at the last trading day on 31 December 2018.
5 Forecast DPU from Listing Date to 31 December 2018 was restated for the 295-for-1,000 rights issue completed on 26 November 2018, to raise gross proceeds of about US$93.1 million, through the issuance of 186,236,224 new Units (Rights Issue). The computation of the restatement is in accordance with Paragraph 46 of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".
6 For the purpose of comparing the IPO Portfolio's actual financial figures against its forecasted figures for Forecast Year 2018, excluding the effects of the Westpark Portfolio acquisition and the Rights Issue. The income available for distribution from the Westpark Portfolio of US$0.7 million as well as the effects of the new Units issued for the Rights Issue and the Westpark Portfolio acquisition fee Units of 186,236,224 and 2,996,271 respectively have been excluded from the DPU calculation, resulting in an adjusted DPU of 6.83 US cents, higher than forecast.
7 Aggregate leverage is computed based on gross borrowings over total deposited properties (the Group's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
8 Gross borrowings relate to bank borrowings drawn down from loan facilities.
9 Adjusted NAV per Unit as at 31 December 2018 excludes the DPU of 2.40 US cents declared for the period from 1 July 2018 to 31 December 2018.

Quarterly Results

	9 November 2017 (Listing Date) to 31 December 2017[1]		2018 Quarter 1		2018 Quarter 2		2018 Quarter 3		2018 Quarter 4		9 November 2017 (Listing Date) to 31 December 2018[1]
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000
Gross Revenue											
Actual	**12,392**	**12**	**23,710**	**22**	**22,641**	**21**	**22,672**	**22**	**24,502**	**23**	**105,917**
Forecast	12,392	12	23,127	22	23,127	22	23,128	22	23,128	22	104,902
Net Property Income											
Actual	**7,629**	**12**	**14,699**	**23**	**13,794**	**21**	**13,594**	**21**	**14,636**	**23**	**64,352**
Forecast	7,629	12	13,592	22	13,593	22	13,591	22	13,592	22	61,997
Distributable Income											
Actual	**5,162**	**12**	**9,454**	**22**	**9,453**	**21**	**9,469**	**22**	**10,258**	**23**	**43,796**
Forecast	5,162	12	9,445	22	9,447	22	9,447	22	9,446	22	42,947

[1] 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 31 December 2018 comprise actual figures from Listing Date to 31 December 2017 and 2018 full year forecast. The forecast figures were derived from the Forecast Year 2018 as disclosed in the IPO Prospectus.

Chairman's Statement

IPO Offering

6.7 times

KORE's public offer issuance garnered strong interest and was approximately 6.7 times subscribed in Singapore.

Distinctive Portfolio Of Quality Assets

12

As at end-2018, KORE's portfolio comprised 12 quality freehold assets across seven key growth markets in the United States.

Dear Unitholders,

On behalf of the Board and management, I am pleased to present Keppel-KBS US REIT's (KORE) inaugural annual report for the financial period from its listing date on 9 November 2017 (Listing Date) to 31 December 2018.

Since listing, KORE has had an exciting run as we proactively sought both organic and inorganic growth opportunities to generate long-term value for our Unitholders, while continuing to build and strengthen our foundation.

Delivering Long-term Value

KORE's initial public offering (IPO) debuted on 9 November 2017, following growing demand from global investors for attractive real estate investments in the United States (US). The IPO offering consisted of an international placement to investors outside of the US and a public offering to retail investors in Singapore. The listing garnered strong interest from investors, with the public offer issuance in Singapore approximately 6.7 times subscribed. The international placement tranche to foreign investors was also oversubscribed. The positive response affirmed our value proposition of providing investors access to attractive US office real estate through KORE's distinctive portfolio of quality assets in key growth markets.

Although expectations are that the US economic growth will likely moderate in the coming years, momentum in the office real estate sector is projected to continue, especially in first choice submarkets like those where KORE's properties are located. These are markets where economic, population and employment growth have exceeded and are expected to remain above the US national average and where asking rents for office spaces are likely to trend upwards.

In the latter half of 2018, global markets took a turn, driven by trade and geopolitical tensions, uncertainties over interest rate hikes and US tax regulations. Stock markets were volatile, putting a dampener on KORE's stock price performance.

Notwithstanding these headwinds, we delivered to the IPO forecast, achieving distributable income of US$43.8 million from Listing Date to 31 December 2018, which is 2.0% above the IPO forecast of US$42.9 million, driven by stable operating performance and the strategic addition of the Westpark Portfolio in Seattle, Washington. Distribution per Unit (DPU) for the same period was 6.22 US cents, translating to a distribution yield of 8.9% based on the market closing price of US$0.61 per Unit as at the last trading day of 2018.

Growing to Deliver

The theme for our inaugural report, 'Growing to Deliver', is a reflection of our efforts since listing – to grow KORE through our primary investment and management strategies of portfolio optimisation, value accretive acquisitions and prudent capital management.

KORE's listing garnered strong interest from investors, affirming the Manager's value proposition of providing access to a distinctive portfolio of quality office assets in key growth markets in the United States.

Peter McMillan III
Chairman

Our focused leasing strategy continues to attract high calibre tenants from growth sectors such as technology, healthcare and professional services. Our asset managers identify ways to extract value from each property through proactive and effective asset management, capitalising on rental escalations and realising positive rental reversions between new leases and in-place or expiring rental rates whenever possible.

In 2018, we announced two acquisitions – the Westpark Portfolio in Seattle, Washington, and Maitland Promenade I in Orlando, Florida[1], further strengthening KORE's portfolio with quality properties in key growth cities. The acquisitions deliver on our investment and growth strategy to augment KORE's portfolio by acquiring quality income-producing properties in first choice submarkets with positive economic and office fundamentals.

Located near major commuting hubs and supported by excellent amenities and infrastructure, the Westpark Portfolio and Maitland Promenade I were sought for their exposure to the technology and professional services growth sectors respectively, as well as their potential for strengthening KORE's growth platform by enhancing portfolio diversification and income resilience. Our most recent acquisition, Maitland Promenade I, comes with the added benefit of being adjacent to our existing property, Maitland Promenade II, allowing us to harness operational synergies and manage the two assets as a business campus. Both acquisitions are expected to create long-term value for our Unitholders.

In addition to the value accretive acquisitions, our ongoing proactive asset management strategy saw strong leasing performance for the period from Listing Date to end-2018, with a total of approximately

The Manager is committed to grow the REIT through portfolio optimisation efforts, value accretive acquisitions and prudent capital management.

[1] The acquisitions of the Westpark Portfolio and Maitland Promenade I were completed on 30 November 2018 and 16 January 2019 respectively.

Chairman's Statement

Keppel-KBS US REIT deepened its footprint in the key growth markets of Seattle and Orlando, further strengthening its quality office portfolio.

741,000 sf of quality spaces committed. This brought committed portfolio occupancy to 91.6% as at 31 December 2018. KORE's assets under management as at 31 December 2018 was valued at US$1.02 billion[1], up 26.5% from US$804.0 million at listing.

Our focus on operational excellence is complemented by our prudent approach to capital management. All of KORE's borrowings are US dollar-denominated, providing a natural hedge for its income and investments.

As at 31 December 2018, KORE has no long-term debt refinancing requirements until November 2021 and 100% of its debt remains unsecured. Aggregate leverage was 35.1% and the interest coverage ratio was 5.5 times. The all-in average cost of debt stood at 3.53% per annum, with a weighted average term to maturity of 3.7 years. To limit interest rate exposure, 80.4% of non-current term loans have been hedged with floating-to-fixed interest rate swaps.

On 20 December 2018, the US Department of the Treasury released proposed regulations that clarified its position and treatment of hybrid entities and hybrid arrangements. We are pleased to announce that the proposed regulations are not expected to have any material impact on KORE's consolidated net tangible assets or DPU. We currently do not expect that further changes to KORE's trust structure will be required[2].

Committing to Best Practices
We recognise the importance of sustainable growth in our pursuit of long-term value creation for Unitholders. We are committed to adopting and deploying best practices in the areas of environmental, social and governance (ESG) as part of KORE's business strategy and day-to-day operations.

In sustainability management, we are guided by a three-pronged approach of sustaining growth in our business, empowering lives of our people and nurturing communities wherever we are.

1
The acquisition of the Westpark Portfolio is aligned with KORE's investment strategy to acquire assets in first choice submarkets with positive economic and office fundamentals.

2
The addition of Maitland Promenade I (left building), which is adjacent to Maitland Promenade II, allows KORE to manage both the assets as a business campus.

1

[1] Excludes Maitland Promenade I, which was acquired on 16 January 2019.
[2] The final regulations are expected by June 2019. Barring any significant changes in the scope or application of the regulations from those recently proposed, no material impact to KORE's trust structure is expected from the regulations.

2

To communicate our ESG approach, we are pleased to include KORE's inaugural Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards, as part of this Annual Report.

The Board of Directors has reviewed and approved the material ESG factors for KORE and considers them as part of KORE's strategy formulation. The Board also oversees the management and monitoring of the ESG factors and evaluates them periodically.

Looking Ahead
Following a strong showing in the last two quarters of 2018, the growth trajectory of the US economy is expected to moderate as some of the effects of tax cuts begin to fade and higher interest rates take effect. Despite this, we remain cautiously optimistic about the outlook of the US office market as tenants seek new and more efficient spaces in well-located buildings and amenity-rich environments to attract top talent.

Leveraging our core competencies, as well as knowledge and experience in the US office market, coupled with a sharp focus on optimising our assets and strengthening our income, we remain confident of KORE's ability to navigate uncertainties ahead.

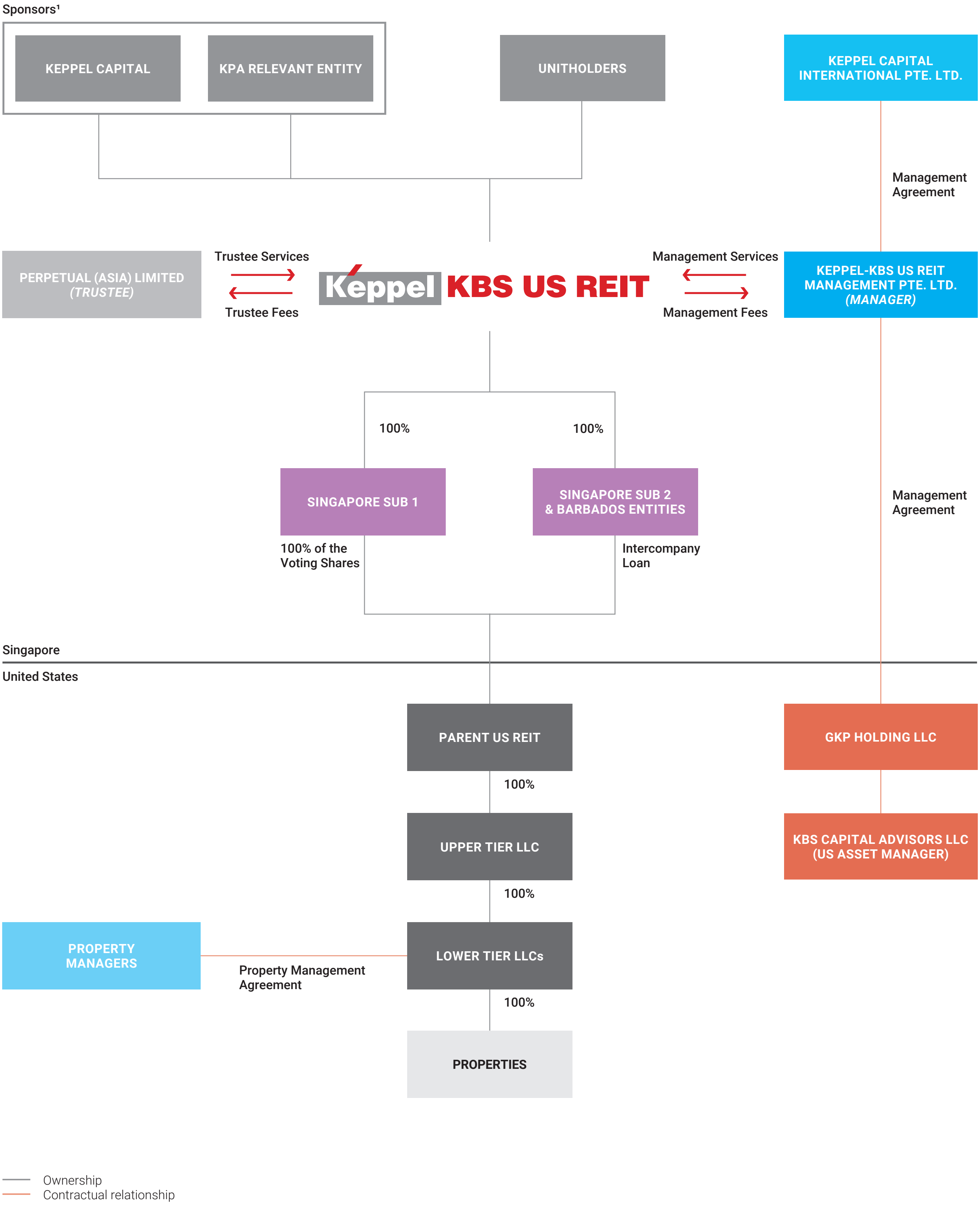
At the same time, our robust capital management programme provides strength and flexibility for KORE, enabling it to be insulated from interest rate fluctuations and refinancing risks, while providing the ability to capture new opportunities.

Acknowledgements
2018 has been an eventful and exciting year for KORE. On behalf of the Board, I would like to express our heartfelt appreciation to our Unitholders, business partners and valued tenants for their continued support and confidence in KORE. I would also like to thank my fellow Board members for their counsel, as well as the management team and staff for their steadfast dedication and contributions, as we continue in our drive to deliver sustainable growth and create long-term value for our Unitholders.

Yours sincerely,

Peter McMillan III
Chairman
26 February 2019

Trust Structure



[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.

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

Board of Directors

Board Committees

A Audit and Risk Committee

N Nominating and Remuneration Committee

Peter McMillan III, age 61
Chairman and Non-Executive Director

Date of first appointment as a director:
19 October 2017

Length of service as a director (as at 31 December 2018):
1 year 2 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Arts (Honours) in Economics, Clark University;
Master of Business Administration, Wharton Graduate School of Business, University of Pennsylvania

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
KBS Strategic Opportunity REIT, Inc;
KBS Strategic Opportunity REIT II, Inc;
TCW Mutual Funds;
Metwest Mutual Funds

Major Appointments (other than directorships):
Co-founder, KBS Capital Advisors LLC;
Co-founder and Managing Partner, Willowbrook Capital Group, LLC;
Co-founder, Temescal Canyon Partners

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
KBS Real Estate Investment Trust, Inc;
KBS Real Estate Investment Trust II, Inc;
KBS Real Estate Investment Trust III, Inc;
KBS Growth and Income REIT;
TCW Alternative Funds

Others:
Nil

Soong Hee Sang, age 60
Independent Director

A N

Date of first appointment as a director:
19 October 2017

Length of service as a director (as at 31 December 2018):
1 year 2 months

Board Committee(s) served on:
Chairman of Audit and Risk Committee;
Member of Nominating and Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Science (Honours) in Estate Management, National University of Singapore;
Master of Business Administration, National University of Singapore

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
Mercatus Co-operative Limited

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various companies related to investments by GIC Real Estate

Others:
Former Managing Director (London), GIC Real Estate Pte Ltd

Board of Directors

John J. Ahn, age 54
Independent Director

A N

Date of first appointment as a director:
19 October 2017

Length of service as a director (as at 31 December 2018):
1 year 2 months

Board Committee(s) served on:
Member of Audit and Risk Committee;
Member of Nominating and Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Arts in Economics (Minor in Political Science), Williams College

Present Directorships (as at 1 January 2019):
Listed companies
Hanmi Bank

Other principal directorships
Nil

Major Appointments (other than directorships):
President, Great American Capital Partners

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

Others:
Nil

Kenneth Tan Jhu Hwa, age 45
Independent Director

N A

Date of first appointment as a director:
19 October 2017

Length of service as a director (as at 31 December 2018):
1 year 2 months

Board Committee(s) served on:
Chairman of Nominating and Remuneration Committee;
Member of Audit and Risk Committee

Academic & Professional Qualification(s):
Bachelor of Arts in Economics (First Class Honours), Cambridge University;
Royal Society of Arts Diploma in Fine Arts (Christie's Education, London, United Kingdom)

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
Southern Capital Group Private Limited

Major Appointments (other than directorships):
Co-Managing Partner and Managing Director, Southern Capital Group Private Limited

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Lupa Holdings Pte Ltd; Qualitas Healthcare Pte Ltd; Southern Capital Advisors Limited; Mulberry Capital GP Ltd; Southern Capital Partners Limited; Mulberry Capital Partners Limited; Fullerton Healthcare Group Pte Limited; Southern Capital Management Pte Ltd; Cassis International Pte Ltd

Others:
Nil

Paul Tham, age 37
Non-Executive Director

Date of first appointment as a director:
13 July 2017

Length of service as a director (as at 31 December 2018):
1 year 5 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Science in Civil & Environmental Engineering, Cornell University;
Master of Business Administration, Singapore Management University

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
Nil

Major Appointments (other than directorships):
Chief Executive Officer, Keppel REIT Management Limited (the manager of Keppel REIT)

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Ocean Mineral Singapore Pte Ltd;
Ocean Mineral Singapore Holding Pte Ltd;
Various subsidiaries of Keppel Capital Holdings Pte Ltd

Others:
Nil

Senior Management

David Snyder, age 48
Chief Executive Officer and Chief Investment Officer

Prior to his current appointment, Mr Snyder was a consultant to KBS where he oversaw overall management of the AFRT portfolio and assisted in formulating the operational strategy and tactics for the portfolio. From 2008 to 2015, Mr Snyder was the Chief Financial Officer at KBS where he managed and advised five non-traded REITs. In addition, he oversaw, directed and participated in all aspects of investor relations, finance, financial reporting, accounting and financial planning including the negotiation and management of a portfolio transfer of over 800 properties valued at over US$1.7 billion.

Mr Snyder started out as a Senior Accountant with Arthur Andersen LLP in 1993 where he was responsible for the design, testing and supervision of the financial statements of various public and private enterprises. From 1996 to 1997, Mr Snyder joined Regency Health Services as its Director of Financial Reporting. Subsequently, from 1998 to 2008, Mr Snyder was with Nationwide Health Properties, starting out as a Financial Controller before rising to become Vice President and Financial Controller in 2005. He was one of four members on the senior management team which determined the corporate strategy and financial decisions of the firm.

Mr Snyder graduated with a Bachelor of Science in Business Administration from Biola University in La Mirada, California.

Present Directorships (as at 1 January 2019):
Keppel-KBS US REIT Management Inc;
Various subsidiaries of Keppel-KBS US REIT

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

Andy Gwee, age 42
Chief Financial Officer

Mr Gwee has more than 18 years of experience in the accounting, finance and auditing industry. Prior to joining the Manager, Mr Gwee was the Head of Finance of Keppel DC REIT Management Pte Ltd, the manager of Keppel DC REIT. From 2012 to 2015, Mr Gwee was the Senior Finance Manager at Keppel Corporation Limited, where he assisted the Chief Financial Officer and Group Controller in the Keppel Group's financial and reporting functions. In addition to these functions, he provided accounting and technical advisory to the various business units of the Keppel Group.

From 2000 to 2012, Mr Gwee was at PricewaterhouseCoopers LLP Singapore in an audit function where he was the engagement manager for leading clients and local listed groups.

Mr Gwee graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from the Nanyang Technological University of Singapore. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

Present Directorships (as at 1 January 2019):
Keppel-KBS US REIT Management Inc;
Various subsidiaries of Keppel-KBS US REIT

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various subsidiaries of Keppel DC REIT

Grace Chia, age 39
Head of Investor Relations

Ms Chia has over 16 years of experience in corporate communications and investor relations. She started her career with Keppel Corporation Limited and has held various positions within the Keppel Group over the last 16 years. Some of her previous appointments include the Senior Manager of Investor Relations at Keppel REIT Management Limited, the manager of Keppel REIT, where she facilitated continuous two-way communication with investors, analysts and key stakeholders, as well as ensured clear and timely disclosure of pertinent information. Ms Chia was also with the Group Corporate Communications division at Keppel Corporation Limited where she managed the communications efforts for the Keppel Group's offshore and marine division and subsequently, the property division.

Ms Chia graduated with a Bachelor of Commerce from the University of Western Australia.

Present Directorships (as at 1 January 2019):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

Milestones

KORE was listed on the SGX-ST on 9 November 2017.

2017

Keppel-KBS US REIT (KORE) was listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017.

Raised gross proceeds of approximately US$553.1 million.

Q1 2018

Set up the Barbados entities in response to the announcement of tax reforms by the United States (US) Internal Revenue Code.

Achieved distributable income (DI) and distribution per Unit (DPU) of US$14.6 million and 2.32 US cents for the period from listing date on 9 November 2017 (Listing Date) to 31 March 2018, above the initial public offering (IPO) forecast by 0.1% and 0.4% respectively.

Q2 2018

Achieved DI and declared DPU of US$9.5 million and 1.50 US cents for 2Q 2018, bringing DI and DPU for the period from Listing Date to 30 June 2018 to US$24.1 million and 3.82 US cents, above IPO forecast by 0.1% and 0.5% respectively.

Q3 2018

Announced the acquisition of the Westpark Portfolio for US$169.4 million, deepening KORE's footprint and exposure to the technology growth sector in Seattle, Washington.

Achieved DI and DPU (based on the total number of issued Units before the rights issue) of US$9.5 million and 1.50 US cents for 3Q 2018, bringing DI and DPU for the period from Listing Date to 30 September 2018 to US$33.5 million and 5.32 US cents, above IPO forecast by 0.1% and 0.6% respectively.

KORE was included in the FTSE ST Singapore Shariah Index.

Q4 2018

Convened Extraordinary General Meeting for the proposed acquisition of the Westpark Portfolio, where a majority of Unitholders (94.92%) voted for the acquisition, in recognition of its potential for long-term growth, portfolio diversification and income resilience.

Launched a 295-for-1,000 rights issue at US$0.50 per rights Unit to raise US$93.1 million in gross proceeds to partially fund the proposed acquisition of the Westpark Portfolio.

Rights issue was approximately 1.26 times oversubscribed.

Announced KORE's second acquisition of Maitland Promenade I in Orlando, Florida, for US$48.5 million.

Completed the acquisition of the Westpark Portfolio on 30 November 2018.

Achieved DI and declared DPU of US$10.3 million and 1.25 US cents for 4Q 2018, bringing DI and DPU for the period from Listing Date to 31 December 2018 to US$43.8 million and 6.22 US cents, 2.0% above and 8.4% below IPO forecast respectively. DPU for both periods were below IPO forecast due mainly to an enlarged Unit base following the rights issue. Excluding the effects of the acquisition of the Westpark Portfolio and rights issue, the adjusted DPU was 1.51 US cents for 4Q 2018 and 6.83 US cents for the period from Listing Date to 31 December 2018, above forecast by 0.7% and 0.6% respectively.

Announced that no changes to KORE's REIT structure are expected as a result of the proposed tax regulations issued by the US Department of the Treasury.

Investor Relations

Proactive and regular engagement with the investment community allows the Manager to articulate Keppel-KBS US REIT's business strategy and provide updates on its business operations.

The Manager is committed to good corporate governance and ensures that the investment community has access to clear and reliable information needed to make informed decisions.

Regular Engagement
Leading up to Keppel-KBS US REIT's (KORE) listing on 9 November 2017, the Manager participated in 74 investor engagements to promote the equity offering, as well as build investor recognition and visibility of KORE.

The initial public offering (IPO) drew strong demand from both institutional investors and the public. KORE's public offer issuance in Singapore was approximately 6.7 times subscribed. The international placement tranche to foreign investors was also oversubscribed.

Units of KORE opened at US$0.895 and closed at US$0.89 on 9 November 2017, above its IPO offering price of US$0.88.

Post-IPO, the Manager continued its investor education programme to enhance investors' awareness and understanding of KORE's strategy and structure, as well as financial performance and business operations.

Through one-on-one meetings, conference calls, post-results engagements and non-deal roadshows, the Manager engaged a total of 153 institutional investors and analysts for the period since listing to end-2018. To appeal to international investors and broaden KORE's investor base, the Manager also conducted regular investor roadshows in Singapore, Bangkok, Hong Kong and Kuala Lumpur.

KORE also participated in the annual REITs Symposium jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS), and supported by The Business Times, to educate and deepen industry knowledge among retail investors. The 2018 event was well-attended by approximately 1,200 retail investors.

The Manager is a member of the Investor Relations Professionals Association (Singapore) (IRPAS), which promotes knowledge sharing and continuous improvement of professional competencies amongst investor relations professionals. The Keppel Group also supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to empower the investment community through ongoing investor education.

Effective Communication
KORE's inaugural Extraordinary General Meeting (EGM) was held on 16 October 2018 for the proposed acquisition of the Westpark Portfolio. The meeting was attended by 108 Unitholders and provided them with details of the proposed acquisition and an opportunity to raise questions, as well as engage with the Board of Directors and senior management. The majority of Unitholders (94.92%) voted in favour of the acquisition.

To help investors understand their tax obligations as Unitholders, the Manager distributes investor packs that contain instructions and relevant tax forms. Further information on taxation is also published on KORE's website, along with a hotline and email address to respond to investors' questions.

Timely and Reliable Disclosures
Guided by a clearly defined set of principles and best practices set out in its investor relations policy, the Manager uses multiple platforms and communication channels to effect timely disclosures of corporate actions and business developments.

Each quarter, the Manager conducts analysts' calls following the release of KORE's financial results. KORE is covered by Citi, Credit Suisse and DBS.

All media statements, announcements and quarterly financial statements are released to the Singapore Exchange and published on KORE's website, providing users with easy access to the most up-to-date financial and corporate information. Subscription to email alerts is also available on KORE's website for investors who wish to be notified on updates and announcements.

Unitholder Enquiries
For more information, please contact the investor relations team at:

Telephone:
+65 6803 1739

Email:
enquiries@kepkbsusreit.com

Website:
www.kepkbsusreit.com

The CEO and CFO engaging with Unitholders at the EGM on the proposed acquisition of the Westpark Portfolio.

Investor Relations

The EGM held in October 2018 for the proposed acquisition of the Westpark Portfolio provided Unitholders the opportunity to engage with the Board of Directors and senior management.

Investor Relations Calendar

2017

Pre-IPO investor roadshows in Singapore and Hong Kong

Analysts' site visit to properties in the United States

Q1 2018

Investor roadshow in Singapore

Q2 2018

Announced 1Q 2018 results and convened analysts' teleconference

Post-results investor engagement hosted by Credit Suisse

Investor roadshows in Singapore, Bangkok, Hong Kong and Kuala Lumpur

Q3 2018

Announced 2Q & 1H 2018 results and convened analysts' teleconference

Distributed payout to Unitholders for the period from listing date on 9 November 2017 to 30 June 2018

Post-results investor engagement hosted by DBS

Investor roadshows in Singapore and Bangkok

Q4 2018

Convened KORE's first EGM for the proposed acquisition of the Westpark Portfolio

Announced 3Q & 9M 2018 results and convened analysts' teleconference

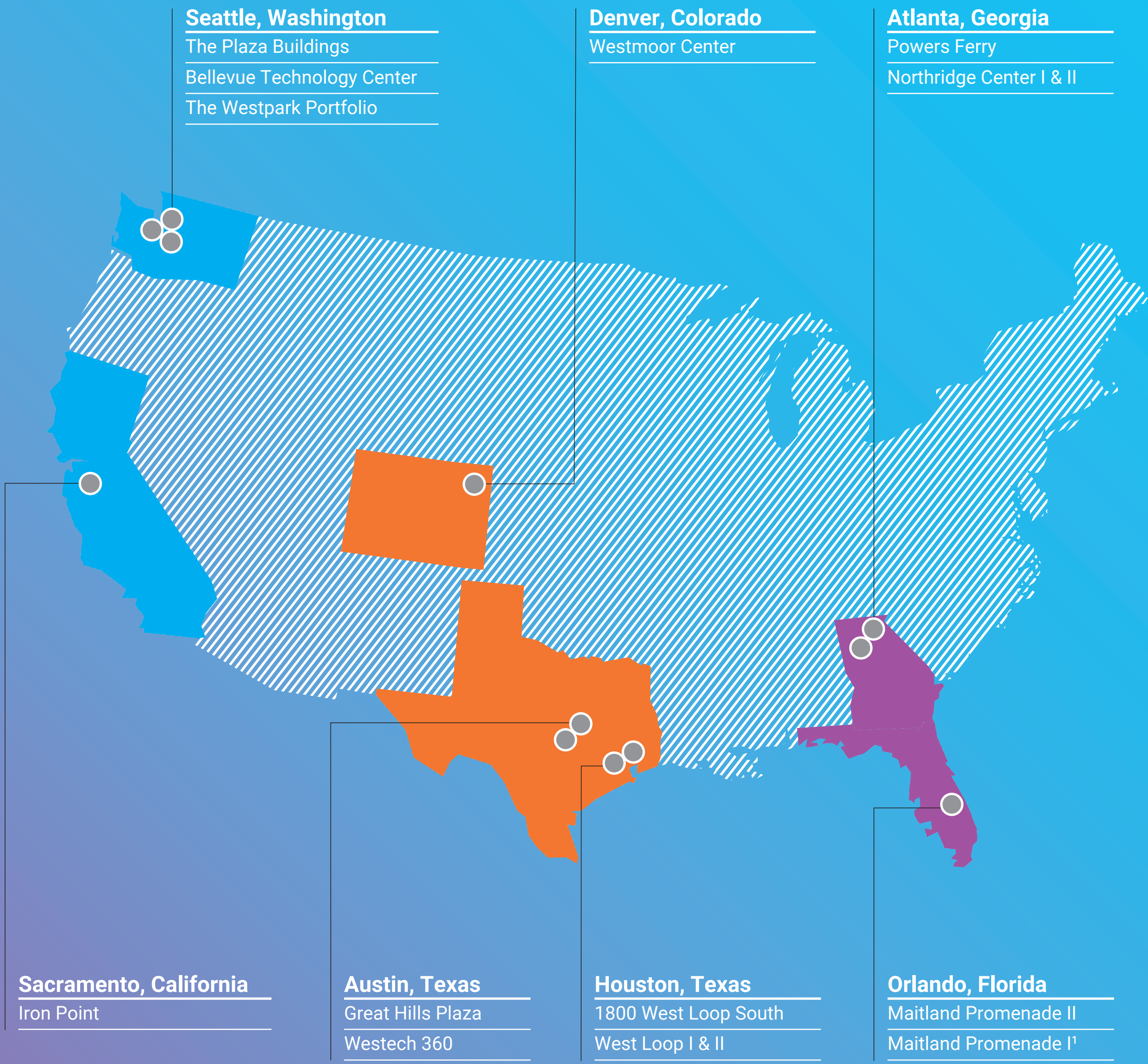
Post-results investor engagement hosted by Credit Suisse

Investor roadshow in Singapore

Conference calls with investors in Singapore, Bangkok, Hong Kong and Kuala Lumpur

Keppel-KBS US REIT's Properties

Distinctive Portfolio of Quality Commercial Properties in Key Growth Markets in the United States



[1] The acquisition of Maitland Promenade I was completed on 16 January 2019.

Independent Market Review
by Cushman & Wakefield

Asking Rent

US$31.45 psf

The average asking rent for office space in the US for 4Q 2018 increased to a record price of US$31.45 psf.

Technology Sector

34.4%

In 4Q 2018, the technology sector remained a key driver and accounted for 34.4% of the leasing volume.

United States (US) Economy

Overview

The US economy continued to demonstrate strength throughout 2018. Underlying this widespread strength is an economy that is firing on almost all cylinders – from robust consumer activity to increased private investment to fiscal stimulus and even a moderate expansion in trade activity. Gains in nonfarm payrolls in 2018 exceeded 2017, with roughly 2.7 million new jobs added. The unemployment rate ended 2018 at 3.9%, down 20 basis points (bps) from a year ago. For the fourth consecutive quarter, job openings in the labor market exceeded the number of unemployed persons. Further, wage growth has accelerated. The Employment Cost Index for private sector wages and salaries – the most reputable source for wage data – rose 3.0% year-over-year (YoY) in both the third and fourth quarters of 2018. This is the fastest rate of wage growth observed since the second quarter of 2008.

Employment in the key office-using sectors (financial, professional, as well as business services and information) averaged 47,300 per month in the fourth quarter of 2018. Despite trade tensions, manufacturing is still adding jobs. Total employment in industrial related sectors (warehouse, transportation and manufacturing) increased by 119,000 in the fourth quarter, with manufacturing accounting for 76,000 jobs added. Industrial employment added over the past year totaled roughly 476,300 jobs, among the largest 12-month increase since the mid-1990s.

US commercial real estate investment activity rose in 2018 to a level only topped by sales volume recorded in 2007. Furthermore, global sales volume set an all-time record high for the year. Sales activity in the fourth quarter increased at a double-digit pace from a year prior and was almost US$3 billion higher than the third quarter of 2018. There is an abundance of ready capital and willing investors, and as such, US deal volume is expected to remain at high levels in 2019.

Progress could be tempered by slowing global growth and possibly by growing trade tensions. Uncertainty around Brexit and fears of a broader global economic slowdown have many investors proceeding with caution. Trade tensions remain high, particularly between the US and China, and a full-blown trade war cannot be ruled out.

Economic Conditions

Going into 2019, the current US economic expansion cycle is over nine years old, and is by general consensus a strong economy and getting stronger.

Real Gross Domestic Product (GDP) has been expanding since June 2009 and is the second-largest streak of its kind in US history. The longest streak ran 120 months from March 1991 to March 2001. GDP expanded 3.0% in the third quarter of 2018 over the same quarter the previous year. Third quarter GDP grew at an annualized rate of 3.4%, following second quarter growth rate of 4.2%, the strongest rate in almost four years. Economists forecast continued economic expansion through 2020, though growth may ebb in 2019 as the fiscal boost from the tax cuts fades.

Despite this growth trend, interest rates, which help determine the cost of borrowing money for investments, have lingered near historic lows since the 2008 recession. Interest rates went unchanged through December 2015, when the US Federal Reserve (Fed) increased the rate for the first time in almost a decade. The initial rate hike was miniscule and the action was just the first step in what will likely be a very lengthy process of monetary policy normalization. In December 2016, the Fed raised its interest rates by a quarter of a point, to a range between 0.50% and 0.75%, and has since increased seven more times, each by 0.25 points. The current range is between 2.25% and 2.50%, following the most recent hike in December 2018.

All signs in the economy point to continued growth over the near-term. And with inflation firming, it is expected that the Fed will continue to raise interest rates throughout 2019. However, at the Fed's January 2019 meeting, it was stated that the Fed would be "patient" about changing interest rates, marking a shift from earlier statements and suggesting interest rate increases may be slower than previously anticipated. Central banks are gradually scaling back stimulus but monetary policy remains highly accommodative and supports continued growth in real estate demand.

As shown in the following table, the seven markets reviewed in this report all experienced growth in employment for 2018, with this expected to continue through 2019. The majority also saw declines in the unemployment rate, with the exceptions involving markets with unemployment already below the national average. Cushman & Wakefield Research anticipates a moderate growth path for the national economy, maintaining its post-recovery average over the next year.

US Office Market Overview

US office markets remained active in the fourth quarter of 2018 with new leasing volume totaling 74.7 million square feet (msf). Although this was slightly less than the 80.2 msf of new leasing recorded in the third quarter of the year, it was greater than the 73.4 msf recorded in the fourth quarter of 2017. New leasing volume for 2018 was 311.9 msf, only slightly lower than the cyclical high of 314.8 msf in 2017.

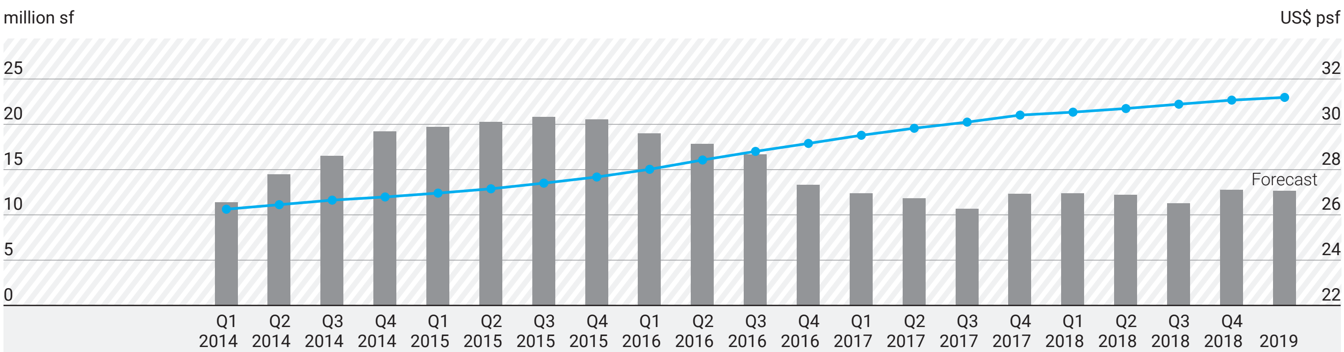
Technology remains a key driver: The technology sector continued to be the key source of demand in US office markets in the fourth quarter of 2018. In the fourth quarter, the technology sector accounted for slightly more than one-third (34.4%) of the leasing volume, well ahead of the 18.8% share secured by the financial services sector. The real estate sector captured the third largest share of leasing volume in the fourth quarter at approximately 5.6%, largely a reflection of the co-working sector's rapid growth. For all of 2018, technology leases accounted for an estimated 29.3% of activity, followed by financial services at 20.7% and real estate at 6.3%.

The importance of the technology sector is evident in the geographic distribution of leasing activity. Cities with strong local technology sectors were among those boasting the highest leasing volume. Cushman & Wakefield identified 21 cities where technology is an important factor in local economies and real estate markets. Those metropolitan areas account for approximately 59.2% of the total inventory tracked by Cushman & Wakefield. In the fourth quarter of 2018, they captured 72.5% of the new leasing activity and 70.7% of activity for the year.

Vacancy dips slightly: Strong employment growth has led to an increase in net absorption. Net absorption nearly doubled in the fourth quarter, rising to 20.0 msf from 11.0 msf in the third quarter, the highest level since the fourth quarter of 2015. On the supply side, 13.7 msf of new office space was completed and delivered to the market during the fourth quarter, up from 9.8 msf in the third quarter. With demand for space (absorption) exceeding new supply, the national vacancy rate declined slightly, from 13.4% in the third quarter of 2018 to 13.2% in the fourth quarter. However, that vacancy rate was still slightly higher than the 13.1% vacancy rate recorded a year ago.

Economic Indicators	US	Seattle, Washington	Sacramento, California	Denver, Colorado	Austin, Texas	Houston, Texas	Atlanta, Georgia	Orlando, Florida
Nonfarm Employment								
Q4 2017	147.4m	2,025k	980k	1,480k	1,045k	3,039k	2,700k	1,260k
Q4 2018	149.9m	2,094k	992k	1,510k	1,081k	3,152k	2,800k	1,310k
12-Month Forecast	↑	↑	↑	↑	↑	↑	↑	↑
Unemployment Rate								
Q4 2017	4.1%	4.2%	4.1%	2.9%	2.9%	4.6%	4.3%	3.5%
Q4 2018	3.9%	3.7%	3.7%	3.1%	2.9%	4.0%	3.4%	2.7%
12-Month Forecast	↓	↓	↓	↑	↓	↓	↓	–

US Office Market Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



Net Absorption (million sf)	19.16	20.50	13.29	12.32	12.75	12.62
Asking Rent (US$ psf)	26.80	27.68	29.16	30.41	31.07	31.19

Independent Market Review

Despite the increase in new construction completions, the amount of space under construction in the US continued to rise. At the end of 2018, 114.2 msf was under construction in the US, up from 103.0 msf at the end of 2017. That is the highest volume in the current cycle, representing 2.1% of the total inventory of the US.

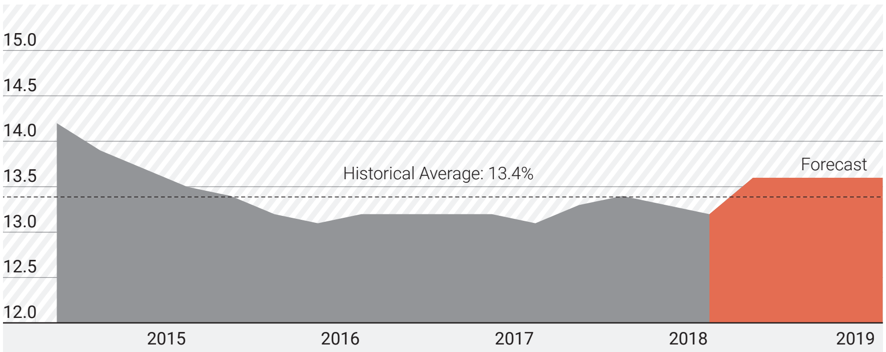
Rents rise, but the pace slows: The average asking rent for office space in the US increased to a record US$31.45 per square foot (psf) in the fourth quarter of 2018. While average asking rent was 2.2% higher than a year ago, it was the smallest YoY increase since 2014. Fifty markets recorded an increase in asking rents from the third to the fourth quarter of 2018, the smallest number of quarter-over-quarter (QoQ) increase since the first quarter of 2018.

Capitalization rates are holding steady: The volume of office building sales has declined moderately over the past two years, but increased slightly in 2018 and remains at historically strong levels. Capitalization rates, which generally trended downward since 2010, have stabilized over the past three years.

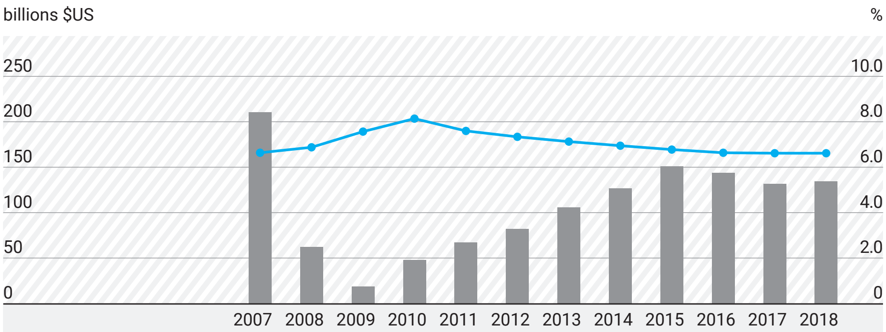
US Office Market Outlook

After a strong 2018, the growth trajectory of the US economy is expected to moderate somewhat in 2019. While Cushman & Wakefield expects continuing job growth, the overall trend in vacancy is expected to be flat. That will create pockets of opportunity for occupiers in some markets across the US this year where the supply/demand balance is tilted more toward tenants. Overall, 2019 is expected to be another year of balanced growth in both supply and demand.

US Office Market Overall Vacancy



US Office Market Investment Sales



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	210.7	62.5	19.1	48.3	67.6	82.2	106.0	126.8	151.2	144.1	131.9	134.7
Average Cap Rate (%)	6.64	6.88	7.57	8.14	7.60	7.34	7.13	6.95	6.78	6.64	6.62	6.62

Source: Real Capital Analytics

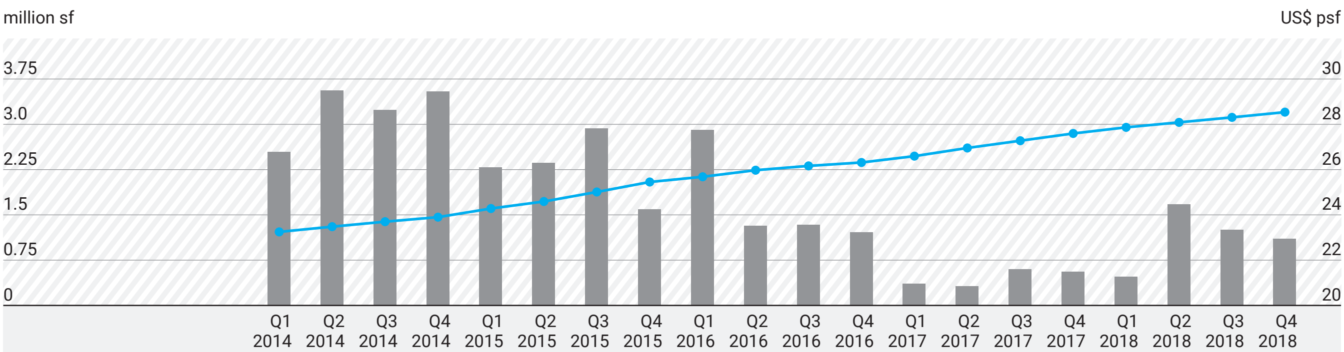
Local Markets

Seven markets are reviewed within this report:

- Seattle/Puget Sound, Washington
- Sacramento, California
- Denver, Colorado
- Austin, Texas
- Houston, Texas
- Atlanta, Georgia
- Orlando, Florida

The tables found at the bottom of page 20 and on page 21 represent combined market statistics for these seven markets, depicting general trends over these markets as a whole.

Local Markets Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



Net Absorption (million sf)	3.54	1.59	1.21	0.56	1.10
Average Asking Rent (US$ psf)	23.91	25.46	26.32	27.60	28.54

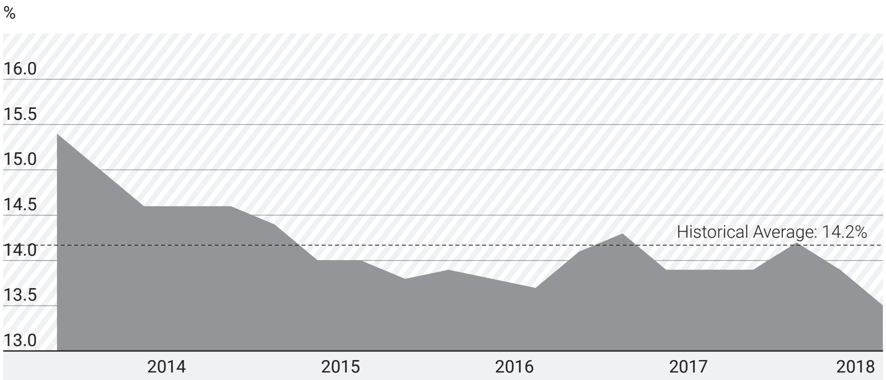
Overall, the net absorption across the seven markets increased significantly YoY from 2017 to 2018, with the Four-Quarter Trailing Average Absorption for the fourth quarter of 2018 nearly double the absorption for the same time frame in 2017. Five of the seven markets experienced positive net absorption for 2018. Strong absorption has continued to push rental rates upward.

Office construction activity is high across the seven markets, with nearly 14.9 msf under construction at the end of 2018, up from 12.3 msf at the end of 2017.

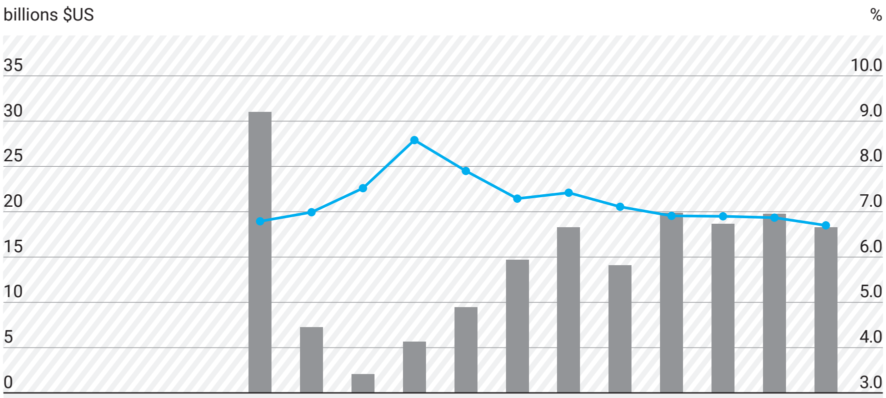
While recent increases in new construction may lead to some softening in occupancy levels, vacancy has generally trended downward over the past five years as a result of strong absorption. Vacancy rates for the seven markets averaged 13.5% at the end of 2018, slightly below the five-year average of 14.2% and well below the 15.4% average at the beginning of 2014.

Investment sales of office buildings remained relatively stable over the past four years after trending sharply upward for the previous five-year period. Annual office investment sales in these seven markets have fluctuated between US$18.3 billion and US$19.0 billion since 2015, with 2018 at the low end of this range. Capitalization rates continued their downward trend in 2018, ending the year at approximately 6.7%.

Local Markets Overall Average Vacancy



Local Markets Investment Sales



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	31.0	7.3	2.1	5.7	9.5	14.7	18.3	14.1	19.9	18.7	19.8	18.3
Average Cap Rate (%)	6.79	6.99	7.52	8.58	7.90	7.29	7.42	7.11	6.91	6.90	6.87	6.70

Source: Real Capital Analytics

Office Market Indicators	US	Seattle, Washington	Sacramento, California	Denver, Colorado	Austin, Texas	Houston, Texas	Atlanta, Georgia	Orlando, Florida
Vacancy Rate								
Q4 2017	13.1%	8.4%	9.8%	15.6%	10.4%	27.4%	16.5%	9.3%
Q4 2018	13.2%	6.2%	9.2%	15.2%	10.6%	27.9%	16.2%	8.9%
12-Month Forecast	⌃	⌄	⌄	–	⌃	⌃	⌃	⌄
Net Absorption (sf)								
Q4 2017	13.8m	13k	236k	266k	-90k	-2,700k	906k	900k
Q4 2018	20.0m	247k	-51k	301k	368k	-191k	756k	223k
12-Month Forecast	⌄	⌃	⌃	–	⌃	⌄	⌄	⌄
Under Construction (sf)								
Q4 2017	103.0m	660k	0k	3,200k	3,700k	1,400k	2,900k	449k
Q4 2018	114.2m	718k	1,977k	2,100k	4,000k	2,200k	3,500k	369k
12-Month Forecast	⌄	⌃	⌄	⌄	⌃	⌃	⌄	⌃
Average Asking Rent (psf)								
Q4 2017 (Annual psf)	US$30.59	US$34.60	US$21.51	US$26.86	US$36.13	US$29.80	US$24.78	US$21.44
Q4 2018 (Annual psf)	US$31.45	US$35.56	US$22.69	US$28.21	US$36.26	US$29.25	US$26.64	US$22.85
12-Month Forecast	⌃	⌃	⌃	⌃	⌃	⌄	⌃	⌃

Independent Market Review

Seattle, Washington – Puget Sound Eastside

Local Economy

The Seattle-Tacoma-Bellevue Metropolitan Statistical Area (MSA) is well into its expansion cycle, and although job growth has eased from the frenetic pace of the past five years, a swell of in-migration has enabled the economy to grow faster for longer. Large expansions by Amazon, Microsoft and Google have cemented Seattle's status as a technology growth hub and secured its position at the forefront of large US metro areas in terms of job, income and output growth. In the fourth quarter of 2018, the unemployment rate dropped 50 bps YoY to 3.7% and nearly 69,000 new jobs were added.

Office Market Trends

The Eastside office market reported an overall vacancy rate of 6.2% and an overall gross asking rental rate of US$35.56 psf in the fourth quarter of 2018. This compares to average vacancy of 8.0% and an average gross rental rate of US$34.68 psf for the overall Seattle Market, which combines the Central Business District (CBD), Suburban and Puget Sound Eastside markets. Overall vacancy fell 180 bps YoY, while rent rose US$1.94 psf. Net absorption was reported at +247,000 sf for the quarter and over 1.0 msf for 2018, with over 4.5 msf of leasing activity for the year.

Vacancy for the Bellevue CBD averaged only 3.3% for fourth quarter 2018, down from 6.1% at the end of 2017. Similarly, Eastside suburban vacancy decreased from 9.4% in fourth quarter 2017 to 6.9% at the end of 2018. Rents for the Bellevue CBD and Eastside Suburban submarkets were US$46.40 psf and US$34.27 psf respectively, up from year-end 2017 rates of US$44.48 psf and US$32.25 psf. These trends were spurred by approximately 381,000 sf of positive absorption in the Bellevue CBD submarket and nearly 690,000 sf of absorption for the Eastside Suburban submarket.

In the largest new lease, Amazon inked a deal for nearly 413,000 sf at Tower 333 in the Bellevue CBD submarket and preleased another 307,000 sf in the Summit III, within the same submarket. Sales of Daytona Laguna, Advanta Office Commons and Redmond Town Center, all located in the Eastside Suburban submarket, each sold in 2018 at prices over US$220 million, ranging from US$345 psf to US$461 psf.

Seattle, Washington – Puget Sound Eastside Economic Indicators

	Q4 17	Q4 18*	12-Month Forecast
Seattle-Tacoma-Bellevue Employment	2,025k	2,094k	↑
Seattle-Tacoma-Bellevue Unemployment	4.2%	3.7%	↓
US Unemployment	4.1%	3.9%	↓

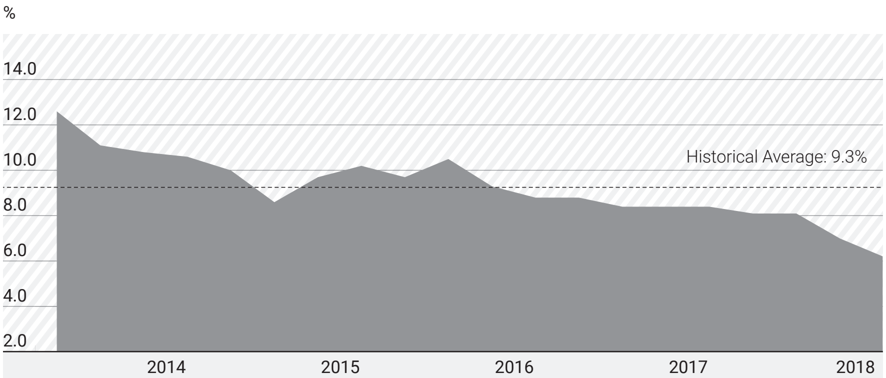
* October-November 2018 data used to represent Economic Indicators for Q4 18.

Seattle, Washington – Puget Sound Eastside Market Indicators (Overall, All Classes)

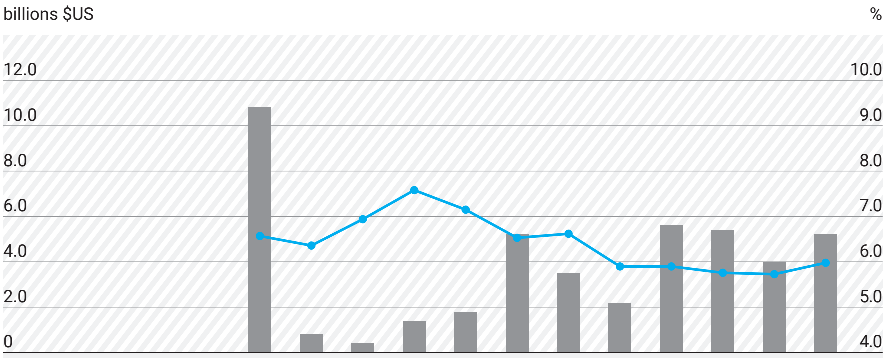
	Q4 17	Q4 18	12-Month Forecast
Vacancy	8.4%	6.2%	↓
Net Absorption (sf)	13k	247k	↑
Under Construction (sf)	660k	718k	↑
Average Asking Rent**	US$34.60	US$35.56	↑

** Rental rates reflect gross asking in US$psf/year.

Seattle, Washington – Puget Sound Eastside Overall Vacancy



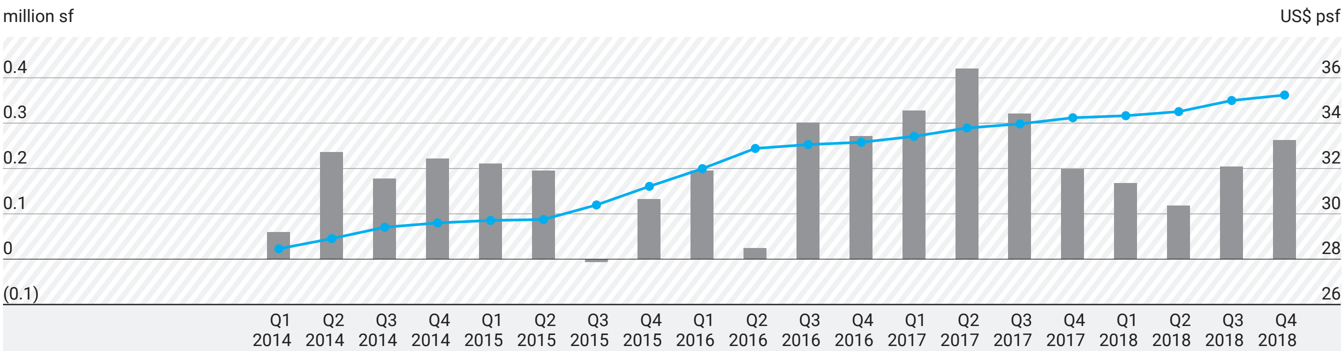
Seattle, Washington – Puget Sound Eastside Investment Sales



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	10.8	0.8	0.4	1.4	1.8	5.2	3.5	2.2	5.6	5.4	4.0	5.2
Average Cap Rate (%)	6.57	6.36	6.94	7.58	7.15	6.53	6.62	5.90	5.90	5.76	5.73	5.98

Source: Real Capital Analytics

Seattle, Washington – Puget Sound Eastside Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



Net Absorption (million sf)	0.22	0.13	0.27	0.20	0.26
Asking Rent (US$ psf)	29.61	31.22	33.16	34.24	35.24

According to Real Capital Analytics' transaction data, investment sales volume has been steady, with transactions totaling over US$5.2 billion over the past 12 months. Capitalization rates generally declined from 2011 through 2017, before edging upward in 2018, averaging 5.98% for the past 12 months.

Over 718,000 sf was under construction in the Eastside at the end of the quarter, nearly 73% of which is available. Two major technology firms have expressed interest in filling these projects, which include portions of The Spring District and Kirkland Urban.

Outlook
The Eastside will maintain its uptrend heading into 2019, with vacancy continuing to fall below the 10% mark set in 2016 and rent remaining above US$30 psf (full service). The 4.5 msf leased in 2018 far exceeds the 2.5 msf leased in 2017, owing in large part to the expansion of several key tenants. With continued expansions by several major employers, the market will remain a draw for biotechnology tenants looking for office and lab space outside of Seattle.

Sacramento, California

Local Economy
Sacramento's economy remains robust with signs of continued growth across all major economic sectors. The unemployment rate declined further during the fourth quarter, falling 20 bps to 3.7%, leaving little room for decline in a market where, in many cases, there are more jobs than workers to fill them. With new companies entering the market, Sacramento is diversifying away from the traditional government employment base, a move likely to help mitigate the length and severity of any future economic downturn.

Office Market Trends
Overall, 2018 was a strong year for the office market. Net absorption totaled +533,000 sf, vacancy fell 60 bps, and the overall asking rate increased by US$1.18 (5.5%). The market ended its streak of ten consecutive quarters of positive net absorption, posting -51,000 sf. Even so, the vacancy rate fell by 30 bps to 9.2%, the lowest point Cushman & Wakefield has recorded.

Flight to quality persists as class A space remains the most popular segment of the market with a vacancy rate of just 8.0%, well below the market average of 9.2%.

However, the declining availability in Class A office buildings, combined with rising costs, is pushing tenants towards other asset classes. Similarly, there are early signs of "lily padding" where cost sensitive tenants look to escape rising real estate costs by moving to neighboring, lower-cost submarkets.

Vacancy for the Folsom submarket averaged only 6.6% for the fourth quarter of 2018, with year-to-date (YTD) absorption of approximately 33,000 sf. Asking rental rates averaged US$23.76 psf, above average for the Sacramento market.

While Sacramento has yet to see significant speculative construction, there is major build-to-suit activity.

Sacramento, California Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Sacramento MSA Employment	979.6k	992.0k	⌃
Sacramento MSA Unemployment	4.1%	3.7%	⌄
US Unemployment	4.1%	3.9%	⌄

Sacramento, California Market Indicators (Overall, All Classes)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	9.8%	9.2%	⌄
Net Absorption (sf)	236k	-51k	⌃
Under Construction (sf)	0k	1,977k	⌄
Average Asking Rent*	US$21.51	US$22.69	⌃

* Rental rates reflect gross asking in US$psf/year.

Independent Market Review

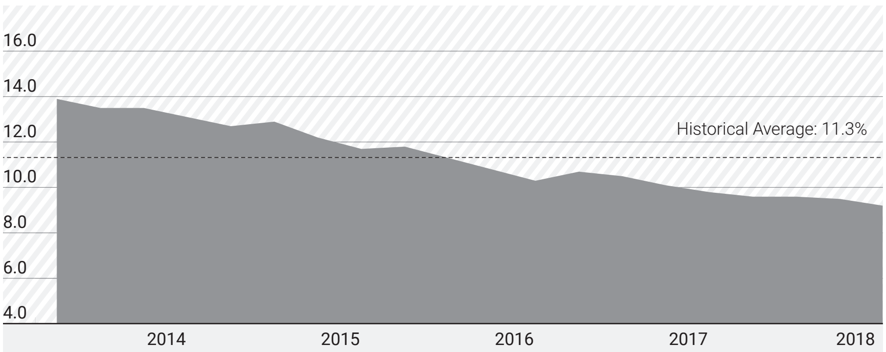
Centene has broken ground on Phase 1 (255,900 sf) of its new headquarters in North Natomas. While this brings construction totals to nearly 2.0 msf, it is entirely build-to-suit activity and primarily driven by the two State of California buildings downtown totaling 1.2 msf. Many developers are positioning themselves to react quickly to new requirements necessitating construction, but none are willing to build on a purely speculative basis at this time, largely due the high land prices and fluctuating costs of construction.

According to Real Capital Analytics, sale activity remained steady in 2018, at just over US$1.1 billion. Volume has remained near that level for each of the past three years, but is up significantly from each of the previous eight years. The largest sale of the quarter was the Senator Office Building in the CBD, totaling 160,000 sf. The building sold for US$46.9 million, or roughly US$294 psf. Sacramento's strong market fundamentals are helping to drive investors to the region, while its highly educated and skilled workforce draws the eye of new employers.

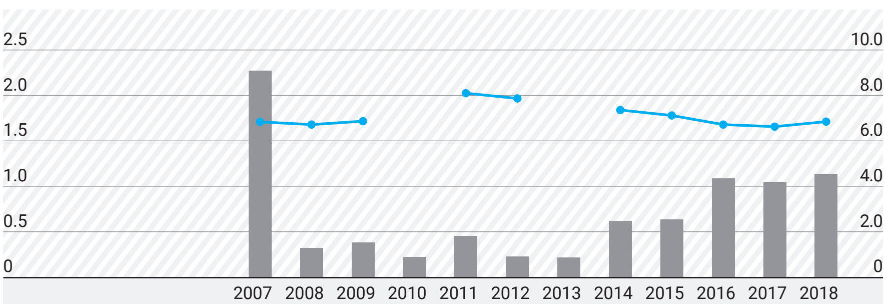
Outlook

A continuation of recent trends is expected for the Sacramento office market. Rents will continue to grow quickly as landlords are increasing base rates and annual increases. Demand from new tenants and industries will remain drivers of strong net absorption and a declining vacancy rate.

Sacramento, California Overall Vacancy



Sacramento, California Investment Sales

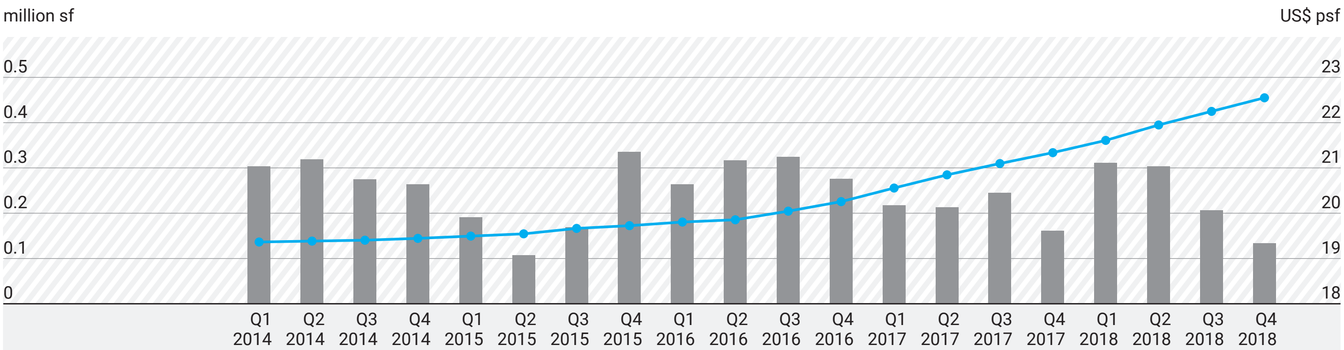


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	2.27	0.32	0.39	0.22	0.45	0.23	0.22	0.62	0.64	1.09	1.05	1.14
Average Cap Rate[1] (%)	6.84	6.72	6.87	–	8.10	7.87	–	7.36	7.12	6.72	6.63	6.85

Source: Real Capital Analytics

[1] Cap rates were not available for some periods due to insufficient data.

Sacramento, California Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



Net Absorption (million sf)	0.26	0.33	0.27	0.16	0.13
Asking Rent (US$ psf)	19.45	19.73	20.26	21.34	22.55

Denver, Colorado

Local Economy

Denver's unemployment rate of 3.1% continues to outpace the national average of 3.7%, as Denver added some 30,000 jobs over the past year. As the national economy continues to fire on all cylinders, Denver's economy has continued to perform well. All indicators point to a very good start in 2019. We expect Denver's economy to continue to expand, albeit at a more sustainable pace compared to the torrid growth exhibited during the first half of this US expansion.

Office Market Trends

Overall vacancy has continued to contract throughout 2018, closing out the fourth quarter at 15.2%. This represents a 50 bps decrease since the third quarter and a 40 bps decrease YoY, when overall vacancy was 15.6%. The market is being driven by the CBD, which continues to see the bulk of activity in the metro area.

Net absorption remained positive for the seventh consecutive quarter with just under +301,000 sf of absorption. 2018 exhibited one of the most robust periods during this expansion cycle, with approximately 2.7 msf of net absorption metro-wide, representing the first year since 2015 that metro-wide absorption eclipsed 1.0 msf and the first time since 2010 that net absorption surpassed 2.0 msf.

Vacancy in the Northwest submarket average 13.6% at year-end, 160 bps below the metropolitan area average. Average rental rates were toward the low end of the range for the Denver market, averaging US$25.25 psf.

Metro-wide overall gross rental rates increased approximately 1.8% from the third to fourth quarter 2018, ending 2018 at US$28.21 psf. This increase in rental rate is partially attributed to new product coming online fully vacant, as well as demand continuing to outpace supply. Both Class A and Class B direct gross rental rates increased QoQ, growing approximately 1.0% (US$32.04 psf) and 2.8% (US$24.93 psf) respectively. Rental growth will continue throughout 2019.

Denver's office market had two buildings delivered during the fourth quarter of 2018 – 16 Chestnut and 50 Fifty Syracuse, which delivered over 607,000 sf to the CBD and the Southeast Suburban submarkets respectively. 16 Chestnut was delivered 100% preleased, while 50 Fifty Syracuse was delivered with no preleasing activity.

Denver, Colorado Economic Indicators

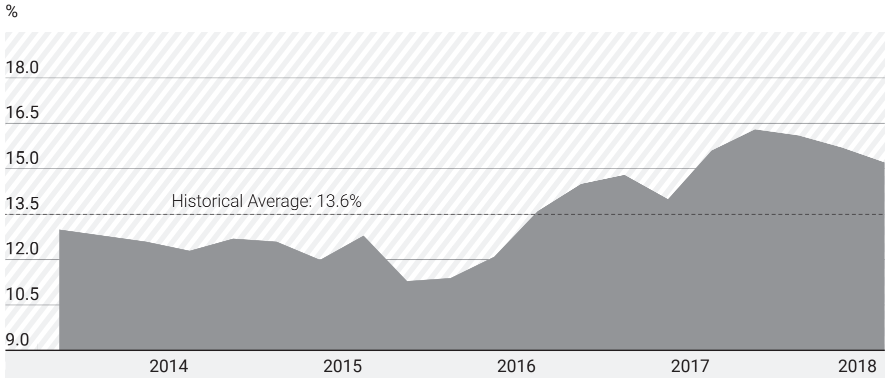
	Q4 17	Q4 18	12-Month Forecast
Denver Employment	1.48m	1.51m	↑
Denver Unemployment	2.9%	3.1%	–
US Unemployment	4.1%	3.9%	↓

Denver, Colorado Market Indicators (Overall, All Classes)

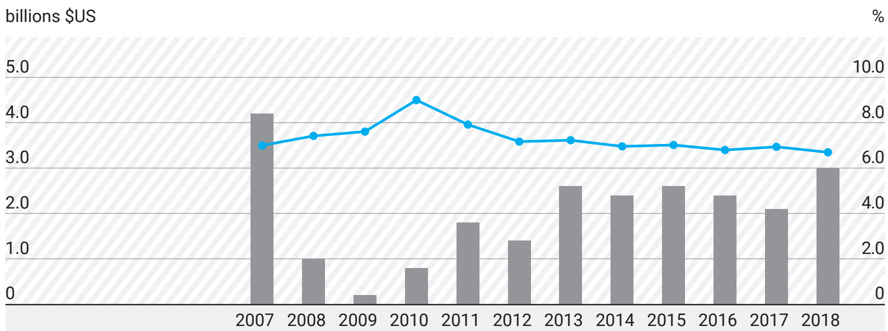
	Q4 17	Q4 18	12-Month Forecast
Vacancy	15.6%	15.2%	–
Net Absorption (sf)	266k	301k	–
Under Construction (sf)	3.2m	2.1m	↓
Average Asking Rent*	US$26.86	US$28.21	↑

* Rental rates reflect gross asking in US$psf/year.

Denver, Colorado Overall Vacancy



Denver, Colorado Investment Sales

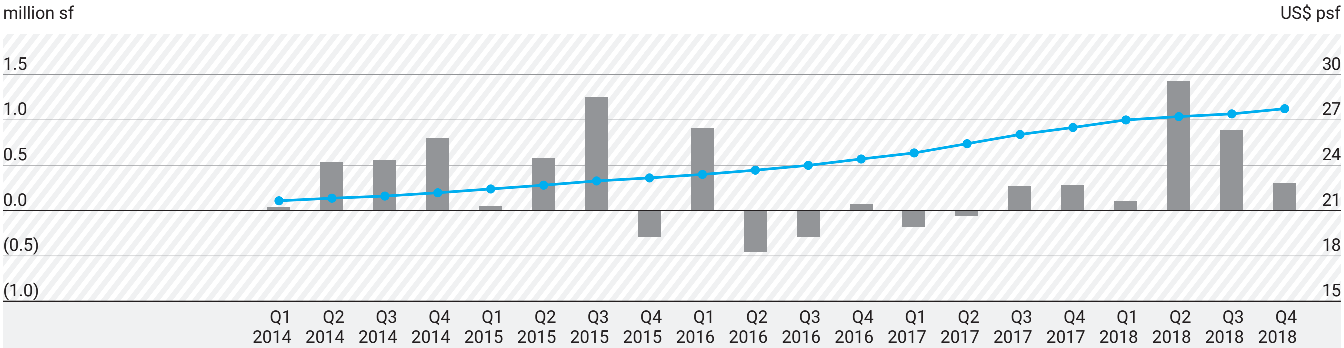


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	4.2	1.0	0.2	0.8	1.8	1.4	2.6	2.4	2.6	2.4	2.1	3.0
Average Cap Rate (%)	7.00	7.42	7.61	9.00	7.92	7.17	7.23	6.96	7.02	6.80	6.94	6.70

Source: Real Capital Analytics

Independent Market Review

Denver, Colorado Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



Net Absorption (million sf)	0.80	(0.30)	0.07	0.28	0.30
Asking Rent (US$ psf)	22.16	23.14	24.39	26.47	27.71

Investment sales volume was up significantly in 2018, with Real Capital Analytics reporting total office investment volume of nearly US$3.0 billion, the highest level since 2007. Capital rates continued a long-term downward trend, averaging 6.7% over the 12-months ending with the fourth quarter of 2018.

Outlook

As more companies continue to grow, coupled with the entrance of West Coast technology companies into the metro market, Denver should continue to grow its occupancy base over the next four quarters and vacancy should remain stable into 2019. Very good availability combined with competitive rental rates should shift more 2019 leasing activity to suburban markets. Rental rate growth will continue at a moderate rate and new speculative construction is expected to slow.

Austin, Texas

Local Economy

As 2018 came to a close, the performance of Austin's economy remained rock solid. The area's unemployment rate of 2.9% is one of the lowest of the top 50 large metro areas in the US. Additionally, the Austin market continues to generate jobs. According to a recent workforce report by LinkedIn, hiring was up 14.3% between July 2017 and July 2018. The US Bureau of Labor Statistics reported that the city added just under 36,000 jobs over that same time period. These strong economic indicators, coupled with Austin's high-quality of living, continue to make the Texas capital a popular destination for both corporate relocations and individuals alike.

Office Market Trends

The Austin office market recorded just over 368,000 sf of overall positive absorption during the fourth quarter of 2018. The strongest absorption levels occurred in the highly desirable Far Northwest (FNW) submarket where construction and leasing activity continued to thrive. In the CBD, positive absorption was seen once again with approximately +81,000 sf of overall absorption recorded.

The overall vacancy rate in Austin fell to 10.6%, down 80 bps from the 11.4% posted in the third quarter of 2018. The CBD saw even lower vacancy, with an overall rate of 7.7% for all classes and 5.9% for Class A properties.

The overall asking rate for the entire Austin market increased to US$36.26 psf, while the CBD average rental rate of US$52.91 psf maintained its position as the highest across all submarkets.

Vacancy in the Northwest submarket was 13.3% for fourth quarter of 2018, 270 bps above the metro average. Asking rent averaged US$31.28 psf, below average for the Austin market, but generally in line with other suburban submarkets.

Austin, Texas Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Austin Employment	1,045k	1,081k	↑
Austin Unemployment	2.9%	2.9%	↓
US Unemployment	4.1%	3.9%	↓

Austin, Texas Market Indicators (Overall, All Classes)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	10.4%	10.6%	↑
Net Absorption (sf)	-90k	368k	↑
Under Construction (sf)	3.7m	4.0m	↑
Average Asking Rent*	US$36.13	US$36.26	↑

* Rental rates reflect gross asking in US$psf/year.

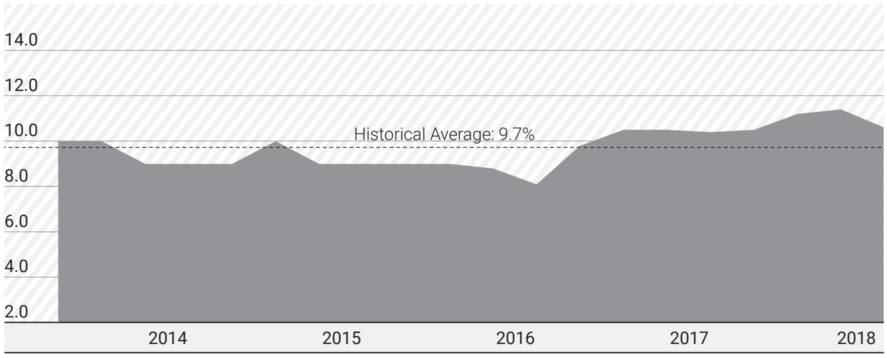
The Austin office market has nearly 4.0 msf currently under construction, with over 1.1 msf in the CBD, 1.4 msf in the FNW and 0.6 msf in the East submarkets. Together, these three submarkets account for nearly 80% of the space under construction.

After declining slightly in 2017, the volume of office investment sales increased slightly in 2018, with Real Capital Analytics reporting sales for the past 12 months of just under US$1.9 billion. Annual sales had ranged between US$2.2 billion and US$2.5 billion from 2014 to 2016. Continued compression of capitalisation rates is also evident, with an average rate of 6.4% for the past 12 months.

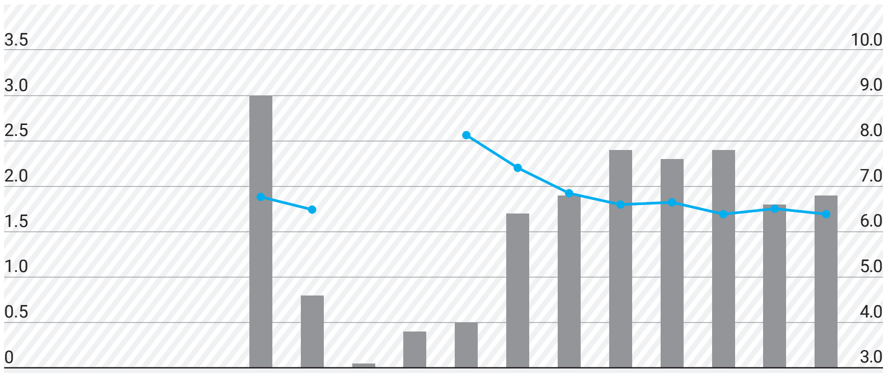
Outlook

Apple's recent announcement to build a US$1 billion campus in North Austin reflects the ongoing confidence in the local Austin economy. Even with construction levels at an all-time high, vacancy rates remain low as large block users continue to snap up high-end office space seemingly as fast as these new projects are announced to fulfill immediate and future needs. While the economy at the national level is worth monitoring, Austin appears suited to weather most economic storms due to its importance as a technological, governmental and educational hub.

Austin, Texas Overall Vacancy



Austin, Texas Investment Sales

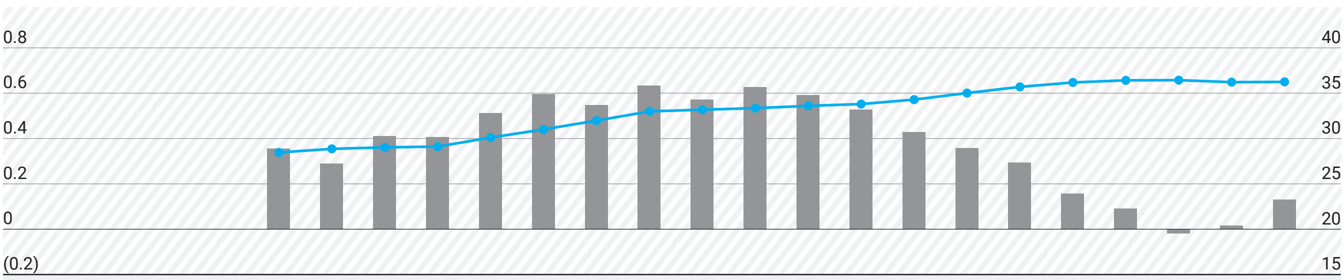


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	3.0	0.8	0.0	0.4	0.5	1.7	1.9	2.4	2.3	2.4	1.8	1.9
Average Cap Rate[1] (%)	6.77	6.49	–	–	8.13	7.41	6.85	6.60	6.65	6.39	6.51	6.39

Source: Real Capital Analytics

[1] Cap rates were not available for some periods due to insufficient data.

Austin, Texas Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net Absorption (million sf)				0.41				0.63				0.53				0.16				0.13
Asking Rent (US$ psf)				29.13				33.00				33.81				36.19				36.25

Independent Market Review

Houston, Texas

Local Economy

Houston's economy strengthened significantly throughout 2018. Metro Houston led the nation in the largest YoY employment increase among major metropolitan areas. According to the Texas Workforce Commission, Metro Houston created 114,400 jobs, a 3.7% increase, in the 12 months ending November 2018. The industries driving YTD job growth include construction, administrative and support, waste management, as well as the professional, scientific, and technical services industries. Oil prices continue to be a main driver in Houston's office market, but strong job growth in other industries has lessened its impact and economists are expecting 70,000 to 100,000 new jobs in 2019.

Office Market Trends

While fourth quarter of 2018 showed signs of improvement, including 1.7 msf of positive absorption, the office market will need to sustain this momentum over several quarters prior to stabilization. Other positive signs included an increase in leasing activity, a lower availability rate and a dip in total sublease space. Although the availability rate increased 50 bps YoY, it dropped 70 bps QoQ to 27.9%. Considering overall absorption in 2018 was still in the red, at negative 190,515 sf, it becomes clear that the road to recovery is long term.

Flight to quality continues to put pressure on landlords to renovate outdated properties and offer additional amenities. Demand for new product continues and Park Place, a 200,000 sf speculative development in the West Loop/Galleria submarket, is expected to break ground in the first quarter of 2019. In addition, Marathon Oil announced plans to vacate the West Loop/Galleria submarket for a new development in the Katy Freeway submarket.

Citywide, overall asking rents decreased slightly to US$29.25 psf, while Class A rates fell to US$36.48 psf. More aggressive concession packages, including free rent and additional tenant improvement dollars, can be found in buildings more vulnerable to near-term sublease expirations or vacating tenants.

Vacancy in the West Loop/Galleria submarket increased significantly in 2018, ending the year at 23.1%, up from 18.0% for fourth quarter of 2017. Asking rental rates averaged US$34.29 psf for year-end 2018, changing very little from the US$34.45 psf average for the same period in 2017.

Houston, Texas Economic Indicators

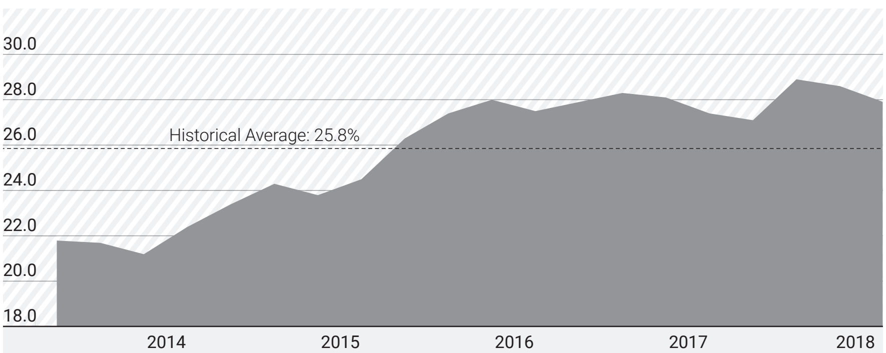
	Q4 17	Q4 18	12-Month Forecast
Houston Employment	3,039k	3,152k	↑
Houston Unemployment	4.6%	4.0%	↓
US Unemployment	4.1%	3.9%	↓

Houston, Texas Market Indicators (Overall, All Classes)

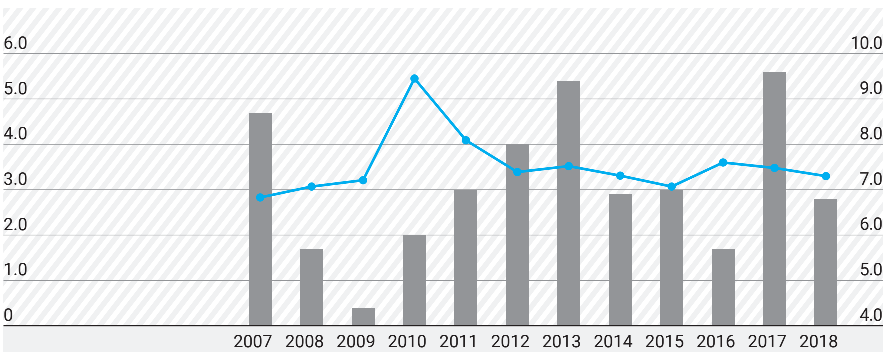
	Q4 17	Q4 18	12-Month Forecast
Vacancy	27.4%	27.9%	↑
Net Absorption (sf)	-2.7m	-190.5k	↓
Under Construction (sf)	1.4m	2.2m	↑
Average Asking Rent*	US$29.80	US$29.25	↓

* Rental rates reflect gross asking in US$psf/year.

Houston, Texas Overall Vacancy



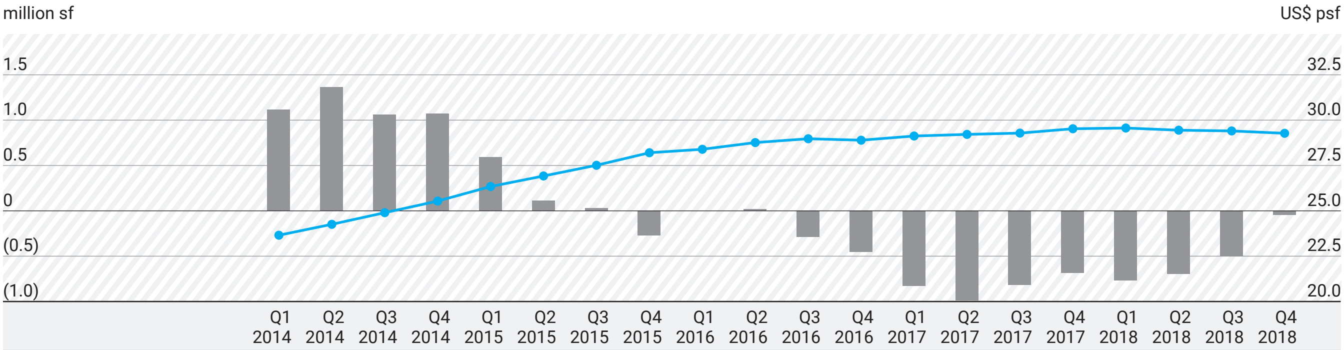
Houston, Texas Investment Sales



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	4.7	1.7	0.4	2.0	3.0	4.0	5.4	2.9	3.0	1.7	5.6	2.8
Average Cap Rate (%)	6.83	7.07	7.21	9.45	8.09	7.39	7.52	7.31	7.07	7.60	7.48	7.30

Source: Real Capital Analytics

Houston, Texas Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



Net Absorption (million sf)	1.07	(0.27)	(0.45)	(0.69)	(0.05)
Asking Rent (US$ psf)	25.55	28.21	28.90	29.53	29.28

After peaking at US$5.6 billion in 2017, investment sales volume declined to about US$2.8 billion for 2018. This is the second lowest annual total since 2010. Capitalization rates declined for each of the past two years, averaging 7.3% in 2018.

Outlook

Although leasing activity should increase in 2019 due to the sheer volume of lease expirations in 2020, which is much higher than the following years, it may not result in much direct net absorption. Companies are choosing to move to higher quality space and a new office layout could decrease their overall footprint. Recent new developments have allowed companies to reduce their footprint by 20% to 40%. The recent drop in oil prices, which fell below US$45 per barrel in December 2018, along with a high vacancy rate and viable sublease options, will keep Houston's office market soft and tenant-favorable throughout 2019.

Atlanta, Georgia

Local Economy

The Atlanta economy continued to expand through the fourth quarter of 2018 and gained 59,800 jobs, up 2.2% YoY compared to 1.1% nationwide. Atlanta's unemployment rate fell below the national average in 2018, dropping from 4.3% in the fourth quarter of 2017 to 3.4% in the fourth quarter of 2018, 50 bps below the national average.

Office Market Trends

A strong economy has enabled the Atlanta office market to withstand trends working against it. Office-using employment continues at a steady rise. However, an urbanization trend from the suburbs to the urban core has coincided with a wave of large corporate consolidations and office space reductions across the market. With relatively low construction deliveries in this economic cycle, overall occupancy has remained stable and above the historical average since 2016.

The overall office market saw 755,561 sf of positive absorption in the fourth quarter, bringing YTD net absorption to 1.1 msf. However, large corporate move-outs, coupled with suburban rents reaching record highs for seven consecutive quarters, have caused a crushing burden of negative absorption in the outlying suburban submarkets.

In the fourth quarter of 2018, overall office vacancy declined to 16.2% and is down 30 bps YoY. Vacancy continued to plunge in the CBD (14.2%, down 200 bps YoY), but suburban submarkets, despite a slight decline in the fourth quarter, saw a 80 bps jump YoY (17.4%).

YoY office rent growth of 7.5% in the fourth quarter of 2018 was spread evenly among CBD and suburban submarkets. Overall average asking office rents were

Atlanta, Georgia Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Atlanta Employment	2.7m	2.8m	^
Atlanta Unemployment	4.3%	3.4%	v
US Unemployment	4.1%	3.9%	v

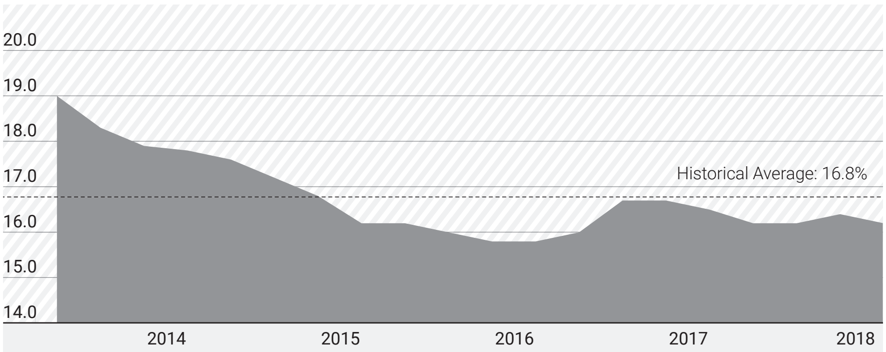
Atlanta, Georgia Market Indicators (Overall, All Classes)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	16.5%	16.2%	^
Net Absorption (sf)	906k	756k	v
Under Construction (sf)	2.9m	3.5m	v
Average Asking Rent*	US$24.78	US$26.64	^

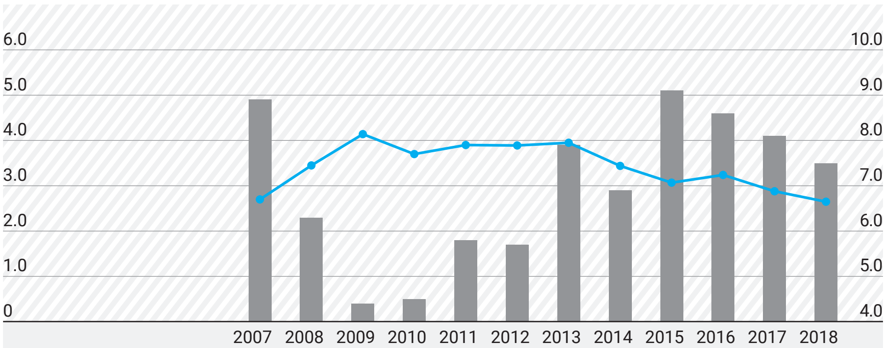
* Rental rates reflect gross asking in US$psf/year.

Independent Market Review

Atlanta, Georgia Overall Vacancy



Atlanta, Georgia Investment Sales



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions US$)	4.9	2.3	0.4	0.5	1.8	1.7	3.9	2.9	5.1	4.6	4.1	3.5
Average Cap Rate (%)	6.70	7.45	8.14	7.70	7.90	7.89	7.95	7.44	7.07	7.24	6.88	6.65

Source: Real Capital Analytics

essentially unchanged from the third quarter at US$26.64 psf. Office rents rose very slightly in the CBD to a fifth consecutive record high of US$32.14 psf and suburban rents also inched a few pennies higher, rising for the seventh consecutive quarter to US$24.19 psf.

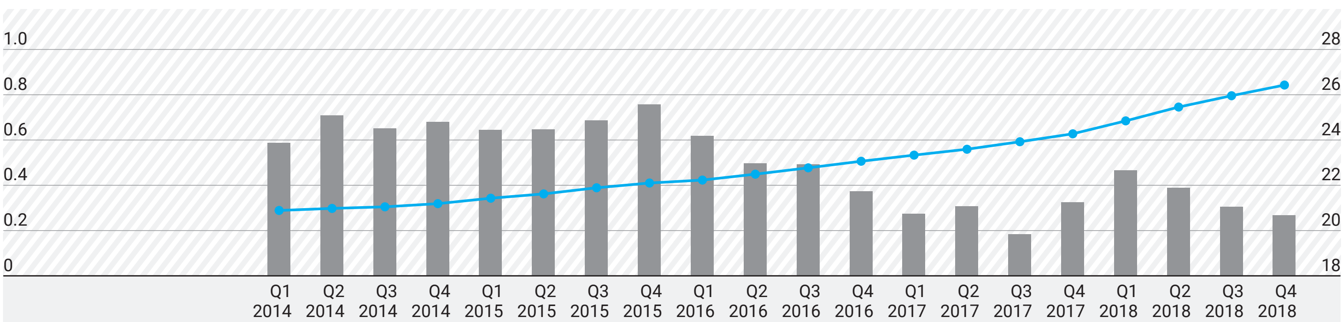
The Central Perimeter and Northwest submarkets reported fourth quarter vacancy rates of 15.0% and 16.9% respectively, compared to 15.7% and 16.8% one year earlier. Average asking rents were US$28.57 psf for Central Perimeter and US$24.84 psf for Northwest Atlanta, both up significantly YoY. Fourth quarter of 2017 rates were US$25.94 and US$23.60 psf for the two submarkets respectively.

Transaction volume for investment sales remains at historically high levels, though down slightly from the levels of the past three years, with Real Capital Analytics estimating sales at nearly US$3.5 billion for 2018. Capitalization rates were down again YoY, averaging 6.6%, but are expected to stabilize.

Outlook

Suburban office submarkets are struggling to rebound from the 2.1 msf loss of occupancy since 2016 due to corporate consolidations and office space reductions. However, economic and population growth in metro Atlanta shows no signs of slowing in the coming year. Record high rents and historic low vacancy in the CBD submarkets, coupled with strong suburban leasing activity in the second half of 2018, should stabilize the absorption situation in the suburbs and lead to another impressive year for the Atlanta office market in 2019.

Atlanta, Georgia Overall Net Absorption/Overall Asking Rent
4Q Trailing Average



	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q4 2018
Net Absorption (million sf)	0.68	0.76	0.37	0.32	0.27
Asking Rent (US$ psf)	21.20	22.11	23.07	24.28	26.43

Orlando, Florida

Local Economy

The Orlando metro region posted solid job growth throughout the year, leading all metro areas in the state in job creation with a rate of 4.1% for 37,050 new jobs. Employment gains in tourism by business service firms represented 54.7% of all new jobs created. The unemployment rate was 2.7%, down 80 bps YoY.

Office Market Trends

Economic fundamentals remained solid as population increases and employment opportunities combined were drivers as companies relocated and expanded, pushing office vacancy to historical lows in core submarkets. The Orlando office market ended the year with a slight increase in overall vacancy to 8.9%, after three consecutive quarters of decline, and was down 90 bps YoY. There were only 3.3 msf of availabilities in the market with limited large blocks. Class A overall vacancy rose to 7.3%, a gain of 70 bps YoY, despite the overall decline in the market.

Landlords negotiated higher rental rates on newly available space as the market tightened. Overall rents were up 6.6% in the last 12 months to US$22.85 psf. Asking rental rates for Class A were up 5.5% YoY and an increase of 6.2% over the year-end 2008, before the recession. Tenant demand for Class A space in the CBD caused a sharp rise in rental rates over the year, up 8.1%.

New office construction was constrained even as the vacancy rate declined during the year. It continued to lag as developers focused attention on multifamily and hotel opportunities. Several projects under construction or in the permit phase were in the Downtown CBD. One project, with 217,000 sf of office space, was under construction and scheduled to deliver in 2019. It is 95.0% preleased. Some developers remained confident that tenants will prelease new, efficient trophy buildings as they get built. Building owners in existing properties undertook remodeling and renovating strategies to attract and retain tenants.

The Maitland submarket was relatively stable through 2018. Vacancy ended the year at 8.5%, up 30 bps from 2017. Asking rental rates averaged US$19.48 psf, reflecting very little change from the US$19.46 psf average at the end of 2017.

Orlando, Florida Economic Indicators

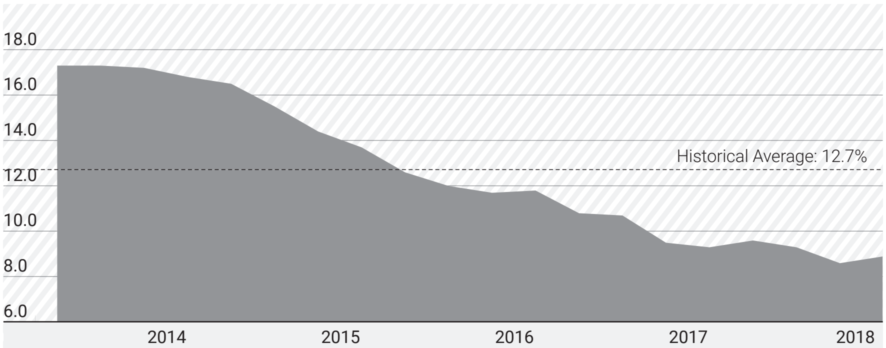
	Q4 17	Q4 18	12-Month Forecast
Orlando Employment	1.26m	1.31m	↑
Orlando Unemployment	3.5%	2.7%	–
US Unemployment	4.1%	3.9%	↓

Orlando, Florida Market Indicators (Overall, All Classes)

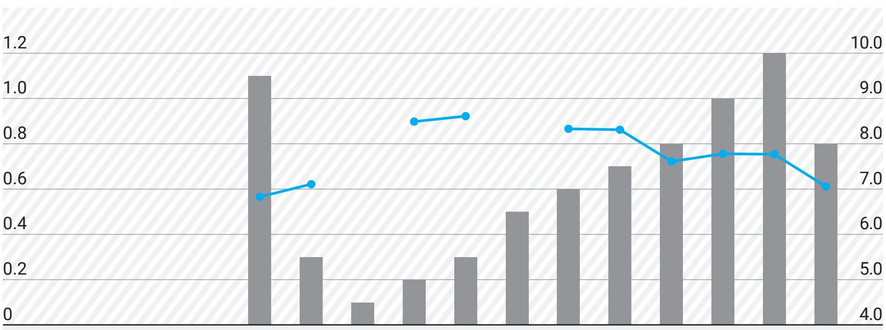
	Q4 17	Q4 18	12-Month Forecast
Vacancy	9.3%	8.9%	↓
Net Absorption (sf)	900k	223k	↓
Under Construction (sf)	449k	369k	↑
Average Asking Rent*	US$21.44	US$22.85	↑

* Rental rates reflect gross asking in US$psf/year.

Orlando, Florida Overall Vacancy



Orlando, Florida Investment Sales



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Sales Volume (billions $US)	1.1	0.3	0.1	0.2	0.3	0.5	0.6	0.7	0.8	1.0	1.2	0.8
Average Cap Rate[1] (%)	6.83	7.11	–	8.49	8.61	–	8.33	8.31	7.61	7.78	7.77	7.06

Source: Real Capital Analytics

[1] Cap rates were not available for some periods due to insufficient data.

Independent Market Review

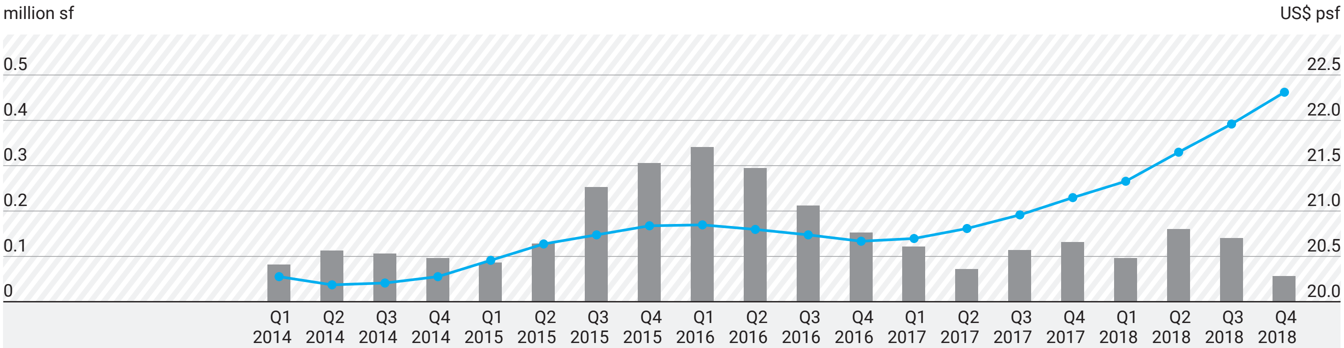
Real Capital Analytics estimated investment sales volume at approximately US$763 million for 2018. While down from US$1.2 billion in 2017, sales volume in 2018 was in line with levels achieved in 2013 through 2015 and well above the levels of 2008 through 2012. Capitalization rates continued a downward trend, averaging approximately 7.1% for the year.

Outlook

The economy in the Orlando metro continues to support growth in the office sector. Expansions by firms throughout the region pushed office market fundamentals to their best performance since the previous cycle high, with significant room to grow. The lack of space currently in the market and the long lead times it take for new office construction means that Orlando will remain a landlord's market for the foreseeable future. Cushman & Wakefield anticipates tenant demand to remain high for office product which will keep vacancy tight and push rental rates higher.

Orlando, Florida Overall Net Absorption/Overall Asking Rent

4Q Trailing Average



Net Absorption (million sf)	0.10	0.30	0.15	0.13	0.06
Asking Rent (US$ psf)	20.28	20.84	20.67	21.15	22.31

Use and Reliance

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Methodology

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. Generally, owner-occupied and federally-owned buildings are not included. Single tenant buildings and privately-owned buildings in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

Property Portfolio

Proactive marketing and rigorous leasing efforts saw Keppel-KBS US REIT achieve a healthy portfolio committed occupancy rate of 91.6% and a portfolio weighted average lease expiry of 4.0 years as at end-2018.

Assets Under Management

US$1.02b

As at end-2018, Keppel-KBS US REIT had approximately US$1.02 billion of assets under management, with a total net lettable area of approximately 4.0 million sf.

Committed Leases

741,000 sf

The Manager achieved strong leasing performance and has committed a total of 100 new, renewal and expansion leases amounting to approximately 741,000 sf from listing to end-2018.

Delivering Value

Since listing on 9 November 2017 (Listing Date), the Manager has been focused on delivering sustainable distributions and creating long-term value for Unitholders of Keppel-KBS US REIT (KORE) through ensuring stable operating performance and seeking value accretive acquisitions.

As part of ongoing efforts to drive growth, the Manager completed its first acqusition of the Westpark Portfolio in Seattle, Washington, on 30 November 2018. It also announced its second acquisition of Maitland Promenade I in Orlando, Florida, which was completed on 16 January 2019. For purposes of reporting, the property portfolio review is for the financial period from Listing Date to 31 December 2018 (Financial Period), and excludes Maitland Promenade I.

As at 31 December 2018, KORE's portfolio comprised 12 properties across seven key growth markets in the United States (US). With an aggregate net lettable area (NLA) of approximately 4.0 million sf, these quality properties have a diversified tenant base led by tenants in growth and defensive sectors such as technology, finance and insurance, professional services, as well as medical and healthcare.

In the West Coast, the assets are:

1. The Plaza Buildings, Seattle, Washington
2. Bellevue Technology Center, Seattle, Washington
3. The Westpark Portfolio, Seattle, Washington
4. Iron Point, Sacramento, California

In the Central region, the assets are:

5. Westmoor Center, Denver, Colorado
6. Great Hills Plaza, Austin, Texas
7. Westech 360, Austin, Texas
8. 1800 West Loop South, Houston, Texas
9. West Loop I & II, Houston, Texas

In the East Coast, the assets are:

10. Powers Ferry, Atlanta, Georgia
11. Northridge Center I & II, Atlanta, Georgia
12. Maitland Promenade II, Orlando, Florida

Positive Leasing Momentum

The Manager believes in building long-term partnerships with its tenants and adopts a proactive tenant-centric leasing strategy that is focused on the business needs of its existing and prospective clients.

For the Financial Period, the Manager achieved strong leasing performance and committed a total of 100 new, renewal and expansion leases amounting to approximately 741,000 sf, equivalent to around 22.8% of the IPO portfolio NLA of approximately 3.2 million sf of space[1].

[1] Excludes the Westpark Portfolio which was acquired on 30 November 2018.

Property Portfolio

Leasing demand came from diverse trades, with the majority originating from the technology, finance and professional services sectors. Such efforts saw KORE achieve healthy portfolio committed occupancy levels of 91.6% (by NLA) as at end-2018.

Weighted Average Lease Expiry (WALE)
As at 31 December 2018, KORE had a healthy WALE of approximately 4.0 years[1] for its portfolio and 5.4 years[1] for its top 10 tenants.

The WALE for leases committed in 2018 was approximately 4.9 years by NLA and constituted 20.3% of KORE's monthly gross revenue for the month of December 2018.

The portfolio's leases are well-spread with not more than 16.3%[2] of total committed leases expiring in any one year over the next five years. In 2019, 11.7% and 12.5% of expiring leases by cash rental income[3] (CRI) and NLA are due for renewal.

The portfolio as a whole has built-in average annual rental escalations of between 2% and 3%. At the same time, the majority of the portfolio leases are on a net or modified gross lease basis with tenants being responsible for their pro rata share of operating expenses, or for increases in operating expenses over the base year of occupancy, respectively.

In terms of income contribution, no single property contributed more than 22.3% of the portfolio's gross revenue in 2018. The top three properties by gross revenue contribution were the Plaza Buildings, Westmoor Center and Bellevue Technology Center at 22.3%, 15.4% and 11.5% respectively. The Westpark Portfolio, which was acquired on 30 November 2018, contributed approximately 15.3% of the portfolio's monthly gross revenue in December 2018, translating to approximately 1.3% of the portfolio's gross revenue for the Financial Period.

KORE has a diversified tenant base of 422 tenants across various trade sectors. Its tenant base is predominantly led by those in the growth and defensive sectors, with the largest contributors being the professional services, technology, as well as finance and insurance sectors which contribute 37.5%, 26.2% and 19.6% by CRI respectively.

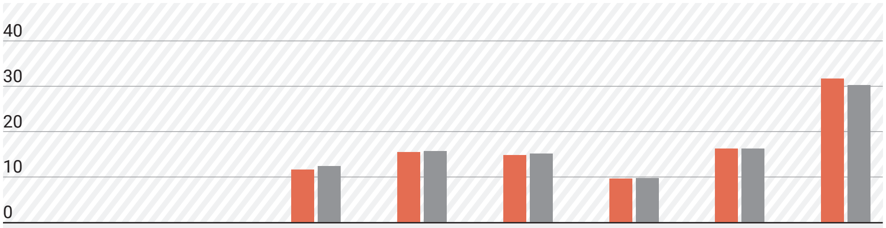
1 By cash rental income (CRI). The WALE by NLA for KORE's portfolio and top 10 tenants is 3.9 years and 5.6 years respectively.
2 By CRI and NLA.
3 CRI is defined as rental income without recoveries income.

Portfolio Committed Occupancy[1] by NLA (%)
as at 31 December 2018

Portfolio	91.6
The Plaza Buildings	93.4
Bellevue Technology Center	98.1
The Westpark Portfolio	97.1
Iron Point	95.8
Westmoor Center	82.4
Great Hills Plaza	96.5
Westech 360	97.4
1800 West Loop South	75.6
West Loop I & II	90.4
Powers Ferry	94.9
Northridge Center I & II	93.7
Maitland Promenade II	98.2

1 Committed occupancy is defined as the occupancy rate based on all committed leases in respect of the property including legally binding letters of offer which have been accepted for vacant units, as a function of total lettable space.

Portfolio Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018

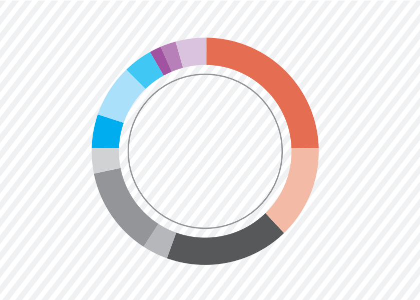


	2019	2020	2021	2022	2023	2024 & beyond
CRI	11.7	15.6	14.9	9.7	16.3	31.8
NLA	12.5	15.8	15.2	9.9	16.3	30.3

Top 10 Tenants by CRI and NLA

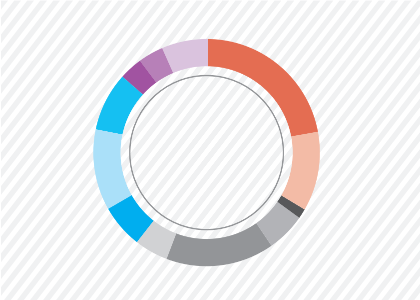
	Sector	Asset	% of Portfolio by CRI	% of Portfolio by NLA
Ball Aerospace & Tech	Professional Services	Westmoor Center	3.2	3.6
Zimmer Biomet Spine	Technology	Westmoor Center	2.5	2.6
Oculus VR	Technology	The Westpark Portfolio	2.4	2.5
Unigard Insurance Company	Finance & Insurance	Bellevue Technology Center	2.1	1.7
US Bank National Association	Finance & Insurance	The Plaza Buildings	2.1	1.0
Blucora	Technology	The Plaza Buildings	1.9	1.0
Health Care Service Corporation	Finance & Insurance	1800 West Loop South	1.9	1.2
Reed Group	Finance & Insurance	Westmoor Center	1.7	1.8
Regus	Professional Services	Bellevue Technology Center	1.5	1.1
Futurewei Technologies	Technology	The Plaza Buildings	1.5	1.0
Portfolio			**20.8**	**17.5**
WALE			**5.4 years**	**5.6 years**

Portfolio by Valuation[1] (%)
as at 31 December 2018



The Plaza Buildings	24.9
Bellevue Technology Center	13.4
The Westpark Portfolio	17.5
Iron Point	3.6
Westmoor Center	12.4
Great Hills Plaza	3.7
Westech 360	4.6
1800 West Loop South	7.4
West Loop I & II	4.2
Powers Ferry	1.9
Northridge Center I & II	2.1
Maitland Promenade II	4.3
Total	**100.0**

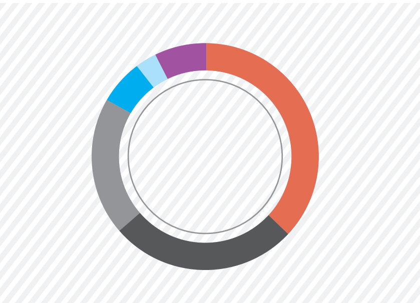
Portfolio by Gross Revenue[2] (%)
for the Financial Period from Listing Date to 31 December 2018



The Plaza Buildings	22.3
Bellevue Technology Center	11.5
The Westpark Portfolio	1.3[2]
Iron Point	5.5
Westmoor Center	15.4
Great Hills Plaza	4.6
Westech 360	6.2
1800 West Loop South	11.4
West Loop I & II	8.4
Powers Ferry	3.2
Northridge Center I & II	3.8
Maitland Promenade II	6.4
Total	**100.0**

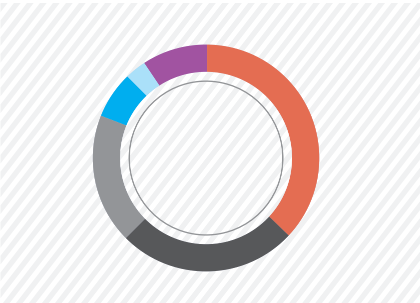
1 Based on Cushman and Wakefield's valuation reports as at 31 December 2018.
2 Acquisition of the Westpark Portfolio was completed on 30 November 2018 and contributed only one month of income for the Financial Period.

Portfolio Sectorial Breakdown by CRI (%)
as at 31 December 2018



Professional Services	37.5
Technology	26.2
Finance & Insurance	19.6
Medical & Healthcare	6.2
Media & Information	3.2
Others	7.3
Total	**100.0**

Portfolio Sectorial Breakdown by NLA (%)
as at 31 December 2018



Professional Services	37.3
Technology	25.3
Finance & Insurance	18.4
Medical & Healthcare	6.6
Media & Information	3.0
Others	9.4
Total	**100.0**

As at end-December 2018, KORE's top 10 tenants contributed 20.8% of the portfolio's CRI, with no single tenant accounting for more than 3.2% of total CRI.

Positioned for Growth

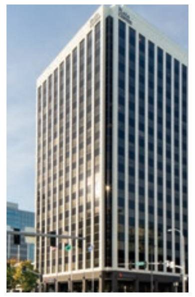
During the Financial Period, KORE successfully acquired the Westpark Portfolio on 30 November 2018 and started 2019 with its second acquisition of Maitland Promenade I on 16 January 2019. These acquisitions deepened KORE's presence in first choice US submarkets, as well as strengthened its platform for long-term growth and enhanced KORE's income resilience.

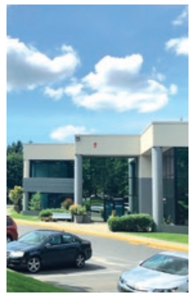
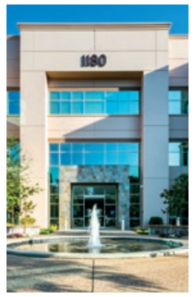
The Westpark Portfolio is a 21-building business campus in Seattle, Washington. The property has a strong appeal to technology and professional services companies owing to its proximity to Microsoft Corporation's headquarters and major commercial hubs in Bellevue and Seattle. As at end-December 2018, the Westpark Portfolio had a committed occupancy (by NLA) of 97.1% and over 35% of its tenants are from the technology sector. The strategic acquisition has deepened KORE's presence in Seattle, a market characterised by limited office inventory and strong economic growth. The purchase consideration for the property was US$169.4 million and was acquired from KBS SOR Westpark Portfolio, LLC.

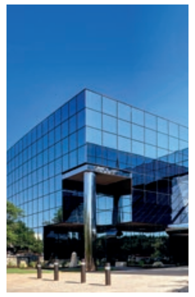
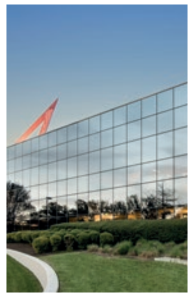
KORE's second acquisition, Maitland Promenade I, is adjacent to KORE's existing property, Maitland Promenade II. Easily accessible via the interstate highway, Maitland Promenade I offers abundant onsite amenities including covered parking spaces for tenants. Owning and operating both Maitland Promenade I and II allows KORE to harness operational synergies and manage both properties as a business campus, extending KORE's footprint and competitive leasing advantage within the Maitland submarket. The purchase consideration for the property was US$48.5 million and was acquired from The Realty Associates Fund X, L.P.

As at 31 December 2018, KORE had approximately US$1.02 billion of assets under management (AUM), comprising 12 assets across seven key growth markets with a total NLA of approximately 4.0 million sf. Including Maitland Promenade I, KORE's portfolio AUM would be approximately US$1.07 billion across 13 assets offering approximately 4.3 million sf of office spaces.

Property Portfolio
At a Glance

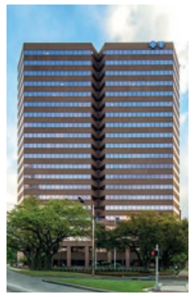


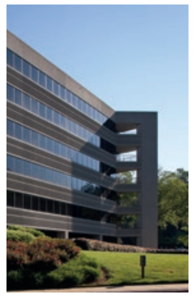
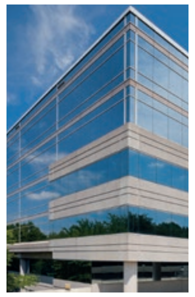
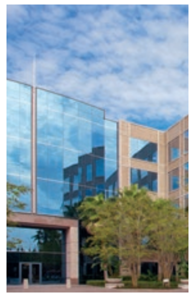
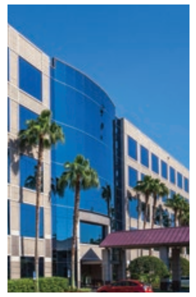




	West Coast				Central		
	The Plaza Buildings	Bellevue Technology Center	The Westpark Portfolio	Iron Point	Westmoor Center	Great Hills Plaza	Westech 360
Submarket	Seattle	Seattle	Seattle	Sacramento	Denver	Austin	Austin
Location	10800 and 10900 NE 8th Street, Bellevue, King County, Washington	15805 NE 24th Street, Bellevue, King County, Washington	8200-8644 154th Avenue NE, Redmond, Washington	1110-1180 Iron Point Road, Folsom, Sacramento County, California	10055-10385 Westmoor Drive, Westminster, Colorado	9600 Great Hills Trail, Austin, Texas	8911 N Capital of Texas Hwy, Austin, Texas
Office Grade	A	A and B	B	A	A	B	B
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest	100%	100%	100%	100%	100%	100%	100%
Latest Valuation by Cushman[1,2] (US$ million)	253.5[3]	136.0[4]	178.0	37.0	126.4	37.3	46.6
Purchase Price (US$ million)	240.0	131.2	169.4	36.7	117.1	33.1	41.8
Acquisition Date	9 November 2017	9 November 2017	30 November 2018	9 November 2017	9 November 2017	9 November 2017	9 November 2017
Vendor	KBS SOR Plaza Bellevue, LLC	KBS SOR 156th Avenue Northeast, LLC	KBS SOR Westpark Portfolio, LLC	KBS SOR Iron Point, LLC	KBS SOR Westmoor Center, LLC	KBS SOR Austin Suburban Portfolio, LLC	KBS SOR Austin Suburban Portfolio, LLC
Acquisition Valuation by Cushman[1] (US$ million)	243.9[3,5]	133.0[4,5]	178.0[6]	35.2[7]	121.4[5]	33.0[7]	39.8[7]
Acquisition Valuation by JLL[1] (US$ million)	236.1[3,5]	129.3[4,5]	181.4[6]	38.2[7]	118.2[5]	33.3[7]	43.8[7]
Net Lettable Area (sf)	490,994	330,508	782,185	211,944	612,890	139,252	177,615
Committed Occupancy	93.4%	98.1%	97.1%	95.8%	82.4%	96.5%	97.4%
Number of Tenants[11]	68	19	99	26	20	14	34
Principal Tenants	US Bank National Association, Blucora, Futurewei Technologies	Unigard Insurance, Regus, Hitachi Data Systems	Oculus VR, EchoNous, Microsurgical Technology	Sierra Pacific Mortgage Company, CorVel Healthcare Corporation, Pro Unlimited	Ball Aerospace & Tech, Zimmer Biomet Spine, Reed Group	E2Open, Regus, Intera	Maxpoint Interactive, Flahive, Ogden & Latson, D&S Residential Holdings

All information as at 31 December 2018 unless otherwise stated.
1 Valuations were based on the sales comparison, direct capitalisation and discounted cash flow methods.
2 With the exception of Maitland Promenade I which was valued on 25 October 2018, the remaining valuations were as at 31 December 2018.
3 The valuation of the Plaza Buildings takes into account the value of the development air rights which may be utilised.
4 The valuation of Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the property has unutilised plot ratio.
5 Valuation as at June 2017.
6 Valuation as at 31 July 2018.
7 Valuation as at 31 May 2017.



	East Coast					
	1800 West Loop South	West Loop I & II	Powers Ferry	Northridge Center I & II	Maitland Promenade II	Maitland Promenade I
Submarket	Houston	Houston	Atlanta	Atlanta	Orlando	Orlando
Location	1800 West Loop South, Houston, Harris County, Texas	6565 and 6575 West Loop South, Bellaire, Harris County, Texas	6190 Powers Ferry Road, Atlanta, Fulton County, Georgia	365 and 375 Northridge Road, Atlanta, Fulton County, Georgia	495 N Keller Road, Maitland, Orange County, Florida	485 N Keller Road, Maitland, Orange County, Florida
Office Grade	A	A	B	B	A	A
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest	100%	100%	100%	100%	100%	100%
Latest Valuation by Cushman[1,2] (US$ million)	75.5	42.2	19.8	20.9	43.6	48.9
Purchase Price (US$ million)	78.6	46.3	18.7	20.3	40.2	48.5
Acquisition Date	9 November 2017	9 November 2017	9 November 2017	9 November 2017	9 November 2017	16 January 2019
Vendor	KBS SOR 1800 West Loop South, LLC	KBS SOR 6565-6575 West Loop South, LLC	KBS SOR Powers Ferry Landing East, LLC	KBS SOR Northridge, LLC	KBS SOR Maitland Promenade II, LLC	The Realty Associates Fund X, L.P.
Acquisition Valuation by Cushman[1] (US$ million)	75.1[5]	41.9[5]	19.2[5]	20.2[5]	43.4[5]	48.9[8]
Acquisition Valuation by JLL[1] (US$ million)	82.0[5]	50.7[5]	18.3[5]	20.5[5]	37.0[5]	N.A[9]
Net Lettable Area (sf)	400,101	313,873	149,324	188,944	230,366	230,371
Committed Occupancy	75.6%	90.4%	94.9%	93.7%	98.2%	98.1%[10]
Number of Tenants[11]	49	56	21	22	12	20
Principal Tenants	Health Care Service Corporation, Quanex Building Products, General Service Administration	Synergy Healthcare, The Rand Group, Sightline Health	LL Global, Georgia Banking Company, Penton Business Media	BWAY Corporation, Allstar Financial, Kuck Baxter Immigration	Akerman, Senterfitt & Edison, Sonepar Management US, Zurich American Insurance	Spectrum, Allstate Insurance, Adventist (Sunbelt)

8 Valuation as at 25 October 2018.
9 The acquisition was a third party transaction and did not require two independent valuations.
10 As at 25 October 2018, based on latest valuation report.
11 The total number of distinct tenants as at 31 December 2018 was 422 (excludes Maitland Promenade I). There are tenants sitting across multiple properties within the portfolio.

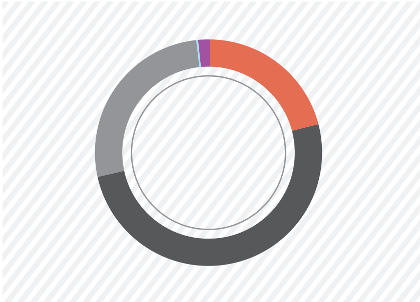
Property Portfolio
West Coast

The Plaza Buildings, Seattle, Washington

Situated along one of the busiest corridors in the Bellevue central business district (CBD) in Seattle, the Plaza Buildings consists of two Class A office buildings – Plaza Center and US Bank Plaza, which are surrounded by an array of retail amenities, dining options and parks. Both buildings have been extensively refurbished to meet the needs of modern and premier tenants from diverse industries.

The property enjoys full-block frontage along NE 8th Street, the primary east-west arterial in downtown Bellevue that connects high-density commercial users to Interstate 405. The Plaza Buildings has obtained the Leadership in Energy and Environmental Design (LEED) Gold certification from the US Green Building Council.

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

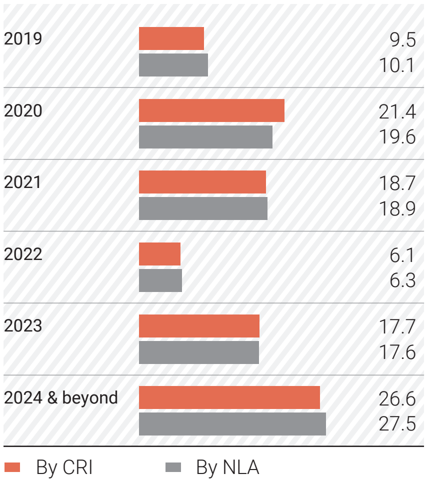


Professional Services	21.3
Technology	50.3
Finance & Insurance	26.8
Media & Information	0.2
Others	1.4
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
US Bank National Association	Finance & Insurance	10.8
Blucora	Technology	10.3
Futurewei Technologies	Technology	7.7

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



Key Statistics
as at 31 December 2018

Location
10800 and 10900 NE 8th Street, Bellevue, King County, Washington

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

Net Lettable Area (sf)
490,994

Valuation[1] (US$ million)
253.5

Committed Occupancy
93.4%

Number of Tenants
68

[1] Cushman & Wakefield valuation as at 31 December 2018.

Bellevue Technology Center, Seattle, Washington

Bellevue Technology Center is located in the 520 corridor submarket of the Seattle-Bellevue regional office market and is well-connected to the Interstate Route 520, providing easy access to the greater Seattle region. Over the last five years, the office campus, which features nine Class A/B buildings, has undergone capital improvements with an upgraded fitness centre, conference room, full-service café and new parking stalls. Being situated close to Microsoft Corporation's headquarters benefits the property as Microsoft's continued growth could result in an increase in vendors and contractors who work with the software company, driving demand for space at properties nearby.

Key Statistics
as at 31 December 2018

Location 15805 NE 24th Street, Bellevue, King County, Washington	**Net Lettable Area (sf)** 330,508
Land Tenure Freehold	**Valuation[1] (US$ million)** 136.0
Ownership Interest 100%	**Committed Occupancy** 98.1%
Acquisition Date 9 November 2017	**Number of Tenants** 19

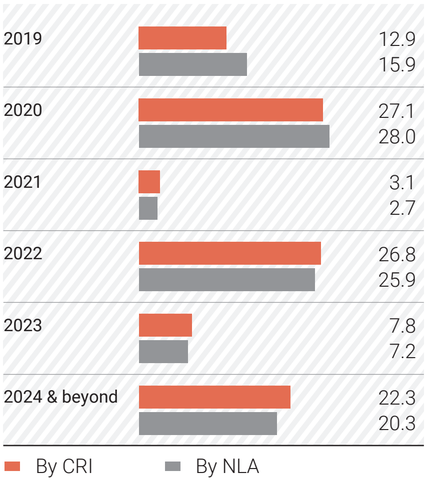
Trade Sector Breakdown by NLA (%)
as at 31 December 2018

Professional Services	21.3
Technology	30.8
Finance & Insurance	23.2
Medical & Healthcare	3.0
Others	21.7
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Unigard Insurance	Finance & Insurance	22.2
Regus	Professional Services	15.6
Hitachi Data Systems	Technology	10.4

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	12.9	15.9
2020	27.1	28.0
2021	3.1	2.7
2022	26.8	25.9
2023	7.8	7.2
2024 & beyond	22.3	20.3

[1] Cushman & Wakefield valuation as at 31 December 2018.

The Westpark Portfolio, Seattle, Washington

The Westpark Portfolio is a business campus comprising 21 freehold buildings – Westpark Business Park, which encompasses 14 two-story office buildings, Redmond Center Court, which encompasses two industrial buildings, and Pacific Business and Technology Center, which encompasses five office buildings. The campus is located adjacent to downtown Redmond and has easy access to major transit routes including State Route 520 and Interstate 405, as well as key commercial areas in Seattle-Bellevue.
The property underwent extensive capital improvements in 2016, which included the conversion of under-utilised space to a brand new amenities centre, landscape renovation and exterior refurbishment. The successful repositioning of the property has resulted in strong leasing traction among technology and professional services companies.

Key Statistics
as at 31 December 2018

Location
8200-8644 154th Avenue NE, Redmond, Washington

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
30 November 2018

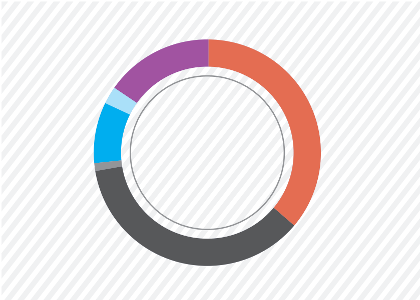
Net Lettable Area (sf)
782,185

Valuation[1] (US$ million)
178.0

Committed Occupancy
97.1%

Number of Tenants
99

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

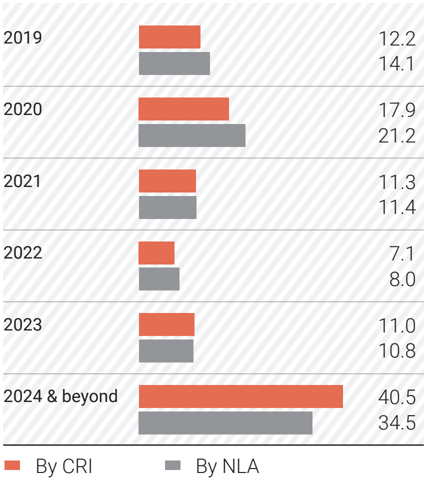


Professional Services	36.4
Technology	35.9
Finance & Insurance	1.3
Medical & Healthcare	8.6
Media & Information	2.3
Others	15.5
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Oculus VR	Technology	15.1
EchoNous	Technology	4.8
Microsurgical Technology	Medical & Healthcare	3.8

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



1 Cushman & Wakefield valuation as at 31 December 2018.

Iron Point, Sacramento, California

Iron Point features five Class A office buildings that are centrally located in Folsom, Sacramento. Folsom is the preferred residence for many of Sacramento's higher income executives, positioning Iron Point as a choice business address. The property is highly accessible via US Highway 50 and is close to numerous retail and service amenities. It is also located directly across from Intel Corporation's Folsom Campus that serves as one of Intel's four major US sites. Iron Point previously underwent a complete lobby renovation and introduced new tenant amenities, such as an outdoor walking and jogging track as well as a fitness centre.

Key Statistics
as at 31 December 2018

Location
1110-1180 Iron Point Road, Folsom, Sacramento County, California

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

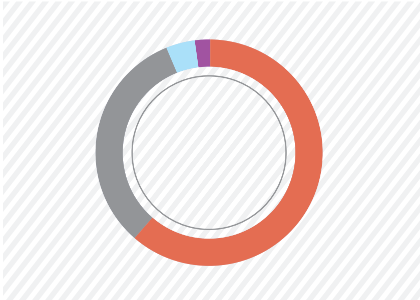
Net Lettable Area (sf)
211,944

Valuation[1] (US$ million)
37.0

Committed Occupancy
95.8%

Number of Tenants
26

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

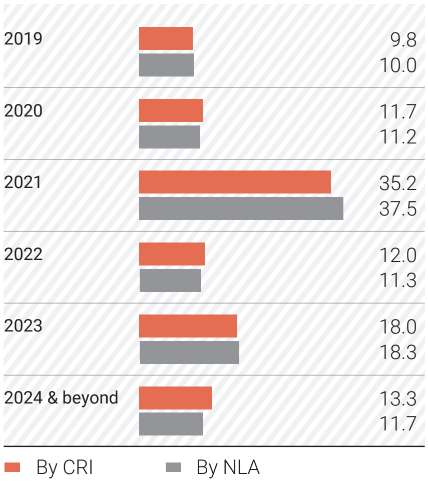


Professional Services	61.4
Finance & Insurance	32.3
Media & Information	4.2
Others	2.1
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Sierra Pacific Mortgage Company	Finance & Insurance	18.9
CorVel Healthcare Corporation	Finance & Insurance	12.9
Pro Unlimited	Professional Services	10.9

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



1 Cushman & Wakefield valuation as at 31 December 2018.

Property Portfolio
Central

Westmoor Center, Denver, Colorado

Westmoor Center is situated in Northwest Denver. It comprises six Class A office buildings which are between downtown Denver and Boulder, both of which are talent hubs. It is also within easy reach of large retail centres and a variety of entertainment and recreational facilities. Asset improvements such as a new access card system, as well as the upgrade of the lobby and common areas were previously undertaken between 2014 and 2016. Presently, the property is undergoing refurbishments, including an open café that was completed in February 2019 and a gymnasium that is under construction. The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 31 December 2018

Location
10055-10385 Westmoor Drive, Westminster, Colorado

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

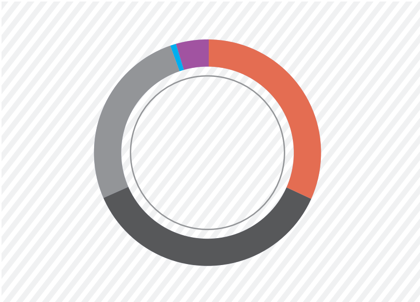
Net Lettable Area (sf)
612,890

Valuation[1] (US$ million)
126.4

Committed Occupancy
82.4%

Number of Tenants
20

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

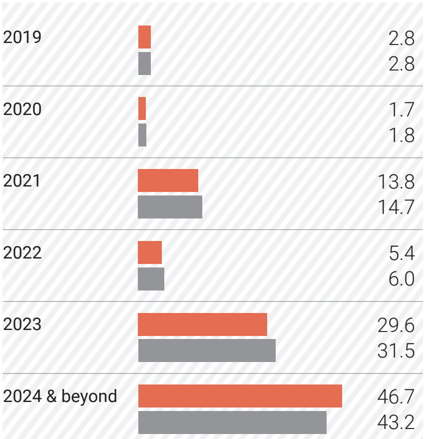


Professional Services	32.2
Technology	36.3
Finance & Insurance	26.1
Medical & Healthcare	0.8
Others	4.6
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Ball Aerospace & Tech	Professional Services	29.5
Zimmer Biomet Spine	Technology	23.0
Reed Group	Finance & Insurance	15.4

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	2.8	2.8
2020	1.7	1.8
2021	13.8	14.7
2022	5.4	6.0
2023	29.6	31.5
2024 & beyond	46.7	43.2

[1] Cushman & Wakefield valuation as at 31 December 2018.

Great Hills Plaza, Austin, Texas

Great Hills Plaza is located in Northwest Austin, Texas. The property is a three-storey office building located close to residential housing, retail centres including the Arboretum – one of Austin's major retail centres – and is served by two freeways. Great Hills Plaza had previously undergone capital improvements, which included a modernised lobby, remodelled atriums and enhanced landscaping. The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 31 December 2018

Location
9600 Great Hills Trail,
Austin, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

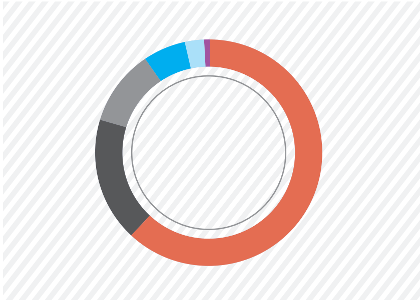
Net Lettable Area (sf)
139,252

Valuation[1] (US$ million)
37.3

Committed Occupancy
96.5%

Number of Tenants
14

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

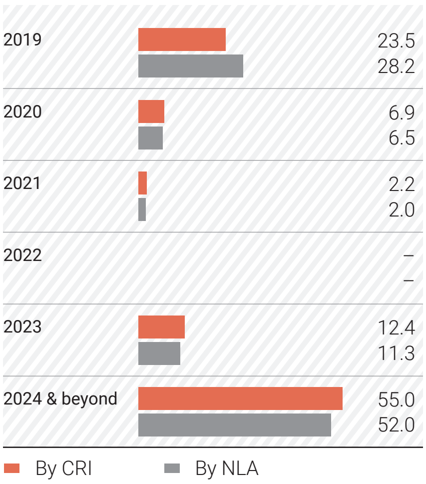


Professional Services	62.1
Technology	17.4
Finance & Insurance	11.0
Medical & Healthcare	5.9
Media & Information	2.8
Others	0.8
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
E2Open	Technology	20.0
Regus	Professional Services	18.7
Intera	Professional Services	14.8

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



[1] Cushman & Wakefield valuation as at 31 December 2018.

Property Portfolio
Central

Westech 360, Austin, Texas

Westech 360 is in Northwest Austin, Texas, and comprises four three-storey office buildings. Over the past few years, the property underwent significant capital improvements that included an extensive upgrade of the landscaping, signage and lighting for the buildings to increase the property's visibility from Loop 360. Additional improvements included remodelled restrooms, a new tenant lounge and modernisation of the lobbies, fitness centre and building conference room. The property is only one mile away from Great Hills Plaza and enjoys excellent accessibility to the major business centres around Austin, proximity to residential housing and retail centres and is well-served by two freeways. The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 31 December 2018

Location
8911 N Capital of Texas Hwy, Austin, Texas

Net Lettable Area (sf)
177,615

Land Tenure
Freehold

Valuation[1] (US$ million)
46.6

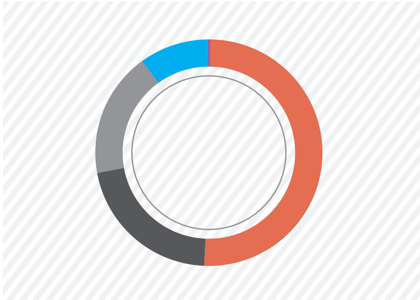
Ownership Interest
100%

Committed Occupancy
97.4%

Acquisition Date
9 November 2017

Number of Tenants
34

Trade Sector Breakdown by NLA (%)
as at 31 December 2018



Professional Services	51.0
Technology	21.2
Finance & Insurance	17.7
Medical & Healthcare	9.9
Others	0.2
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Maxpoint Interactive	Technology	13.4
Flahive, Ogden, & Latson	Professional Services	10.2
D&S Residential Holdings	Medical & Healthcare	9.5

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018

	By CRI	By NLA
2019	7.8	8.0
2020	30.5	32.0
2021	26.4	27.5
2022	4.0	4.2
2023	16.7	15.5
2024 & beyond	14.6	12.8

1 Cushman & Wakefield valuation as at 31 December 2018.

1800 West Loop South, Houston, Texas

1800 West Loop South is a 21-storey office tower located in Houston's amenity-rich Galleria West Loop submarket. It benefits from its proximity to the Galleria Mall and West Loop South feeder road. Renovations to the building lobby, common areas and conference room facility were completed between 2013 and 2014. The property is currently being transformed to include conference rooms, a modern café and tenant lounge, as well as a new gymnasium. The property has obtained the LEED gold certification from the US Green Building Council and is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 31 December 2018

Location
1800 West Loop South, Houston, Harris County, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

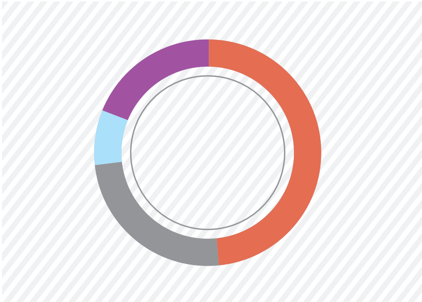
Net Lettable Area (sf)
400,101

Valuation[1] (US$ million)
75.5

Committed Occupancy
75.6%

Number of Tenants
49

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

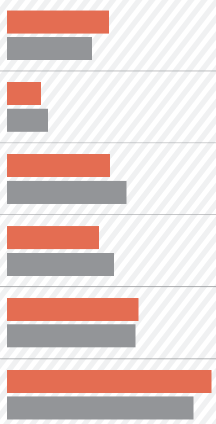


Professional Services	48.7
Finance & Insurance	24.6
Media & Information	7.6
Others	19.1
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Health Care Service Corporation	Finance & Insurance	22.7
Quanex Building Products	Professional Services	9.7
General Service Administration	Professional Services	5.8

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	15.3	12.7
2020	5.1	6.1
2021	15.4	17.9
2022	13.8	16.0
2023	19.7	19.3
2024 & beyond	30.7	28.0

[1] Cushman & Wakefield valuation as at 31 December 2018.

Property Portfolio
Central

West Loop I & II, Houston, Texas

West Loop I & II feature two Class A office buildings located in Bellaire, an affluent suburb of Houston, Texas, which has a significant residential household base. The property enjoys good accessibility to the Houston CBD, which is situated about six miles away. It also benefits from its location near the Medical Center, which contributes to its high concentration of tenants from the healthcare and professional services sectors. In addition, it is located near major thoroughfares and public transportation nodes. The buildings underwent significant refurbishments in 2013 and 2014, resulting in remodelled entrances, a covered patient drop-off area for the building with significant medical tenancy, modern elevators, as well as improved chillers and cooling towers.

Key Statistics
as at 31 December 2018

Location
6565 and 6575 West Loop South, Bellaire, Harris County, Texas

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

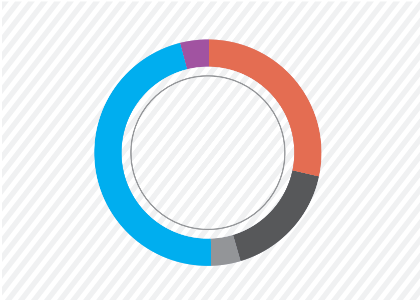
Net Lettable Area (sf)
313,873

Valuation[1] (US$ million)
42.2

Committed Occupancy
90.4%

Number of Tenants
56

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

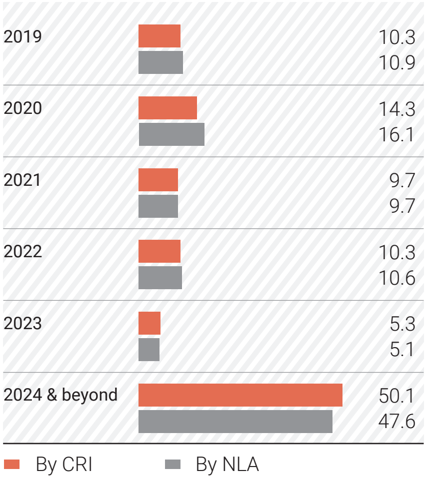


Professional Services	28.7
Technology	17.1
Finance & Insurance	4.1
Medical & Healthcare	46.1
Others	4.0
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Synergy Healthcare	Medical & Healthcare	11.3
The Rand Group	Technology	10.1
Sightline Health	Medical & Healthcare	6.6

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	10.3	10.9
2020	14.3	16.1
2021	9.7	9.7
2022	10.3	10.6
2023	5.3	5.1
2024 & beyond	50.1	47.6

[1] Cushman & Wakefield valuation as at 31 December 2018.

Property Portfolio
East Coast

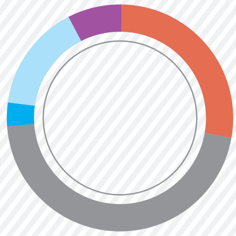
Powers Ferry, Atlanta, Georgia

Powers Ferry is a six-storey office building situated in the Cumberland/I-75 submarket of the Atlanta office market. The property is located within a well-established submarket that is easily accessible via Interstates 285 and 75. It enjoys proximity to major Atlanta highways and is easily accessible by potential tenants in the Atlanta metro area, which has attracted a steady inflow of businesses relocating and expanding in the region. In 2013, Powers Ferry renovated its common areas, conference facilities and tenant amenities to boost tenancy. It is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 31 December 2018

Location 6190 Powers Ferry Road, Atlanta, Fulton County, Georgia	**Net Lettable Area (sf)** 149,324
Land Tenure Freehold	**Valuation[1] (US$ million)** 19.8
Ownership Interest 100%	**Committed Occupancy** 94.9%
Acquisition Date 9 November 2017	**Number of Tenants** 21

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

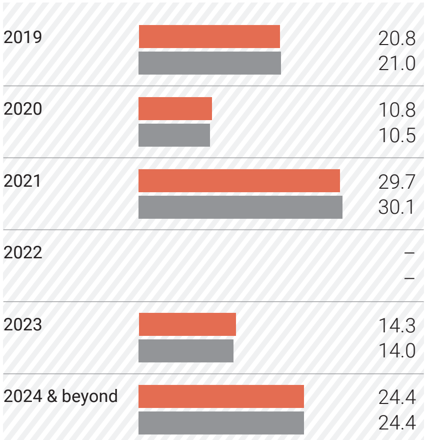


Professional Services	28.1
Finance & Insurance	45.7
Medical & Healthcare	3.3
Media & Information	15.3
Others	7.6
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
LL Global	Finance & Insurance	19.3
Georgia Banking Company	Finance & Insurance	13.6
Penton Business Media	Media & Information	9.7

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	20.8	21.0
2020	10.8	10.5
2021	29.7	30.1
2022	–	–
2023	14.3	14.0
2024 & beyond	24.4	24.4

[1] Cushman & Wakefield valuation as at 31 December 2018.

Property Portfolio
East Coast

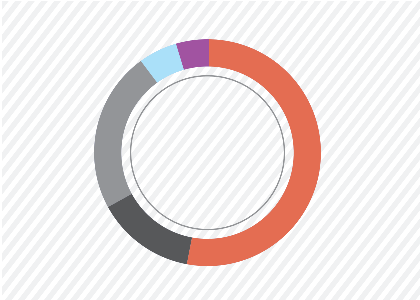
Northridge Center I & II, Atlanta, Georgia

Northridge Center I & II feature two office buildings and are located in the Central Perimeter, one of the largest office submarkets in Atlanta. The property is situated on the south side of Northridge Road, where tenants have easy access to the GA-400, one of the largest and most important thoroughfares in the city. The property also enjoys excellent access to affluent suburbs, medical facilities and the Metropolitan Atlanta Rapid Transit Authority Rail System. It was refurbished in 2011 with upgraded lobbies and common areas.

Key Statistics
as at 31 December 2018

Location 365 and 375 Northridge Road, Atlanta, Fulton County, Georgia	**Net Lettable Area (sf)** 188,944
Land Tenure Freehold	**Valuation[1] (US$ million)** 20.9
Ownership Interest 100%	**Committed Occupancy** 93.7%
Acquisition Date 9 November 2017	**Number of Tenants** 22

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

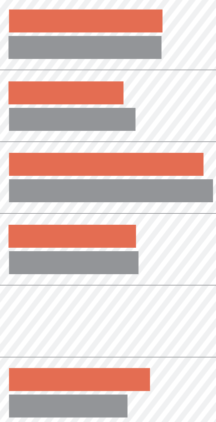


Professional Services	53.2
Technology	13.9
Finance & Insurance	22.8
Media & Information	5.4
Others	4.7
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
BWAY Corporation	Professional Services	17.3
Allstar Financial	Finance & Insurance	15.1
Kuck Baxter Immigration	Professional Services	10.9

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	21.0	20.9
2020	15.7	17.3
2021	26.6	27.9
2022	17.4	17.7
2023	–	–
2024 & beyond	19.3	16.2

[1] Cushman & Wakefield valuation as at 31 December 2018.

Maitland Promenade II, Orlando, Florida

Maitland Promenade II is a five-storey office building located in the heart of Orlando's largest submarket, Maitland Center. From 2013 to 2016, common areas in the property were renovated and a new conference facility was added. The property has a three-storey parking deck, which is a rare feature in the Maitland submarket. Situated a few miles away from the CBD, the property is close to primary demand generators and amenities. The property also provides direct access to destinations throughout the Orlando Metropolitan Statistical Area and Interstate 4. The property is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 31 December 2018

Location
495 N Keller Road, Maitland, Orange County, Florida

Land Tenure
Freehold

Ownership Interest
100%

Acquisition Date
9 November 2017

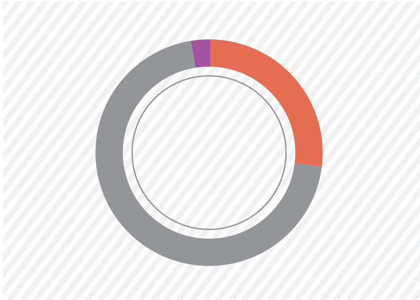
Net Lettable Area (sf)
230,366

Valuation[1] (US$ million)
43.6

Committed Occupancy
98.2%

Number of Tenants
12

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

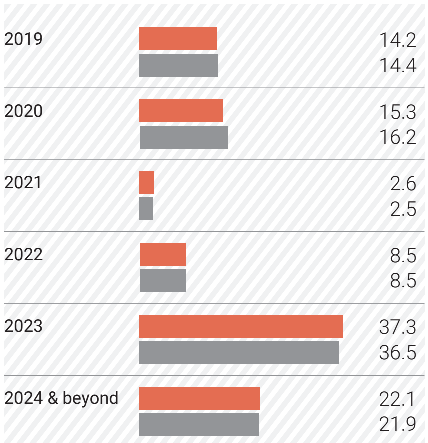


Professional Services	27.3
Finance & Insurance	70.1
Others	2.6
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Akerman, Senterfitt & Edison	Professional Services	15.4
Sonepar Management US	Professional Services	14.3
Zurich American Insurance	Finance & Insurance	13.6

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



[1] Cushman & Wakefield valuation as at 31 December 2018.

Property Portfolio
East Coast

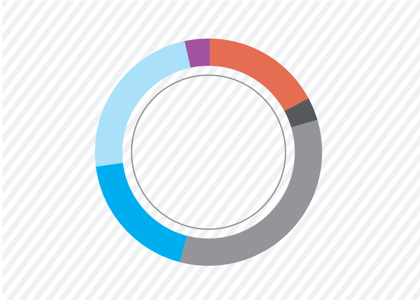
Maitland Promenade I, Orlando, Florida *(Acquired on 16 January 2019)*

Maitland Promenade I was acquired on 16 January 2019. The five-storey office building is adjacent to Maitland Promenade II and has onsite amenities that include a café, a conference centre and a fully-equipped fitness centre. Similar to Maitland Promenade II, it also has a three-storey parking deck, which is considered a rare feature in the Maitland submarket. Situated in the heart of Orlando's largest submarket, Maitland Center, and a few miles away from the CBD, the property is close to primary demand generators and amenities. The property also provides direct access to destinations throughout the Orlando Metropolitan Statistical Area and Interstate 4. The property has obtained the LEED gold certification from the US Green Building Council and is a recipient of the US Environmental Protection Agency's prestigious ENERGY STAR® label.

Key Statistics
as at 25 October 2018

Location 485 N Keller Road, Maitland, Orange County, Florida	**Net Lettable Area (sf)** 230,371
Land Tenure Freehold	**Valuation[1] (US$ million)** 48.9
Ownership Interest 100%	**Committed Occupancy[1]** 98.1%
Acquisition Date 16 January 2019	**Number of Tenants** 20

Trade Sector Breakdown by NLA (%)
as at 31 December 2018

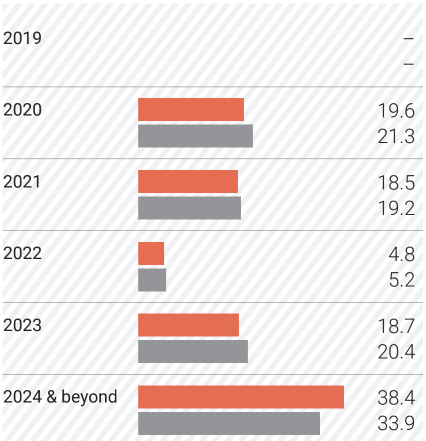


Professional Services	17.3
Technology	3.5
Finance & Insurance	33.5
Medical & Healthcare	18.5
Media & Information	23.6
Others	3.6
Total	**100.0**

Top Three Tenants by CRI
as at 31 December 2018

	Sector	CRI (%)
Spectrum	Media & Information	28.3
Allstate Insurance	Finance & Insurance	11.2
Adventist (Sunbelt)	Medical & Healthcare	8.6

Lease Expiry Profile by CRI and NLA (%)
as at 31 December 2018



	By CRI	By NLA
2019	–	–
2020	19.6	21.3
2021	18.5	19.2
2022	4.8	5.2
2023	18.7	20.4
2024 & beyond	38.4	33.9

1 Cushman & Wakefield valuation as at 25 October 2018.

Financial Review

Distributable income for the financial period from listing to 31 December 2018 was US$43.8 million, driven by stable operating performance and the addition of the Westpark Portfolio in Seattle.

Distributable Income

US$43.8m

2.0% above the IPO forecast of US$42.9 million.

Distribution Yield

8.9%

Based on the distribution per Unit of 6.22 US cents and the market closing price of US$0.61 per Unit as at 31 December 2018.

Overview

Keppel-KBS US REIT (KORE) is a Singapore real estate investment trust constituted by the Trust Deed dated 22 September 2017 between Keppel-KBS US REIT Management, as the Manager of KORE, and Perpetual (Asia) Limited, as the Trustee of KORE.

KORE was listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2017 (Listing Date) with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing commercial assets and real estate-related assets in the key growth markets of the United States (US) to provide sustainable distributions and strong total returns for Unitholders. This review is for the financial period from Listing Date to 31 December 2018 (Financial Period).

KORE delivered creditable results for the Financial Period that exceeded its initial public offering (IPO) forecast, driven by stable operating performance and additional income contribution from the newly acquired Westpark Portfolio in Seattle, Washington.

On 24 September 2018, KORE announced the proposed acquisition of the Westpark Portfolio, which comprises 21 freehold buildings for US$169.4 million. This was an Interested Party Transaction, which was approved by Unitholders at an Extraordinary General Meeting on 16 October 2018. The acquisition was completed on 30 November 2018.

Building on its strategy to grow its portfolio through value-accretive acquisitions, KORE announced on 27 November 2018 its acquisition of Maitland Promenade I, its second asset in Orlando, Florida, for US$48.5 million. The acquisition, which was completed on 16 January 2019, was entirely funded by debt.

Income Available for Distribution

Distributable income for the Financial Period was US$43.8 million, 2.0% above IPO forecast, driven by stable operating performance from the IPO portfolio and the additional US$0.7 million contribution from the Westpark Portfolio.

Distribution per Unit (DPU) for the Financial Period was 6.22 US cents, translating to a distribution yield of 8.9% based on the market closing price of US$0.61 per Unit as at the last trading day of 2018.

DPU for the Financial Period was 8.4% below IPO forecast due to the enlarged Unitholder base following the 295-for-1,000 rights issue (Rights Issue) to partially fund the Westpark Portfolio acquisition. The Rights Issue, which was completed on 26 November 2018, saw a total of 186,236,224 new Units issued. The enlarged Unitholder base following the Rights Issue and acquisition fees received in the form of Units resulted in a lower actual DPU for the second half of 2018.

Financial Review

Overview	Listing Date to 31 December 2018[1]		
	Actual US$'000	Forecast[2] US$'000	+/(-)%
Rental income	80,736	79,754	1.2
Recoveries income	20,781	20,841	(0.3)
Other operating income	4,400	4,307	2.2
Gross revenue	105,917	104,902	1.0
Utilities	(7,420)	(8,149)	(8.9)
Repairs and maintenance	(4,847)	(4,704)	3.0
Property management fees	(5,011)	(5,624)	(10.9)
Property taxes	(12,709)	(12,329)	3.1
Other property expenses	(11,578)	(12,099)	(4.3)
Property expenses	(41,565)	(42,905)	(3.1)
Net property income	64,352	61,997	3.8
Finance income	94	12	>100
Finance expenses	(12,040)	(11,828)	1.8
Manager's base fee	(4,379)	(4,294)	2.0
Trustee's fee	(154)	(193)	(20.2)
Fair value change in derivatives	2,317	989	>100
Other trust expenses	(2,421)	(3,123)	(22.5)
Net income for the period before tax and fair value change in investment properties	47,769	43,560	9.7
Net fair value change in investment properties	15,354	(7,571)	NM
Net income for the period before tax	63,123	35,989	75.4
Tax expense	(10,106)	(5,955)	69.7
Net income for the period	53,017	30,034	76.5
Distribution adjustments	(9,221)	12,913	NM
Income available for distribution to Unitholders	43,796	42,947	2.0

1 No comparative figures have been presented as KORE was constituted on 22 September 2017 and dormant from its constitution to the Listing Date.
2 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 31 December 2018 comprise actual figures from Listing Date to 31 December 2017 and 2018 full year forecast. The forecast figures were derived from the Forecast Year 2018 as disclosed in the IPO Prospectus.
NM – Not meaningful

Excluding the effects of the acquisition of the Westpark Portfolio and the Rights Issue, DPU for the IPO Portfolio for the Financial Period would have been 6.83 US cents, 0.6% above the IPO forecast.

Gross Revenue

Gross revenue for the Financial Period was US$105.9 million, US$1.0 million higher than forecast largely due to the US$1.4 million contribution from the Westpark Portfolio, following its acquisition on 30 November 2018. Excluding the contribution from the Westpark Portfolio, gross revenue for the IPO portfolio properties was slightly below forecast due to lower recoveries income, in line with lower property expenses and utilities for the Financial Period. Recoveries income refer to reimbursements from tenants for certain property expenses.

Net Property Income (NPI)

Property expenses for the IPO portfolio properties were lower due to lower utilities and net property management fees, partially offset by property expenses from the Westpark Portfolio, which contributed to the results after its acquisition. Notwithstanding the addition of property expenses from the Westpark Portfolio, property expenses for the Financial Period was 3.1% lower than forecast.

NPI for the Financial Period was US$64.4 million, US$2.4 million or 3.8% higher than forecast. The Westpark Portfolio contributed US$1.1 million of the US$2.4 million, with the rest contributed by the IPO portfolio properties mainly from lower property expenses.

Net Income

Net income for the Financial Period was US$53.0 million, US$23.0 million or 76.5% higher than the IPO forecast, driven primarily by the fair value gain in investment properties.

As at 31 December 2018, net fair value gain in investment properties amounted to US$15.4 million, largely due to fair value gains from the Westpark Portfolio and the Plaza Buildings in Seattle. This is above the US$7.6 million net fair value loss of investment properties included in the IPO forecast, which has taken into consideration acquisition expenses and capitalised straight-line rents.

From 1 January 2018 to 31 December 2018, net derivative gains from mark-to-market interest rate swaps amounted to US$1.3 million as interest rates increased over the period. Derivative gain for the period from 9 November 2017 to 31 December 2017 was US$1.0 million, which has been included in both the actual and forecast figures.

Finance expenses of US$12.0 million were 1.8% or US$0.2 million higher than forecast, largely due to the interest incurred for the additional US$80.0 million term loan taken for the acquisition of the Westpark Portfolio.

Tax expense of US$10.1 million, mainly relating to deferred tax expenses, was higher than forecast due to deferred taxes provided on the net fair value gain in the investment properties, partially offset by lower deferred taxes arising from the reduction of the US corporate tax rate on the distribution of capital gains from 35% to 21%. There was also higher current tax expense for the Barbados entities as a result of the tax restructuring in January 2018.

Tax Restructuring

In December 2017, Section 267A of the United States (US) Internal Revenue Code was enacted, which could have potentially affected the deductibility of certain interest expenses for taxable years beginning 31 December 2017. As a result, KORE restructured certain subsidiaries (the Barbados Restructuring) to comply specifically with the interpretations of Section 267A as drafted.

On 20 December 2018, the US Department of the Treasury released proposed regulations under Section 267A (the Proposed 267A Regulations). Separately, on 20 November 2018, the Government of Barbados announced that Barbados will converge its local and international tax rates. It was proposed that from 1 January 2019, domestic companies will pay the same tax rates as international companies, on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases (the Proposed Barbados Tax Changes).

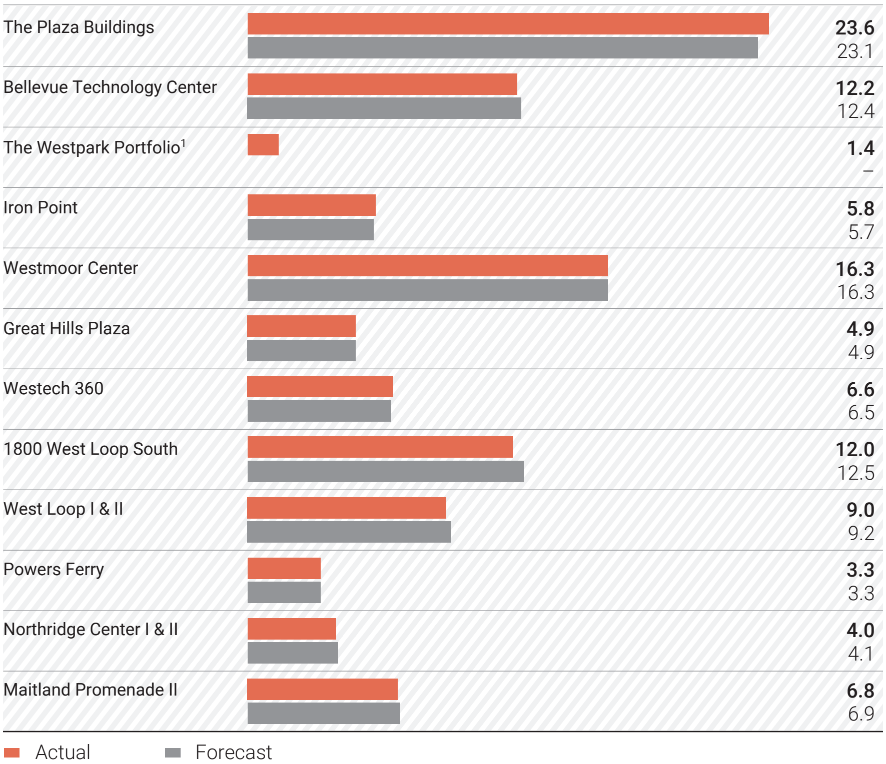
The Proposed 267A Regulations, together with the Proposed Barbados Tax Changes, are currently not expected to necessitate any further changes to KORE's structure (including the Barbados entities set up on 1 January 2018) in order to preserve the deductibility of interest paid on KORE's intercompany financing arrangements. As such, the Manager currently expects that the Proposed 267A Regulations, together with the Proposed Barbados Tax Changes, will not have any material impact on the consolidated net tangible assets or DPU of KORE.

The Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, expected to be effective as of 1 January 2018, could differ materially from the Proposed 267A Regulations and could result in additional costs. The US Department of the Treasury has stated that it expects final regulations under Section 267A to be promulgated by June 2019.

Investment Properties

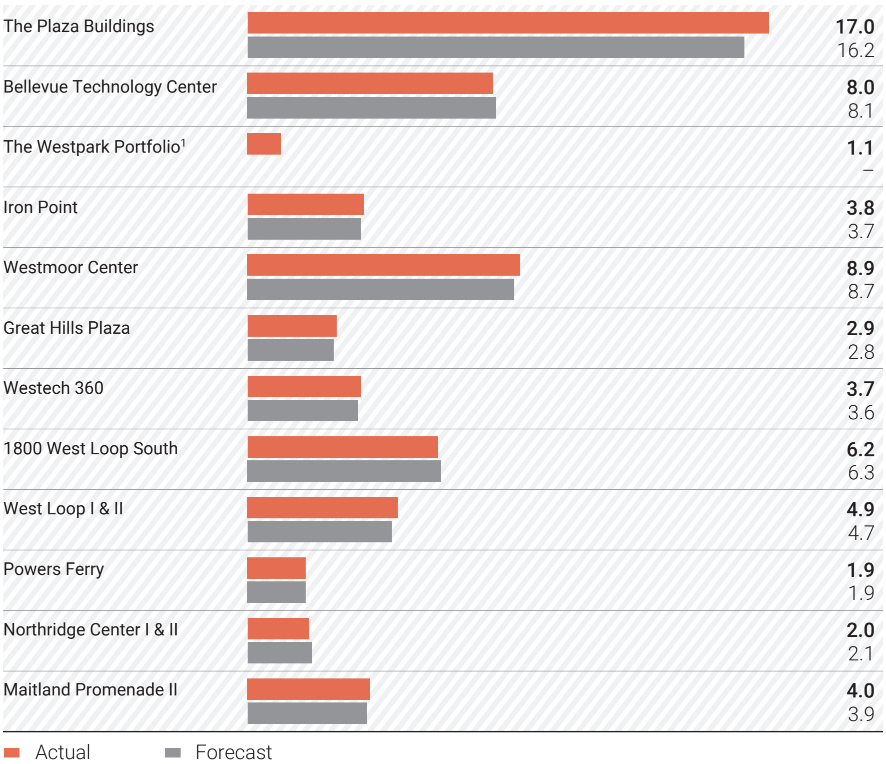
As at 31 December 2018, assets under management (AUM) amounted to approximately US$1.02 billion. This was 26.5% above the purchase price for the IPO portfolio properties of US$804.0 million due to the acquisition of the Westpark Portfolio, which was completed on 30 November 2018, as well as additions from capital expenditures and tenant improvements. There was also net fair value gain of US$15.4 million in the investment properties due to gains of US$8.4 million and US$7.0 million from the Westpark Portfolio and the IPO portfolio properties respectively.

Gross Revenue by Asset (US$m)
for the financial period from Listing Date to 31 December 2018



[1] The acquisition of the Westpark Portfolio was completed on 30 November 2018.

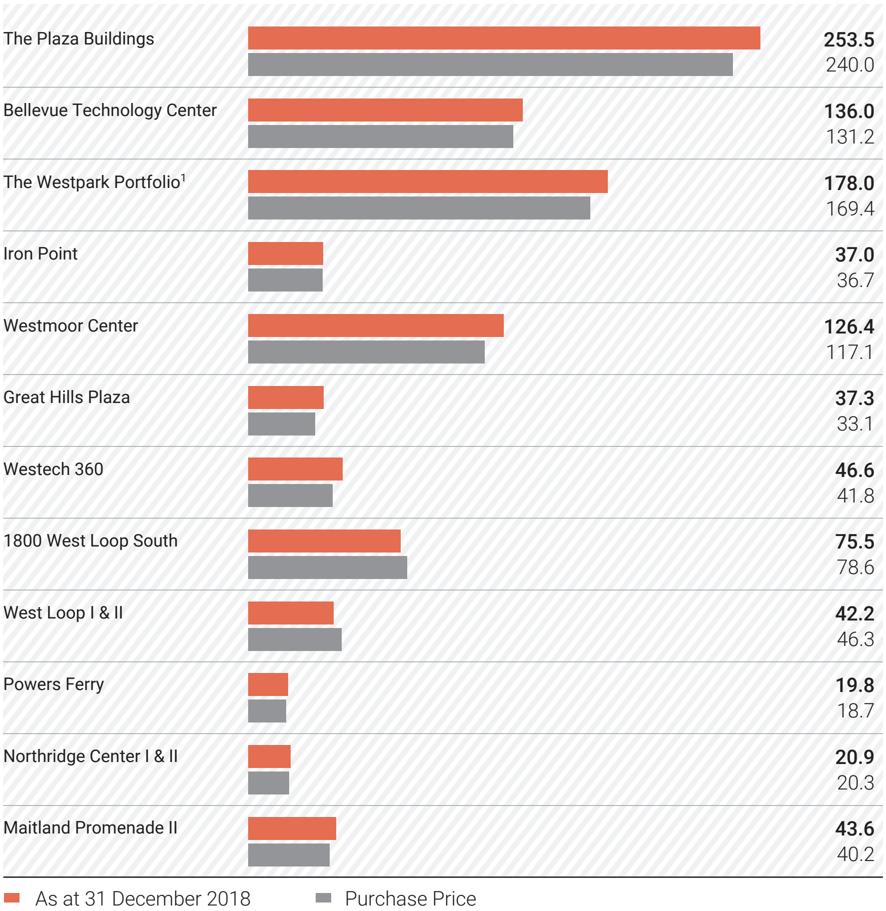
Net Property Income by Asset (US$m)
for the financial period from Listing Date to 31 December 2018



[1] The acquisition of the Westpark Portfolio was completed on 30 November 2018.

Financial Review

Investment Properties (US$m)



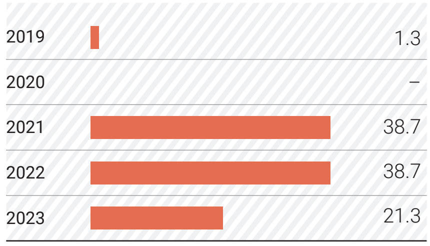
[1] The acquisition of the Westpark Portfolio was completed on 30 November 2018.

Key Statistics

	As at 31 December 2018
Aggregate leverage[2]	35.1%
Interest coverage ratio	5.5 times
All-in interest rate	3.53% p.a.
Weighted average term to maturity	3.7 years

[2] Aggregate leverage is computed based on gross borrowings over total deposited properties (KORE's total assets) as stipulated in the Property Funds Appendix in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

Debt Maturity Profile (%)



Including Maitland Promenade I, which was acquired on 16 January 2019, AUM would be approximately US$1.07 billion.

Net Asset Value (NAV) per Unit

As at 31 December 2018, NAV per Unit was US$0.80. Excluding the DPU declared for second half of 2018, the adjusted NAV per Unit was US$0.78.

Funding and Borrowings

As at 31 December 2018, KORE's gross borrowings amounted to US$374.4 million.

During IPO, KORE had gross borrowings, which comprised of long-term loans of US$289.4 million to partly finance the acquisition of the IPO portfolio properties. An additional long-term loan of US$80.0 million was taken during the Financial Period to partly finance the acquisition of the Westpark Portfolio. During the Financial Period, KORE drew down US$5.0 million from its revolving credit facilities to finance capital expenditures and tenant improvements, leaving US$45.0 million of unutilised facilities for future obligations.

The Manager continues to adopt a prudent approach towards capital management. All of KORE's borrowings are US dollar-denominated, providing a natural hedge for its income and investments.

As at 31 December 2018, the weighted average term to maturity of its debt was 3.7 years, with no long-term debt refinancing requirements until November 2021. All-in average cost of debt was 3.53% per annum. Aggregate leverage and interest coverage ratio was 35.1% and 5.5 times respectively.

Subsequent to 31 December 2018, KORE took an additional US$50.0 million long-term loan to fully fund its acquisition of Maitland Promenade I in January 2019. KORE also obtained an additional US$25.0 million of revolving credit facilities in January 2019, bringing the total unutilised facilities to US$70.0 million to meet its future obligations.

Assets under management, which includes Bellevue Technology Center (pictured), amounted to approximately US$1.02 billion as at 31 December 2018.

Cash Flows and Liquidity

As at 31 December 2018, KORE's cash and cash equivalents were US$40.6 million.

Net cash generated from operating activities for the Financial Period was US$60.9 million, mainly from cash received from NPI and movement in working capital requirements.

Net cash used in investing activities for the Financial Period amounted to US$980.4 million. This included net cash of US$948.6 million deployed for the acquisition of the investment properties, as well as related assets and liabilities relating to the IPO portfolio properties and the Westpark Portfolio. Capital expenditures and tenant improvements were US$29.4 million, while a deposit of US$2.5 million was placed for the acquisition of Maitland Promenade I.

Net cash generated from financing activities amounted to US$960.1 million. This comprised US$623.0 million from equity proceeds, net of transaction costs, which was raised from both the IPO and Rights Issue, as well as US$374.4 million of debt financing obtained from external banks.

Use of IPO and Rights Issue Proceeds

At its IPO in November 2017, KORE raised gross proceeds of approximately US$553.1 million from the issuance of 628.6 million new Units at an issue price of US$0.88 per Unit.

The use of proceeds raised from the IPO, including proceeds from the IPO loan facilities of US$289.4 million, has been materially disbursed and is in accordance with the stated uses as disclosed in the Prospectus, as set out below.

	Actual US$'000	Per Prospectus US$'000	Variance US$'000	Reallocation of the use of net proceeds[1] US$'000	Balance of net proceeds US$'000
Cash consideration for investment properties[2]	**796,894**	804,000	(7,106)	(7,106)	–
Transaction costs[3]	**23,372**	30,251	(6,879)	(6,879)	–
Working capital[1]	**9,951**	9,951	–	13,985	–
	830,217	844,202	(13,985)	–	–

1 The balance of net proceeds intended for purchase of investment properties and transaction costs have been reallocated to working capital. Working capital use relates mainly to repayment of finance expenses for the term loans and other general and administrative expenses.
2 Actual cash consideration was net of seller's portion of capital and leasing costs as at IPO date.
3 The favourable variances are mainly from capital and leasing costs under seller's responsibility, lower than expected IPO-related costs and GST refund on transaction costs.

On 26 November 2018, KORE further raised another US$93.1 million through a Rights Issue, with an aggregate of 186.2 million new Units issued at US$0.50 per Unit.

The use of the proceeds raised from the Rights Issue has been materially disbursed and is in accordance with the stated uses as disclosed in the Offer Information Statement, as set out below.

	Actual US$'000	Per Offer Information Statement US$'000	Variance US$'000
Partial funding of cash consideration for the Westpark Portfolio[4]	**89,700**	89,700	–
Transaction costs	**3,301**	3,400	(99)
	93,001	93,100	(99)

4 Agreed purchase consideration for the Westpark Portfolio was US$169.4 million with the remaining amount to be financed by debt.

Financial Review

The Manager delivered creditable results for the financial period since listing to 31 December 2018, driven by stable operating performance and the addition of the Westpark Portfolio (pictured).

Capital Management
The Manager regularly reviews KORE's financial policy, as well as its debt and capital management structures to optimise KORE's funding sources. KORE's exposure to various risk elements is also monitored closely through clearly established management policies and procedures.

The Manager seeks to maintain an optimal combination of debt and equity in order to balance the cost of capital and maximise returns to Unitholders. The Manager also monitors externally imposed capital requirements closely and ensures KORE's adopted capital structure complies with these requirements.

Under the Property Funds Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS), the aggregate leverage should not exceed 45.0% of KORE's deposited properties. KORE has complied with this requirement for the financial period ended 31 December 2018.

Financial Risk Management
KORE is exposed to a variety of financial risks, including tax, credit, liquidity and market (mainly interest rate) risks. The Manager carries out financial risk management in accordance with its established policies and guidelines while achieving a balance between the costs of risks occurring and the costs of managing them. KORE's financial risk management is discussed in more detail in the notes to the financial statements.

The Manager continues to adopt appropriate hedging strategies to manage interest rate exposure for KORE. Interest rate swaps have been entered into to hedge interest rate exposure of the long-term loans. As at 31 December 2018, 80.4% of the non-current term loans had been hedged using floating-to-fixed interest rate swaps.

Accounting Policy
The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed.

KORE's significant policies are discussed in more detail in the notes to the financial statements.

Sustainability Framework

The Manager is committed to deliver value through Sustaining Growth in our business, Empowering Lives of our people and Nurturing Communities wherever we are.

Sustaining Growth

We integrate sustainability principles in our business strategies and operations, and regard sustainable development both as a corporate responsibility and a source of business opportunities.

We are focused on strong corporate governance, prudent risk management and resource efficiency.

For more information, **go to: pages 64 to 65**

Empowering Lives

People are the cornerstone of our business.

We are committed to grow and nurture our talent pool through training and development to help our people reach their full potential.

With safety as one of our core values, we are committed to providing a safe and healthy workplace for all our stakeholders.

For more information, **go to: pages 66 to 68**

Nurturing Communities

As a global citizen, Keppel believes that as communities thrive, we thrive.

We engage and nurture communities wherever we operate, with the goal of shaping a sustainable future together.

For more information, **go to: page 69**

Letter to Stakeholders

GRI 102-1 | 102-14

The Manager is committed to sustainable business practices, founded on both corporate responsibility, as well as an understanding of the relationship between environmental, social and governance factors and long-term value creation.

Dear Valued Stakeholders,

On behalf of the Manager, Keppel-KBS US REIT Management, I am pleased to present Keppel-KBS US REIT's (KORE) inaugural Sustainability Report, which is prepared in accordance with the internationally-recognised Global Reporting Initiative (GRI) Standards.

Our commitment to sustainable business practices is founded on both corporate responsibility, as well as an understanding of the correlation between environmental, social and governance (ESG) factors and long-term value creation.

As a distinctive office REIT, KORE's strategic vision incorporates the trends of today's changing business landscape as they relate to sustainable resource management, stakeholder engagement and corporate social responsibility.

Towards a Sustainable Future

We believe that a firm commitment to sustainability is necessary as we seek to achieve excellence in our business operations and I am confident that KORE's journey towards a sustainable future is off to a good start.

Being KORE's first reporting year, the Manager's focus has been on engaging key stakeholders, as well as identifying material factors and setting baselines for continual improvement. We will look to assess sustainability performance and track improvement over time in our future reports as we seek growth opportunities for KORE.

Over the course of 2018, we considered and integrated material ESG factors into KORE's strategy and key business practices. Leveraging our sponsors' knowledge and experience in the areas of ESG, we continued to build on best practices put in place by our United States (US) asset managers and draw expertise from the Keppel Group for a stronger collective impact. Together, we work closely to design and implement best sustainable practices in a manner that capitalises on the financial value of ESG performance while safeguarding the best interests of our key stakeholders.

Sustaining Growth, Empowering Lives and Nurturing Communities

Guiding us in our sustainability journey is our three-pronged strategy of sustaining growth in our business, empowering the lives of our people and nurturing communities wherever we are.

Through upholding high standards in corporate governance and ensuring prudence in risk management, we are committed to seizing opportunities that will maximise stakeholder value. Our balanced approach towards seeking organic and inorganic growth saw KORE deliver distributable income of US$43.8 million for the financial period since listing to end-2018, which was above the IPO forecast of US$42.9 million, driven by the stable operating performance from the IPO portfolio and the contribution from the newly acquired Westpark Portfolio in Seattle, Washington.

As a responsible corporate citizen, we strive to minimise the environmental impact of the buildings we manage. Some of these efforts include implementing energy efficient measures, as well as optimising operations and processes, where possible, to achieve cost savings. In doing so, we seek to create and protect long-term value for Unitholders and tenants, as well as do our part to safeguard our future.

At the same time, we believe in empowering the lives of our people who create value and drive growth for KORE. During the year, our team received an average of 23.5 hours of professional training per employee. We will continue to promote the general well-being of our people, as well as provide opportunities for professional development and advancement.

Another key aspect in our sustainability efforts is our commitment to making a positive impact on the community. This stems from our belief to do good as we do well. During the year, we joined hands with Keppel Capital to reach out to the underprivileged and dedicated over 1,200 hours to community service.

As we continue to grow KORE, we are committed to working with our key stakeholders, including Unitholders, tenants, employees, business partners, as well as the wider community, on an active and continual basis. We look forward to advancing on our collective sustainability journey and bringing our vision into fruition.

Yours sincerely,

David Snyder

David Snyder
Chief Executive Officer and Chief Investment Officer
26 February 2019

About this Report

Contact for Feedback:
enquiries@
kepkbsusreit.com

The Manager adopts sustainable business practices in the management of its properties, including Westech 360 (pictured).

This is Keppel-KBS US REIT's (KORE) inaugural sustainability report, detailing Keppel-KBS US REIT Management's (the Manager) commitment to sustainability reporting and corporate social responsibility (CSR). The publication of this 2018 sustainability report charts the Manager's sustainability performance and outlines its strategy as it extends to KORE's operations. The report also acts as a key communication tool to inform stakeholders of the Manager's efforts to manage the impact of key environmental, social and governance (ESG) factors and engage the community in KORE's CSR initiatives.

The Board of Directors has reviewed and approved the material ESG factors for KORE and considers them as part of KORE's strategy formulation. The Board also oversees the management and monitoring of the ESG factors and evaluates them periodically.

Global Reporting Initiative (GRI)
GRI 102-54

This report was prepared in accordance with the GRI Standards: Core option.

The content and aspect boundaries in this report reflect the Manager's sustainability strategy, which is aligned with the GRI's Reporting Principles: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. To capture these principles, the Manager engaged with key stakeholders and highlighted topics that have been identified as material to KORE's business and key stakeholders, which are further detailed in the sections on Managing Sustainability and Materiality Assessment. The GRI Content Index on pages 70 to 72 indicates the full list of GRI references and disclosures used in this report.

Reporting Period and Scope
GRI 102-46 | 102-50 | 102-52 | 102-53

This report will be published annually. The information and metrics in the report are based on the financial year from 1 January to 31 December 2018.

This report presents the Manager's strategy and practices on sustainability and highlights the economic, environmental and social impact of its properties.

The ESG performance metrics featured in this report are based on KORE's 100% ownership of the Plaza Buildings and Bellevue Technology Center (Seattle, Washington), Iron Point (Sacramento, California), Westmoor Center (Denver, Colorado), Great Hills Plaza and Westech 360 (Austin, Texas), 1800 West Loop South and West Loop I & II (Houston, Texas), Powers Ferry and Northridge Center I & II (Atlanta, Georgia), as well as Maitland Promenade II (Orlando, Florida). The two newly acquired assets, the Westpark Portfolio and Maitland Promenade I, have been excluded for this reporting period.

Managing Sustainability

The Manager is committed to implementing best practices in the areas of environmental, social and governance throughout its operations.

Keppel-KBS US REIT Management's (the Manager) sustainability strategy is founded on its priority to create value for Keppel-KBS US REIT's (KORE) stakeholders, as well as the understanding that long-term value creation depends on a strategic vision and the proper management of environmental, social and governance (ESG) resources and impacts. With this in mind, the Manager incorporates sustainable practices in the management of its properties, whenever feasible.

To reinforce its commitment towards sustainability practices, the Manager has a Sustainability Committee in place to coordinate ESG efforts across the organisation. The Committee comprises members from various functions including asset management, investment, finance, compliance, human resources and investor relations.

KORE's sustainability management framework is guided by that of the Keppel Group, where relevant. The Manager also adheres to regulations set by the Singapore Exchange (SGX) and the Monetary Authority of Singapore (MAS).

As part of the Keppel Group, the Manager takes reference from the Group's policies, where applicable, to guide its decision-making with regards to significant ESG matters. These policies include the Keppel Group Employee Code of Conduct, Statement on Diversity and Inclusion, Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Manual, Conflict of Interests Policy, as well as policies on environment, health and safety matters. The Manager also takes reference from the Keppel Supplier Code of Conduct, which aims to integrate the Keppel Group's sustainability principles across its supply chain and positively influence the ESG practices of its suppliers.

Training is provided whenever necessary to ensure that our employees are prepared to meet ever-evolving industry and organisational standards.

The Plaza Buildings (pictured) in Seattle, Washington, is one of the properties in KORE's portfolio that has obtained the LEED Gold certification from the US Green Building Council.

The Manager leverages the Keppel Group's various platforms to facilitate learning, as well as sharing of best practices, knowledge and experience among employees, contractors and partners.

The Manager ensures that policies are updated when needed based on relevant developments and trends related to sustainability issues and that they are communicated to the Board of Directors (Board), management and all employees. In addition, policies have been put in place to govern the working relationships between the Manager and agents or other person(s) acting on behalf of the Manager and/or KORE.

Creating a safe environment for its employees and tenants is a top priority in KORE's sustainability management framework. The Manager complies with all applicable legislations and requirements of the countries where it operates. No violations of laws, regulations and voluntary codes concerning the provision, use and customer health and safety of its products and services have been identified in 2018.

Employees of the Manager are considered and included as part of Keppel Capital's framework, policies and initiatives pertaining to, among others, health and safety, human resources and community outreach.

Governance Structure
GRI 102-18

KORE's sustainability agenda is driven by high standards of corporate governance and transparency. KORE's sustainability strategy and integration of ESG issues into its key business practices are overseen by the Board and the Manager. KORE's sustainability performance is measured and monitored by the Sustainability Committee, as well as reviewed quarterly for continual improvement.

Corporate governance policies and practices are guided by the Singapore's Code of Corporate Governance (CG Code), issued by the MAS. The CG Code provides the framework for controls, checks and accountability and requires the Board to address sustainability issues in its strategic business decisions and overall corporate governance.

More information on KORE's corporate governance guidelines and practices can be found in pages 109 to 131 of the Annual Report.

External Standards and Memberships
GRI 102-12 | 102-13

Where possible, the Manager aligns with external standards such as the US Green Building Council's Leadership in Energy and Environmental Design (LEED) certification and the US Environmental Protection Agency's ENERGY STAR® Rating.

In addition, KORE is a member of the REIT Association of Singapore (REITAS). The objective of REITAS is to promote and enhance the Singapore REIT business, as well as create an operating and regulatory environment that protects the interests of REIT Unitholders.

Through Keppel Capital, the Manager is also part of the Investor Relations Professionals Association (Singapore) (IRPAS) that contributes to enhancing the overall standards of investor engagement efforts.

The Keppel Group supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to promote good corporate governance and empower the investment community through investor education.

Supply Chain
GRI 102-9

KORE's supply chain is mainly located in the US and Singapore, and includes professional services providers (e.g. building consultants, banking, audit and tax services), suppliers (e.g. electricity retailers, security and building material suppliers), as well as contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling.

To ensure sustainability principles are adopted throughout the supply chain, potential suppliers are assessed based on their track record, quality and reputation, sustainability policies, procedures, accreditations, as well as certifications, where possible.

Risk Management
GRI 102-11

Sound and effective risk management is an integral part of KORE's business strategy. As the global environment changes, regulations and standards evolve, and markets adapt, so does the business context in which KORE operates. The Manager understands that ESG issues may bring about new risks and opportunities, and adopts a sound and robust risk management framework.

ERM Framework

The Enterprise Risk Management (ERM) framework, which forms part of KORE's System of Management Controls, provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as KORE's policies in addressing and managing identified key risks.

Managing Sustainability

The ERM framework allows KORE to respond promptly and effectively to changes in the constantly evolving business landscape, as well as adapt to the changing business environment and material ESG factors.

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review.

The Board, assisted by the Audit and Risk Committee, ensures that KORE adapts to all ESG-related risks that have the potential to impact long-term Unitholder value as well as the continuity of profitable and responsible operations.

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within KORE. In 2018, the Board assessed and deemed KORE's risk management system to be adequate and effective in addressing key ESG risks. More information can be found in pages 132 and 133 of the Annual Report.

Stakeholder Engagement

GRI 102-42 | 102-43 | 102-44

Multi-stakeholder collaboration and the resulting diversity of perspectives are crucial aspects of KORE's robust sustainability management strategy, which ensures that all material ESG issues are accounted for and that the opinions of key stakeholders are considered.

The Manager's stakeholder engagement framework is developed in accordance with international standards, including the Global Reporting Initiative (GRI) Standards and the AccountAbility AA1000 Stakeholder Engagement Standard. In accordance with the GRI Standards, key stakeholder groups[1] were identified based on influence, representation, responsibility, dependency and proximity. The Manager has identified these groups of key stakeholders, as shown in the table on the following page.

[1] Stakeholders are defined to be individuals, groups of individuals or organisations that affect and/or could be affected by the Manager's activities and associated performance.

The Manager seeks to do its part for the environment through minimising the environmental impact and carbon footprint of the properties in its portfolio, which includes 1800 West Loop South (pictured).

Engagements with Key Stakeholder Groups in 2018

Employees

Key Topics
Productivity and innovation; teamwork and collaboration; people development.

Modes of Engagement
Staff communication and feedback sessions with management; performance appraisals; engagement surveys; team building activities; town hall meetings.

Frequency of Engagement
Ongoing

Investors

Key Topics
Business strategy and corporate developments; financial performance.

Modes of Engagement
Annual General Meetings; SGX announcements; annual reports; results briefings; conference calls; investor roadshows; conferences and in-person meetings.

Frequency of Engagement
Ongoing

Tenants

Key Topics
Building and service quality; health, safety and environmental matters.

Modes of Engagement
Meetings and feedback sessions; tenant engagement activities.

Frequency of Engagement
Ongoing

Business Partners

Key Topics
Compliance; collaboration; health, safety and environmental matters.

Modes of Engagement
Dialogue sessions; regular meetings with business partners including external property managers, key subcontractors and suppliers; networking events.

Frequency of Engagement
Ongoing

Materiality Assessment

GRI 102-40 | 102-46 | 102-47 | 103-1

The Manager identified key material issues through a Materiality Assessment workshop which involved senior management and representatives across functional groups. Comments and feedback from external stakeholders such as investors, tenants and business partners were also considered in the identification of the key material issues.

The identification of the material aspects and the topic boundaries of this report were guided by GRI's principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

Stakeholder Inclusiveness ensured all key stakeholder groups were identified and given a platform to voice their perspectives. The Sustainability Context in which KORE operates guided the selection of specific indicators, ensuring that the most relevant metrics are exhibited. A combination of operational impacts, ESG risks and the perspectives of our key stakeholders were considered to ensure that the principles of Materiality and Completeness are represented in the content of this sustainability report, as well as KORE's overall business management strategy.

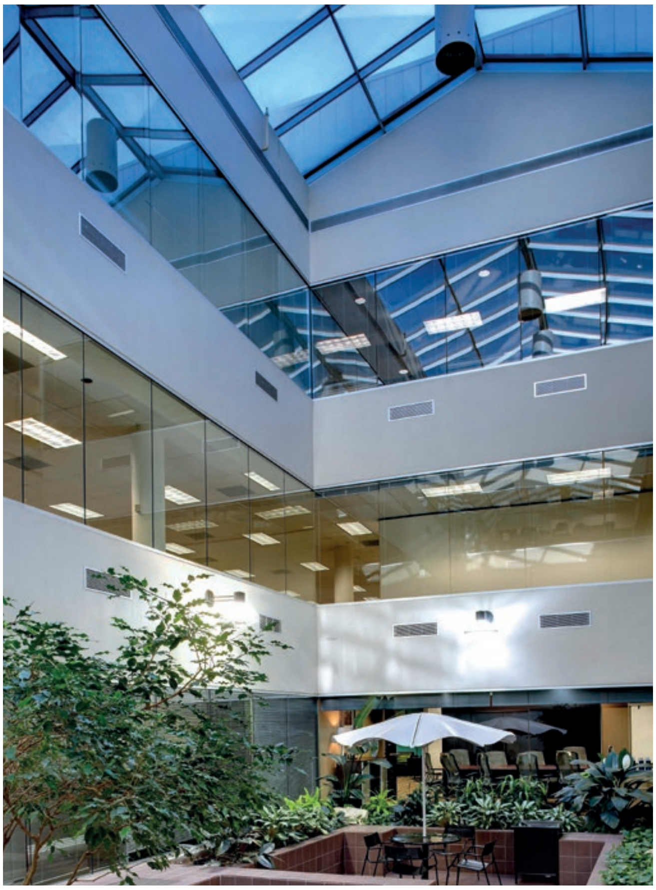
The resulting material aspects and indicators are outlined below.

Categories	Material Aspects	Targets	Aspect Boundary
Economic	Economic Performance	Execute a sound fiscal and asset management strategy to drive growth and long-term value for Unitholders	Internal & External
	Anti-corruption[1]	Achieve zero incidents of non-compliance with relevant laws and regulations	
Environment	Energy	Promote responsible consumption to ensure the efficient use of energy and resources	Internal
	Emissions		
	Water		
Social	Employment	Support employee well-being and active engagement	Internal
	Occupational Health and Safety	Achieve a zero-incident workplace	
	Training and Education	Support employee well-being and active engagement	
	Customer Health and Safety	Achieve a zero-incident workplace	Internal & External
	Local Communities	Advocate employee volunteerism and contribute to local communities through CSR activities	External

[1] Considered a compliance issue by the Manager.

Sustaining Growth

The Manager is committed to upholding high standards of corporate governance and improving the sustainability performance of its buildings.



The Manager aligns with sustainability standards such as the US Environmental Protection Agency's ENERGY STAR® Rating at its properties, including Great Hills Plaza (pictured).

Economic Performance

GRI 103-1 | 103-2 | 103-3 | 201-1

Economic performance is Keppel-KBS US REIT Management's (the Manager) primary responsibility, specifically to provide Unitholders with sustainable distributions and strong total returns. This is achieved through regular and stable distributions, maintaining an appropriate capital structure and implementing economic strategies that position KORE for sustainable growth and long-term value enhancement.

The Manager capitalises on economic opportunities through direct or indirect investing in a diversified portfolio of income-producing commercial assets and real estate-related assets in key US growth markets.

More information on KORE's business strategy and specific asset improvements can be found on page 3 and from pages 38 to 50 of the Annual Report respectively.

The Manager recognises that environmental, social and governance (ESG) factors, such as building energy performance, and economic performance are intricately linked. Obtaining standards such as the US Green Building Council's Leadership in Energy and Environmental Design (LEED) certification (obtained at two of KORE's properties) and US Environmental Protection Agency's ENERGY STAR® label (obtained at six of KORE's properties) have provided tenants with economic benefits through optimised energy efficiency, improved employee health and satisfaction, as well as sharpened KORE's competitive edge through product preference benefits.

KORE's business operations is safeguarded by its ERM framework as described on page 62 of this report and pages 132 and 133 of the Annual Report. The scope of its economic management systems encompasses the operational boundaries of KORE, as economic impacts occur throughout the organisation and supply chain. The scale of the organisation is represented by the metrics below:

- Total Employees: Six;
- Number of Operations: One;
- Net property income[1]: US$64.4 million;
- Total Capitalisation: US$501.3 million; and
- Quantity of products: 13[2] office buildings.

[1] From Listing Date to 31 December 2018 and includes the contribution from the Westpark Portfolio.
[2] The two new assets (the Westpark Portfolio and Maitland Promenade I) have been excluded from the scope of the ESG metrics.

In order to monitor and evaluate its economic performance, KORE conducts variance analysis, assesses actual and forecasted figures, as well as key metrics such as distribution per Unit and annualised distribution yield. Results of financial performance are communicated through multiple platforms including quarterly results announcements and annual reports. The financial performance can be found from pages 51 to 56 of the Annual Report.

Anti-corruption Measures
GRI 103-1 | 103-2 | 103-3 | 205-3

Anti-corruption is a material economic aspect of KORE's commitment to integrity and ethics, as well as Keppel Corporation's commitment to the United Nations Global Compact Principles (Principle 10 = Measures Against Corruption). The Manager is committed to adhere to the highest ethical standards and all applicable laws for the prevention of corruption. Keppel Corporation implements a zero-tolerance policy towards all forms of corruption, bribery, fraud and unethical behaviour for all its entities.

The Keppel Group Employee Code of Conduct, which applies to all of the Manager's employees, aims to establish the highest standards of integrity among its staff and reinforce ethical business practices. Anti-corruption policies are a key aspect of the Employee Code of Conduct, which addresses the standards of ethical business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures, as well as conflicts of interests. The policy also requires all employees to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

In order to prevent corruption and unethical behaviour, there is a comprehensive anti-corruption policy that:

- Outlines the responsibilities of employees to uphold anti-corruption and anti-bribery principles; and
- Informs and guides employees on how to preemptively identify and avoid instances of corruption.

Anti-corruption and regulatory compliance matters fall under the jurisdiction of the Regulatory Compliance Governance Structure, which is designed to strengthen corporate governance. The Audit and Risk Committee supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's focus on implementing effective compliance and governance systems.

Anti-corruption and other compliance policies are subjected to regular review by the Board and may be revised periodically to reflect changes in procedures or performance. The effectiveness of the policies are evaluated through various means, including the number of related violations and instances of non-compliances.

There have been no violations of anti-corruption policies identified in 2018.

Environmental Management

Energy Consumption
GRI 103-1 | 103-2 | 103-3 | 302-1

The Manager recognises that energy consumption is a growing concern and advanced energy efficiency measures can drive significant cost savings. As such, energy management is central to the Manager's commitment and efforts to create and protect long-term value for its Unitholders and tenants.

Energy savings are achieved through the optimisation of operations and processes, technological improvements, including the adoption of more sustainable building designs and materials, as well as the use of energy-efficient equipment and devices.

The success of KORE's energy management strategy is evaluated through ongoing monitoring, assessments and reporting of energy use performance. The strategy is managed by the Manager and results are assessed by the Board. If necessary, rectifying measures will be implemented for continual improvement.

KORE's energy demand comprises a mix of direct and indirect sources of energy. Direct energy refers to primary sources of energy consumed on site by its operations, whereas indirect energy is electricity purchased from external suppliers. In 2018, based on a detailed invoice assessment, KORE's properties consumed 108,440 therms (11,438 GJ) of natural gas and 53,216,914 kWh (191,580 GJ) of purchased electricity.This translates to an energy efficiency rate (also known as building energy intensity) of 0.677 GJ/m^2.

Emissions
GRI 103-1 | 103-2 | 103-3 | 305-2

Greenhouse gas (GHG) emissions contribute to climate change and impacts the business environment that KORE operates in.

KORE is committed to reduce GHG emission levels through initiatives to improve the energy efficiency of its properties. Gases used in the calculation include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO_2e). GHG emissions were calculated based on Greenhouse Gas Protocol Standards. Total GHG emissions in 2018 was about 34,139 tCO_2e, translating into GHG emissions intensity of 0.114 tCO_2e/m^2 of gross floor area.

Water
GRI 103-1 | 103-2 | 103-3 | 303-1

Due to factors such as global climate change and resource depletion, water scarcity is likely to become increasingly material to the real estate industry. Therefore, the efficient management of water resources is crucial to minimise environmental impact.

The Manager continues to strengthen its water conservation efforts through initiatives such as promoting water-saving practices and adopting water-efficient technologies and equipment. The success of KORE's water management programme is measured in water intensity per floor area and evaluated by the Board and Sustainability Committee based on continual improvements. The total water consumption for KORE's properties consists of entirely municipal water supplies serving its US properties.

Total water consumption for KORE's properties was about 219,026 m^3 in 2018. Water intensity, or water use per gross floor area, was about 0.730 m^3/m^2.

Empowering Lives

The Manager believes that people are its most important resource and is committed to providing a safe and healthy workplace for all its stakeholders.

Employment
GRI 102-7 | 102-8 | 103-1 |103-2 | 103-3 | 401-1 | 401-2

Recognising that people are its greatest asset, Keppel-KBS US REIT Management (the Manager) strives to nurture and develop its talent pool to create long-term value for KORE and its Unitholders.

The Manager believes that people are the most important resource for a successful business. Its human resource strategy is based on fostering a motivated and skilled workforce to maximise potential, harness innovation, as well as promote personal and professional growth. This strategy is three-pronged, focusing on career development, employee well-being and employee engagement. In turn, its commitment to sustainability also benefits its strategy to improve employee satisfaction, recruit top talent and engage its workforce through responsible business practices.

Profile of Employees
The Manager's workforce as at end-2018 comprised a total of six full-time permanent staff. All employees were hired locally. One employee is based in the United States (US) and five are based in Singapore. In addition to direct employees, the Manager is supported in the following functions by outsourced professionals, namely, property management, investor relations, financial reporting, capital management, human resources, legal and corporate secretarial. KORE seeks to work with outsourced professionals who share its vision of organisational development and a sustainable future.

Provision of Benefits
The Manager complies with all statutory regulations relating to employment terms and benefits and offers employees competitive and sustainable compensation. Committed to employee well-being, KORE provides all permanent employees based in Singapore with benefits such as life insurance, healthcare, leave entitlements and local pension funds.

Management Approach
The Manager respects and upholds human rights principles, adheres to fair employment practices, as well as invests in developing and training its workforce. In doing so, it enhances its ability to attract and retain top talent, as well as expand the capabilities of its people.

The Manager focuses on career development, employee well-being and engagement to unlock maximum potential of its employees.

Performance Management
GRI 103-1 | 103-2 | 103-3 | 404-3

The Manager subscribes to a pay-for-performance philosophy, as it believes this drives ownership of achievements and aligns individual and collective goals. This is a primary driver of long-term value creation for all key stakeholders.

Career development and employee advancement are fostered by a robust performance management framework consisting of regular performance reviews and platforms for two-way communication.

In 2018, 100% of the Manager's employees received performance and career development reviews. Employees and their supervisors discuss performance goals and targets based on the following four key areas: Financial, Process, Customers and Stakeholders, as well as People. Opportunities are granted based entirely on merit and employee potential is optimised with prospects of advancement, training, promotion, recognition of achievements and compensation.

Employee Engagement
The Manager continually engages its employees to better understand their needs and expectations. Two-way feedback between management and employees is encouraged. Staff of the Manager participated in the Keppel Group 2018 Employee Engagement Survey which measures employee engagement. The survey was administered by an external consultant and saw strong participation from employees. The Manager, with the support of Keppel Capital, reviews the results and implements appropriate measures and initiatives to continually engage its employees.

Training and Development
GRI 103-1 | 103-2 | 103-3 | 404-1 | 404-2

The Manager recognises the importance of investing in its people for their professional development. It encourages and provides training and development programmes for employees to expand their skill sets and be kept abreast of industry trends. In 2018, the average training hours per full-time employee was 23.5 hours.

To enable employees to develop and refine their skills and competencies, the Manager customises training and development programmes to cater to different career stages and industry needs. In addition, each year, a training and declaration exercise involving all staff is carried out. Online learning resources are also made available to all employees.

Diversity and Inclusion
The Manager respects the values and cultures of the communities where it operates and embraces workforce diversity. The Manager adopts merit-based recruitment practices and emphasises diversity and inclusiveness. Hiring selections are based on individual competencies, as well as organisation and job fit. Its hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age. As at end-2018, the workforce comprised one-third female and two-thirds male.

Occupational Health and Safety
GRI 103-1 | 103-2 | 103-3 | 403-2

The Manager is committed to prioritising safety as a core value and providing a safe and healthy workplace for all its stakeholders.

As part of the Keppel Group, the Manager is guided by the Keppel Zero Fatality Strategy, which was introduced in 2016. This strategy includes five components designed to reduce workplace fatalities to zero. Components of the Keppel Zero Fatality Strategy can be found in the graphic above.

A Strong Safety Culture
The Manager upholds safety as one of its core values. Safety-related messages are communicated to employees regularly to promote awareness and encourage employees to take ownership of safety. Employees are also encouraged to be forthcoming in reporting any safety lapses that they come across.

To ensure that the property managers' site staff and tenants are familiar with the building's emergency evacuation procedures, the Manager conducts fire drills at least once a year at all of its properties.

Annual audits are carried out at selected KORE properties on a rotational basis to ensure compliance with the relevant laws and regulations, as well as industry best practices. Any safety and health issues identified during these audits are addressed by the Manager and the respective property managers.

Management Approach
The Manager has adopted various platforms to facilitate learning, as well as the sharing of best practices and experiences among its employees, staff of the property managers, contractors and partners.

This includes the annual Keppel Health, Safety and Environment (HSE) Roundtable, where senior management from various Keppel entities share insights, best practices and exchange ideas to improve Keppel's safety performance. The action plan generated during the session is incorporated into the Group's safety roadmap and strategies.

The Manager also actively seeks tenants' feedback and suggestions to better understand their needs. Its health and safety management approach is also aligned with industry best practices, where applicable.

Health and Safety Performance
KORE's goal is to have zero occupational health and safety incidents. This goal was achieved in 2018 as there were no incidents of injury, fatalities, safety-related lost days/absenteeism or work-related fatalities. This is testament to the effectiveness of the management's approach and culture of prioritising health and safety.

The Manager is not aware of any violation of laws, regulations and/or voluntary codes pertaining to the operation of the KORE portfolio in 2018.

Customer Health and Safety
GRI 103-1 | 103-2 | 103-3 | 416-2

The Manager considers the health and safety of its tenants to be of the utmost importance.

The Manager exercises proper care and diligence in the selection, acquisition and operation of its buildings to ensure that they do not pose hazards to tenants or occupants. Health and safety impacts are continuously assessed for potential improvement throughout the portfolio and building lifecycles.

No violations of laws, regulations and voluntary codes concerning the provision, use and customer health and safety of its products and services have been identified in 2018.

The Manager engages its stakeholders through platforms such as the annual Keppel Group Safety Convention.

Nurturing Communities

The Manager adopts a proactive approach in engaging its stakeholders and supporting initiatives that positively impact the community.

Local Communities
GRI 103-1 | 103-2 | 103-3 | 413-1

As a responsible corporate citizen, the Manager is committed to nurturing local communities and supporting initiatives that create a lasting positive impact.

In 2018, the Manager joined hands with Keppel Capital and dedicated over 1,200 hours of community service in a range of activities to enrich the local communities.

Together with Keppel Capital, the Manager built meaningful relations with beneficiaries from the Muscular Dystrophy Association Singapore (MDAS) over several engagements in 2018.

MDAS was founded in 2000 with a mission to maximise the quality of life of people with muscular dystrophy and their families, to integrate them into society and support research towards a cure. During the year, volunteers and MDAS beneficiaries participated in activities such as museum visits, as well as board games and art jamming sessions.

In August 2018, the Manager, together with Keppel Capital, lent a helping hand to the Fei Yue Family Service Centre (Fei Yue) to pack and distribute household cleaning kits to families in need.

Established in 1991, Fei Yue is focused on helping vulnerable and disadvantaged communities, including children, youth, family, seniors, inmates and their families through the provision of counselling, healthcare, training and research.

Tenant engagement events that support worthy causes are also regularly held at KORE's properties. For example, an annual holiday sock drive was held at West Loop I & II and Earth Day 2018 was celebrated at Bellevue Technology Center with an electronics recycling event.

Management Approach
As a member of the communities in which it operates, the Manager seeks to serve as a catalyst of positive development. It bolsters philanthropic giving with employee volunteerism led by Keppel Volunteers, the Keppel Group's volunteer movement.

The Manager regularly supports activities to enrich local communities, such as participating in art jamming sessions with beneficiaries from MDAS.

GRI Content Index

GRI Standard	Disclosure Number	General Disclosures	Disclosure Level	Chapter, Page Reference, Performance and/or Explanation for Omissions
		Organizational Profile		
GRI 102: General Disclosures 2016	102-1	Name of the organization	●	3
	102-2	Activities, brands, products and services	●	3
	102-3	Location of headquarters	●	138
	102-4	Location of operations	●	17, 36-37
	102-5	Ownership and legal form	●	3, 36-37, 10
	102-6	Markets served	●	3, 6-7, 17, 36-37
	102-7	Scale of the organization	●	2-5, 17, 66
	102-8	Information on employees and other workers	●	66
	102-9	Supply chain	●	60-61
	102-10	Significant changes to organization and its supply chain	●	Not Applicable as this is our inaugural sustainability report
	102-11	Precautionary principle or approach	◑	61-62
	102-12	External initiatives	●	61
	102-13	Membership of associations	●	61
		Strategy		
	102-14	Statement from the most senior decision maker of the organization	●	58
		Ethics and Integrity		
	102-16	Values, principles and norms of behavior	●	1, 3, 57, 60
		Governance		
	102-18	Governance structure	●	61
		Stakeholder Engagement		
	102-40	List of stakeholder groups	●	63
	102-41	Collective bargaining agreements	●	None of the Manager's employees are under any collective bargaining agreements
	102-42	Identifying and selecting stakeholders	●	62
	102-43	Approach to stakeholder engagement	●	62
	102-44	Key topics and concerns raised	●	62
		Reporting Practice		
	102-45	Entities included in the consolidated financial statements	●	3, 59
	102-46	Defining report content and topic boundaries	●	59, 63
	102-47	List all material topics	●	63
	102-48	Restatements of information	●	Not Applicable as this is our inaugural sustainability report
	102-49	Changes in reporting	●	Not Applicable as this is our inaugural sustainability report
	102-50	Reporting period	●	59
	102-51	Date of the most recent report	●	Not Applicable as this is our inaugural sustainability report
	102-52	Reporting cycle	●	59
	102-53	Contact point of questions regarding the report	●	59
	102-54	Claims of reporting in accordance with GRI Standards	●	59
	102-55	GRI Content Index	●	70-72
	102-56	External assurance	●	This report has not been externally assured

Legend ● Fully reported ◑ Partially reported

GRI Standard	Disclosure Number	Material Topics	Disclosure Level	Chapter, Page Reference, Performance and/or Explanation for Omissions
		Category: Economic		
		Economic Performance		
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	●	63, 64
	103-2	The management approach and its components	●	64
	103-3	Evaluation of the management approach	●	64
	201-1	Direct economic value generated and distributed	◑	2, 4-5, 16, 64
		Anti-corruption		
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	●	63, 65
	103-2	The management approach and its components	●	65
	103-3	Evaluation of the management approach	●	65
	205-3	Confirmed incidents of corruption and actions taken	●	65
		Category: Environment		
		Energy		
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	●	63, 65
	103-2	The management approach and its components	◑	65
	103-3	Evaluation of the management approach	●	65
	302-1	Energy consumption within the organization	●	65
		Water		
GRI 303: Water 2016	103-1	Explanation of the material topic and its Boundary	●	63, 65
	103-2	The management approach and its components	◑	65
	103-3	Evaluation of the management approach	●	65
	303-1	Water withdrawal by source	●	65
		Emissions		
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	●	63, 65
	103-2	The management approach and its components	◑	65
	103-3	Evaluation of the management approach	●	65
	305-2	Direct (Scope 2) GHG emissions	●	65
		Category: Social		
		Employment		
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	●	63, 66-67
	103-2	The management approach and its components	◑	66-67
	103-3	Evaluation of the management approach	●	66-67
	401-1	New employee hires and employee turnover	◑	66
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	●	66
		Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	●	63, 67
	103-2	The management approach and its components	●	67
	103-3	Evaluation of the management approach	●	67
	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	●	67-68

Legend ● Fully reported ◑ Partially reported

GRI Content Index

GRI Standard	Disclosure Number	Material Topics	Disclosure Level	Chapter, Page Reference, Performance and/or Explanation for Omissions
		Training and Education		
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	●	63, 66-67
	103-2	The management approach and its components	●	66-67
	103-3	Evaluation of the management approach	●	66-67
	404-1	Average hours of training per year per employee	◑	67
	404-2	Programs for upgrading employee skills and transition assistance programs	●	66-67
	404-3	Percentage of employees receiving regular performance and career development reviews	●	66-67
		Local Communities		
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	◑	63, 69
	103-2	The management approach and its components	◑	69
	103-3	Evaluation of the management approach	◑	69
	413-1	Operations with local community engagement, impact assessments, and development programs	◑	69
		Customer Health and Safety		
GRI 416: Customer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	●	63, 68
	103-2	The management approach and its components	●	68
	103-3	Evaluation of the management approach	●	68
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	68

Legend ● Fully reported ◑ Partially reported

Financial Statements

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Report of the Trustee

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel-KBS US REIT (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of the units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel-KBS US REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 22 September 2017 (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements, set out on pages 79 to 107, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
26 February 2019

Statement by the Manager

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

In the opinion of the directors of Keppel-KBS US REIT Management Pte. Ltd. (the "Manager"), the Manager of Keppel-KBS US REIT (the "Trust"), the accompanying financial statements set out on pages 79 to 107 comprising the Statements of Financial Position of the Group and the Trust as at 31 December 2018, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial period from 22 September 2017 (date of constitution) to 31 December 2018, Consolidated Portfolio Statement of the Group as at 31 December 2018 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the financial period from 22 September 2017 (date of constitution) to 31 December 2018 and consolidated portfolio holdings of the Group as at 31 December 2018, are in accordance with the International Financial Reporting Standards and the provisions of the Trust Deed between Perpetual (Asia) Limited and the Manager dated 22 September 2017 and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Keppel-KBS US REIT Management Pte. Ltd.

Soong Hee Sang
Director

Singapore
26 February 2019

Independent Auditor's Report to the Unitholders of Keppel-KBS US REIT

(Constituted under a Trust Deed dated 22 September 2017 in the Republic of Singapore)
For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Keppel-KBS US REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2018, the Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Statement of Changes in Unitholders' Funds of the Trust for the financial period from 22 September 2017 (date of constitution) to 31 December 2018, Consolidated Portfolio Statement of the Group as at 31 December 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Changes in Unitholders' Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the financial period from 22 September 2017 (date of constitution) to 31 December 2018 and consolidated portfolio holdings of the Group as at 31 December 2018.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the Accounting and Corporate Regulatory Authority ("ACRA"), *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entitles* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and ACRA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Investment properties

As at 31 December 2018, the carrying amount of investment properties was US$1,016,750,000 which accounted for 95.3% of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of estimates made by the Manager and the external appraisers engaged by the Manager. As disclosed in Note 25(d), valuations of investment properties are highly sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and a review of the valuation reports issued by the external valuers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity. We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation model and the reasonableness of the significant assumptions by reference to historical rates and benchmark market data. Our procedures also included validating the reliability of property related data used by the external appraisers. In addition, we discussed with the external appraisers the valuation techniques and basis for the significant assumptions used. We assessed the overall appropriateness of the movements in fair value of the investment properties and the associated deferred tax consequences arising from the fair value gains. We also assessed the adequacy of disclosures in Note 25(d) to the consolidated financial statements.

Taxation – US. Tax Reform

In 20 December 2018, the United States Department of the Treasury released the proposed regulations under Section 267A of the United States Internal Revenue Code, as amended. The final regulations under Section 267A, which is anticipated to be promulgated no later than June 2019, could differ from the proposed regulations. Separately, in November 2018, the Government of Barbados announced changes to the corporate income tax rates in Barbados.

As disclosed in Note 24 to the consolidated financial statements, changes resulting from US tax reform legislation and related administrative guidance, including the application of the proposed regulations, are complex and require significant judgement, which may have an impact on the current and deferred tax provisions of the Group. Accordingly, we have identified this as a key audit matter.

Our audit procedures included, amongst others, a review by our internal tax specialists of the analysis and conclusions reached by the Manager and their tax advisors regarding the current transfer pricing arrangements, portfolio interest exemption, tax group structure and tax positions of the Group. We also involved our internal tax specialists in the assessment of fiscal developments in countries in which the Group operates, and in the recalculation of the amounts recognised as deferred tax, including the assessment of correspondences with the tax authorities obtained by the Manager.

We also assessed the adequacy of the Group's disclosures concerning income taxes included in Note 13 and Note 20 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditors' Report to the Unitholders of Keppel-KBS US REIT

(Constituted under a Trust Deed dated 22 September 2017 in the Republic of Singapore)
For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
26 February 2019

Statements of Financial Position

As at 31 December 2018

	Note	Group 2018 US$'000	Trust 2018 US$'000
Current assets			
Cash and cash equivalents	4	40,612	3,698
Trade and other receivables	5	3,069	32,857
Deposit	6	2,500	–
Prepaid expenses		644	136
		46,825	36,691
Non-current assets			
Derivative asset	7	3,537	3,537
Investment properties	8	1,016,750	–
Investment in subsidiaries	9	–	971,797
		1,020,287	975,334
Total assets		1,067,112	1,012,025
Current liabilities			
Trade and other payables	10	16,382	5,331
Loans and borrowings	11	5,000	5,000
Rental security deposits		893	–
Rent received in advance		4,926	–
		27,201	10,331
Non-current liabilities			
Loans and borrowings	11	366,632	366,632
Rental security deposits		4,247	–
Derivative liability	7	1,220	1,220
Preferred units	12	125	–
Deferred tax liabilities	13	9,711	–
		381,935	367,852
Total liabilities		409,136	378,183
Net assets attributable to Unitholders		657,976	633,842
Represented by:			
Unitholders' funds		657,976	633,842
Units in issue and to be issued ('000)	14	823,490	823,490
Net asset value per unit (US$) attributable to Unitholders	15	0.80	0.77

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

	Note	Group 22 September 2017 (date of constitution) to 31 December 2018 US$'000
Gross revenue	16	105,917
Property operating expenses	17	(41,565)
Net property income		64,352
Finance income		94
Finance expenses	18	(12,040)
Manager's base fees		(4,379)
Trustee's fee		(154)
Other trust expenses	19	(2,421)
Net change in fair value of derivatives	7	2,317
Net income before tax and fair value change in investment properties		47,769
Net change in fair value of investment properties	8	15,354
Net income for the period before tax		63,123
Tax expense	20	(10,106)
Net income for the period attributable to Unitholders		53,017
Earnings per unit (US cents)		
Basic and diluted	21	7.70

The accompanying notes form an integral part of these financial statements.

Distribution Statement

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

	Group
	22 September 2017 (date of constitution) to 31 December 2018 US$'000
Income available for distribution to Unitholders at the date of constitution	–
Net income for the period	53,017
Distribution adjustments (Note A)	(9,221)
Income available for distribution to Unitholders	43,796
Distribution to Unitholders during the period	
- Distribution of 3.82 US cents per Unit for the period 9 November 2017 to 30 June 2018	(24,074)
Income available for distribution to Unitholders at the end of the period	19,722
Distribution per Unit (DPU) (US cents):	6.22
Note A - Distribution adjustments comprise:	
Property related non-cash items [1]	(4,499)
Manager's base fee paid/payable in Units	4,379
Trustee's fee	154
Amortisation of upfront debt-related transaction costs [2]	747
Deferred tax expense	9,711
Net change in fair value of derivatives	(2,317)
Net change in fair value of investment properties	(15,354)
Others [3]	(2,042)
Net distribution adjustments	(9,221)

(1) This mainly comprise straight-line rent adjustments and amortisation of lease incentives.
(2) Upfront debt-related transaction costs are amortised over the life of the borrowings.
(3) This includes non tax-deductible items and other adjustments.

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Unitholders' Funds

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

	Note	Attributable to Unitholders		
		Units in issue and to be issued US$'000	Retained earnings US$'000	Total US$'000
Group				
At 22 September 2017 (date of constitution)		–	–	–
Net income for the period		–	53,017	53,017
Net increase in net assets resulting from operations		–	53,017	53,017
Unitholders' transactions				
Issue of new Units:				
- Initial public offering	14	553,137	–	553,137
- Rights issue	14	93,118	–	93,118
- Manager's base fee paid/payable in Units	14	4,379	–	4,379
- Manager's acquisition fee paid in Units	14	1,695	–	1,695
Issue costs	14	(23,296)	–	(23,296)
Distribution to Unitholders		(5,294)	(18,780)	(24,074)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		623,739	(18,780)	604,959
At 31 December 2018		623,739	34,237	657,976

The accompanying notes form an integral part of these financial statements.

	Note	Units in issue and to be issued US$'000	Retained earnings US$'000	Total US$'000
		Attributable to Unitholders		
Trust				
At 22 September 2017 (date of constitution)		–	–	–
Net income for the period		–	28,883	28,883
Net increase in net assets resulting from operations		–	28,883	28,883
Unitholders' transactions				
Issue of new Units:				
- Initial public offering	14	553,137	–	553,137
- Rights issue	14	93,118	–	93,118
- Manager's base fee paid/payable in Units	14	4,379	–	4,379
- Manager's acquisition fee paid in Units	14	1,695	–	1,695
Issue costs	14	(23,296)	–	(23,296)
Distribution to Unitholders		(5,294)	(18,780)	(24,074)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		623,739	(18,780)	604,959
At 31 December 2018		623,739	10,103	633,842

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

	Note	Group 22 September 2017 (date of constitution) to 31 December 2018 US$'000
Operating activities		
Net income before tax		63,123
Adjustments for:		
Property related non-cash items		(4,499)
Manager's fee paid/payable in Units		4,379
Interest income		(94)
Finance expenses	18	12,040
Fair value change in derivatives	7	(2,317)
Fair value change in investment properties	8	(15,354)
		57,278
Changes in working capital		
Trade and other receivables		(3,234)
Trade and other payables		4,240
Rental security deposits		489
Rent received in advance		2,105
Cash generated from operations		60,878
Tax paid		(23)
Net cash generated from operating activities		60,855
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities		(948,597)
Payment for capital expenditure relating to investment properties		(29,356)
Deposit placed		(2,500)
Interest received		94
Net cash used in investing activities		(980,359)
Cash flows from financing activities		
Proceeds from issuance of Units	14	646,255
Payment of transaction costs relating to issuance of Units	14	(23,296)
Proceeds from debt financing		374,440
Payment of debt related transaction costs		(3,555)
Proceeds from issuance of preferred Units	12	1,625
Redemption of preferred Units	12	(1,500)
Financing expense paid on loans and borrowings		(9,696)
Financing expense paid on preferred shares		(83)
Distribution to Unitholders		(24,074)
Net cash generated from financing activities		960,116
Net increase in cash and cash equivalents and cash and cash equivalents at end of the period	4	40,612

These notes form an integral part of these financial statements.

Portfolio Statement
As at 31 December 2018

Description of Property	Location	Tenure of land	Fair Value as at 31 December 2018 US$'000	Percentage of Total net assets as at 31 December 2018 %
The Plaza Buildings	Seattle, Washington, US	Freehold	**253,500**	**38.5%**
Bellevue Technology Center	Seattle, Washington, US	Freehold	**136,000**	**20.7%**
The Westpark Portfolio	Seattle, Washington, US	Freehold	**178,000**	**27.1%**
Iron Point	Sacramento, California, US	Freehold	**37,000**	**5.6%**
Westmoor Center	Denver, Colorado, US	Freehold	**126,400**	**19.2%**
Great Hills Plaza	Austin, Texas, US	Freehold	**37,300**	**5.7%**
Westech 360	Austin, Texas, US	Freehold	**46,600**	**7.1%**
1800 West Loop South	Houston, Texas, US	Freehold	**75,500**	**11.5%**
West Loop I and II	Houston, Texas, US	Freehold	**42,200**	**6.4%**
Powers Ferry	Atlanta, Georgia, US	Freehold	**19,750**	**3.0%**
Northridge Center I & II	Atlanta, Georgia, US	Freehold	**20,900**	**3.2%**
Maitland Promenade II	Orlando, Florida, US	Freehold	**43,600**	**6.5%**
Total investment properties			1,016,750	154.5%
Other assets and liabilities (net)			(358,774)	(54.5%)
Net assets			657,976	100.0%

These notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

1. General

Keppel-KBS US REIT (the "Trust") is a Singapore real estate investment trust constituted pursuant to the trust deed (the "Trust Deed") dated 22 September 2017 between Keppel-KBS US REIT Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust.

The Trust was inactive from the date of its constitution to 9 November 2017 (the "Listing Date"). The Trust was admitted for the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 9 November 2017.

The registered office and principal place of business of the Trustee is located at 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981 and 16 Collyer Quay, #07-01, Singapore 049318 respectively.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The Group's key objectives are to provide sustainable distribution and strong total returns for Unitholders.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fees structures of these services are as follows:

(a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of the Trust's annual distributable income (calculated before accounting for the base fee and performance fee, if any). The base fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% of its base fee in the form of Units for the period from 9 November 2017 (Listing Date) to 31 December 2018.

The base fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the base fee is payable in Units, the Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to an annual performance fee of 25.0% per annum of the difference in Distribution Per Unit ("DPU") in a period with the DPU in the preceding period (calculated before accounting for performance fee but after accounting for the base fee in each period) multiplied by the weighted average number of Units in issue for such period. The performance fee is payable if the DPU in any period exceeds the DPU in the preceding period, notwithstanding that the DPU in the period where the performance fee is payable may be less than the DPU in any preceding period. For the period from 9 November 2017 to 31 December 2018, the difference in DPU shall be the difference in actual DPU with the projected DPU as set out in the prospectus dated 2 November 2017.

The performance fee is payable in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to an acquisition fee of 1.0% of the purchase price of investment property acquired, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion. The acquisition fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of investment property sold or divested, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion.

The divestment fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

(b) Trustee's fees

The Trustee fees are charged on a scaled basis of up to 0.015% per annum of the value of all the gross assets of the Group ("Deposited Property"), subject to a minimum of S$14,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time.

(c) Development management fee

Pursuant to the Trust Deed, the Manager is entitled to a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Manager on behalf of the Trust. When the estimated total project costs are above US$100.0 million, the Manager will be entitled to receive a development fee equivalent to 3.0% for the first US$100.0 million. For the remaining total project costs in excess of US$100.0 million, the independent directors will first review and approve the quantum of the remaining development management fee, whereupon the Manager may be directed by the independent directors to reduce the remaining development management fee. The development management fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Any increase in the rate or any change in the structure of the Manager's fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("US$"), which is the functional currency of the Trust. All financial information presented in United States dollars has been rounded to the nearest thousand (US$'000), unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses at the end of each reporting period. Actual results may defer from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

There are no critical judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are disclosed in Note 24 (tax risk) and Note 25(d) (Valuation of investment properties).

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms to perform valuations. The Manager assess and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as per Note 25(a).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values as at acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. Any excess of the sum of fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as a fair value adjustment to investment properties as incurred.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The financial statements of the subsidiaries are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The Manager has determined the currency of the primary economic environment in which the Group operates, i.e. the functional currency, to be the US$.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to functional currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

3.3 Investment properties

Investment properties are properties that are held to earn rental income or for capital appreciation, or for both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in profit or loss. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognised in profit or loss.

3.4 Financial instruments

Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Financial assets comprise loans, receivables, cash and cash equivalents and other receivables. Cash and cash equivalents comprise cash at bank.

Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as financial liabilities measured at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

Other financial liabilities comprise other payables, rental security deposits and loans and borrowings.

Preferred units

Preferred units are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expenses in profit or loss as accrued.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies (continued)

3.4 Financial instruments (continued)

Derivative financial instruments
The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised in profit or loss.

3.5 Impairment of financial assets

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.6 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.7 Revenue recognition

Rental income from operating leases
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change in investment properties recognised in profit or loss. Tenant lease incentives are included in the cost basis of the investment property and recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

Tenant reimbursements from tenants are recognised as recoveries income in the period in which the applicable costs are incurred.

Other operating income
Other operating income comprise carpark income and other non-rental income recognised as earned. Car park income consists of contractual and transient car park income, which is recognised upon utilisation of parking facilities. In addition, car park income paid by tenants represents the right to park in pre-determined parking stalls on certain tenant leases.

Finance income
Interest income is recognised as it accrues, using the effective interest method.

3.8 Finance expenses

Finance expenses comprise interest expense on borrowings, amortisation of borrowing-related transaction costs and commitment fees incurred on the borrowings and dividends on preferred units that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

3.9 Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the United States, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Distribution policy

Keppel-KBS US REIT's distribution policy is to distribute 100% of its distributable income for the period from the Listing Date to the end of 31 December 2019. Thereafter, Keppel-KBS US REIT will distribute at least 90.0% of its distributable income for each financial year. The actual distribution will be determined at the discretion of the Board of Directors of the Manager.

3.11 Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.7.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group's investment properties are primarily commercial office properties and are located in the United States. Therefore, the directors consider that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in the financial statement.

3.14 New standards issued but not yet effective

The Group has not adopted the following standards as applicable to the Group that have been issued but not yet effective:

	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 9 Financial instruments

IFRS 9 replaces the existing guidance in International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with an early adoption permitted. The Group does not expect any significant impact to arise from these changes.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a framework for determining when to recognise revenue and how much revenue to recognise. The objective of the standard establishes principles to report useful information about the nature, amount, timing and uncertainty or revenue and cash flows arising from a contract with a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with an early adoption permitted. The Group does not expect any significant impact to arise from these changes.

IFRS 16 Leases

IFRS 16 requires lessees to recognise most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. This standard is not expected to have any significant impact on the financial statements of the Group.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

4. Cash and cash equivalents

	Group	Trust
	2018 US$'000	2018 US$'000
Cash at bank	40,612	3,698

Cash at banks earns interest at floating rates based on daily bank deposit rates.

5. Trade and other receivables

	Group	Trust
	2018 US$'000	2018 US$'000
Trade receivables	1,603	–
Other receivables	1,466	1,466
Amounts due from subsidiaries	–	31,391
	3,069	32,857

Other receivables and amounts due from subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$1,603,000 as at 31 December 2018 that are past due at the end of the reporting period but not impaired. The analysis of their aging at the end of the reporting period is as follows:

	Group
	2018 US$'000
Past due 0 to 1 month	1,423
Past due 1 to 3 months	147
Past due 3 to 6 months	33
	1,603

The Manager believes that no impairment loss is necessary in respect of these trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantee, insurance bonds or cash security deposits.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the end of the reporting period and the movement in allowance accounts used to record the impairment are as follows:

	Group
	2018 US$'000
Trade receivables – nominal amounts	1,608
Less: Allowance for impairment	(5)
	1,603
Movement in allowance accounts:	
Charged for the period and balance at 31 December	5

6. Deposit

On 27 November 2018, the Manager announced that the Group had entered into a purchase and sale agreement for the proposed acquisition of Maitland Promenade I for a consideration of US$48.5 million. A non-refundable deposit of US$2.5 million has been placed with an escrow agent in accordance to the purchase and sale agreement. This deposit shall be paid to the vendor and will be credited against the purchase consideration upon completion of the acquisition. The acquistion was completed on 16 January 2019, as disclosed in Note 27.

7. Derivative financial instruments

	Group and Trust		
	Contract/ Nominal amount US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	297,080	3,537	(1,220)

Derivative financial instrument as a percentage to the Group's net asset value	0.35%
Derivative financial instrument as a percentage to the Trust's net asset value	0.37%

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps to provide fixed rate funding for terms of 3 to 5 years.

The changes in fair value of the interest rate swaps are recognised in the Statement of Comprehensive Income for the financial period from 22 September 2017 (date of constitution) to 31 December 2018.

8. Investment properties

	Group
	2018 US$'000
Consolidated Statement of Financial Position	
At 22 September 2017 (date of constitution)	–
Acquisitions (including acquisition costs)	965,846
Capital expenditure capitalised	31,518
Fair value changes in investment properties	19,386
At 31 December	1,016,750

	Group
	2018 US$'000
Consolidated Statement of Comprehensive Income	
Fair value changes in investment properties	19,386
Net effect of amortisation and straight lining [1]	(4,032)
Net fair value change recognised in the Statement of Comprehensive Income	15,534

Investment properties comprise commercial office properties which are leased to external tenants.

[1] Arising from accounting for rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flow is included in the carrying value of the investment property and subsequently adjusted to the fair value change in investment properties recognised in profit or loss.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2018. The valuations were performed by Cushman & Wakefield, an independent valuer with a recognised and relevant professional qualification and with a recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in Note 25(d).

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

9. Investment in subsidiaries

	Trust
	2018 US$'000
Unquoted equity investment at cost	971,797

Details of the subsidiaries of the Trust are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust 2018 %
Direct subsidiaries:			
Keppel-KBS US REIT S1 Pte Ltd*	Investment holding	Singapore	100
Keppel-KBS US REIT S2 Pte Ltd*	Investment holding	Singapore	100
Indirect subsidiaries:			
Keppel-KBS US Parent REIT, INC^	Investment holding	United States	100
Keppel-KBS US Properties REIT, INC^	Investment holding	United States	100
Keppel-KBS Bellevue Technology Center, INC^	Investment in real estate properties	United States	100
Keppel-KBS Plaza Buildings, INC^	Investment in real estate properties	United States	100
Keppel-KBS Iron Point, INC^	Investment in real estate properties	United States	100
Keppel-KBS Westmoor Center, INC^	Investment in real estate properties	United States	100
Keppel-KBS Great Hills Plaza, INC^	Investment in real estate properties	United States	100
Keppel-KBS Westech 360, INC^	Investment in real estate properties	United States	100
Keppel-KBS 1800 West Loop, INC^	Investment in real estate properties	United States	100
Keppel-KBS West Loop I and II, INC^	Investment in real estate properties	United States	100
Keppel-KBS Powers Ferry Landing, INC^	Investment in real estate properties	United States	100
Keppel-KBS Northridge Center, INC^	Investment in real estate properties	United States	100
Keppel-KBS Maitland Promenade, INC^	Investment in real estate properties	United States	100
Keppel-KBS Westpark, LLC^	Investment in real estate properties	United States	100
KORE Maitland Promenade I, LLC^	Investment in real estate properties	United States	100
Keppel-KBS US TRS, LLC^	Provision of non-customary property services	United States	100
Keppel-KBS US REIT B1 SRL#	Investment holding	Barbados	100
Keppel-KBS US REIT B2 SRL#	Investment holding	Barbados	100
Keppel-KBS H1 KFT&	Dormant	Hungary	100

* Audited by Ernst & Young LLP Singapore
^ Audited by Ernst & Young LLP United States
# Audited by Ernst & Young LLP Barbados
& Audited by Ernst & Young LLP Hungary

10. Trade and other payables

	Group	Trust
	2018 US$'000	**2018 US$'000**
Trade payables	75	–
Other payables	676	314
Amounts due to a subsidiary	–	148
Amounts due to related companies	383	383
Accrued expenses	15,248	4,486
	16,382	5,331

Amounts due to subsidiary and related companies are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

11. Loans and borrowings

	Group and Trust	
	Maturity	**2018 US$'000**
Current		
Revolving credit facility	2019	5,000
Non-current		
USD term loan at LIBOR + 1.10% (unsecured)	2021	144,720
USD term loan at LIBOR + 1.19% (unsecured)	2022	144,720
USD term loan at LIBOR + 1.10% (unsecured)	2023	80,000
		369,440
Less: Unamortised transaction costs		(2,808)
Total non-current loans and borrowings		366,632
Total loans and borrowings		371,632

As at 31 December 2018, the Group has US$45.0 million of unutilised revolving credit facilities.

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	22 September 2017 (date of constitution)	Cash flows	Non-cash changes		31 December 2018
			Accretion of interests	**Others**	
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Group and Trust					
Loans and borrowings	–	374,440	–	(2,808)	371,632

The 'Others' column relates to the movement of debt related transaction cost.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

12. Preferred units issued

	Group 2018 US$'000
As at 22 September 2017 (date of constitution)	–
Issuance of preferred units	1,625
Redemption of preferred units	(1,500)
As at 31 December	125

As at 9 November 2017 (Listing Date), the indirect subsidiaries of the Trust have issued 1,625 preferred units with a par value of US$1,000 per preferred unit.

As at 1 January 2018, 1,500 of the preferred units have been redeemed.

The preferred units rank senior to all units of the indirect subsidiaries. Each holder of the preferred units is entitled to receive cumulative preferential cash dividends (recorded as finance expense) at a rate of 12.5% per annum on the subscription price of US$1,000 per unit plus all accrued and unpaid dividends which is payable annually in arrears.

The preferred units are not convertible or exchangeable for any other property or securities of the subsidiaries. The Board of Directors of the subsidiaries may, in its sole and absolute discretion, cause the subsidiaries to redeem units of the preferred units at US$1,000 per unit plus all accrued and unpaid dividends.

The preferred units have been classified as financial liabilities in accordance with IAS 32.

13. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group 2018 US$'000
Investment properties	9,711

Movements in deferred tax liabilities of the Group during the period are as follows:

	At 22 September 2017 (date of constitution) US$'000	Recognised in Statement of Comprehensive Income US$'000	At 31 December 2018 US$'000
Deferred tax liabilities			
Investment properties			
- Change in fair value of investment properties	–	4,261	4,261
- Tax depreciation	–	5,450	5,450
	–	9,711	9,711

14. Units in issue and to be issued

	Group and Trust	
	2018	
	No. of Units ‘000	US$’000
Units issued		
As at 22 September 2017 (date of constitution)	–	–
Issue of new Units:		
- Initial public offering	628,565	553,137
- Rights issue	186,236	93,118
- Management fees paid in Units	3,934	3,354
- Acquisition fees paid in Units	2,996	1,695
- Issue costs	–	(23,296)
- Capital distribution	–	(5,294)
As at 31 December	821,731	622,714
Units to be issued		
Management fee payable in Units	1,759	1,025
Total Units issued and to be issued as at 31 December	823,490	623,739

During the financial period from 22 September 2017 (date of constitution) to 31 December 2018, the following Units were issued and to be issued:

- On 26 November 2018, pursuant to the 295-for-1,000 Rights Issue, the Trust issued 186,236,224 new Units at an issue price of US$0.50 per Unit. The new Units were listed on 27 November 2018.

- The Trust also issued 2,996,271 new Units to the Manager as payment of acquisition fees for the acquisition of The Westpark portfolio.

- For the period from 9 November 2017 to 31 December 2018, the Trust issued 3,933,884 new Units to the Manager as payment of 100% of the Manager’s base fees for the period from 9 November 2017 to 30 September 2018.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

- Have the right to receive notice of, attend and one vote per Unit at any meeting of the Unitholders.
  The Unitholders are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the Unitholders are entitled to a return of capital based on the asset value per Unit of the Trust.

The restriction on Unitholders include the following:

- A Unitholder’s right is limited to the right to acquire due administration of the Trust in accordance with the provisions of the Trust Deed; and

- A Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder’s liability is limited to the amount paid or payable for any Units. The provision of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units. Included in issue costs are US$1,343,000 of fees paid to the auditors of the Group.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

15. Net asset value per Unit

	Note	Group 2018	Trust 2018
Net asset value per Unit is based on:			
- Net assets (US$'000)		657,976	633,842
- Total Units issued and to be issued at 31 December ('000)	14	823,490	823,490

16. Gross revenue

	Group 22 September 2017 (date of constitution) to 31 December 2018 US$'000
Rental income	80,736
Recoveries income	20,781
Other operating income	4,400
	105,917

Recoveries income includes, amongst others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenants leases.

17. Property operating expenses

	Group 22 September 2017 (date of constitution) to 31 December 2018 US$'000
Utilities	7,420
Repair and maintenance expenses	4,847
Property management fees	5,011
Property taxes	12,709
Other property operating expenses	11,578
	41,565

18. Finance expenses

	Group 22 September 2017 (date of constitution) to 31 December 2018 US$'000
Effective interest expense on borrowings	11,813
Dividends on preferred units	83
Commitment fees	144
	12,040

19. Other trust expenses

Included in other trust expenses are the following:

	Group
	22 September 2017 (date of constitution) to 31 December 2018 US$'000
Audit fees paid to auditors of the Group	497
Non-audit fees paid to auditors of the Group	470
Internal audit fees paid to a related company	37
Valuation fees	131
Other expenses	1,286
	2,421

Other expenses include legal fees, investor relations and related expenses.

20. Tax expense

The major components of tax expense for the period ended 31 December 2018 are:

	Group
	22 September 2017 (date of constitution) to 31 December 2018 US$'000
Current tax expense	
Withholding tax	23
Income tax	372
Deferred tax expense	
Movement in temporary differences	9,711
Tax expense	10,106
Reconciliation of effective tax rate	
Net income for the period before tax	63,123
Tax calculated using Singapore tax rate of 17%	10,731
Effect of different tax rate in foreign jurisdictions	(625)
	10,106

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

21. Earnings per Unit

Basic earnings per Unit is based on:

	Group
	22 September 2017 (date of constitution) to 31 December 2018 US$'000
Net income for the period	53,017

	Group
	2018 No. of Units '000
Weighted average number of Units:	688,193

Basic EPS is calculated based on the weighted average number of Units for the period. This comprises:

(i) The weighted average number of Units in issue for the period; and

(ii) The estimated weighted average number of Units to be issued as payment of Manager's base fees for the period from 9 November 2017 (Listing Date) to 31 December 2018.

Diluted earnings per Unit is equivalent to the basic earnings per Unit as there were no dilutive instruments in issue during the period.

22. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the period, in addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group
	22 September 2017 (date of constitution) to 31 December 2018 US$'000
Acquisition of investment properties from a related party	169,359
Acquisition fee paid to the Manager	1,695
Management fees paid/payable to the Manager	4,379
Trustee fees paid/payable	154

23. Financial ratios

	Group 22 September 2017 (date of constitution) to 31 December 2018 %
Ratio of expenses to weighted average net assets [(1)]	
- Including performance component of the Manager's management fees	1.07
- Excluding performance component of the Manager's management fees	1.07
Portfolio turnover rate [(2)]	–

(1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance expenses, net foreign exchange differences and income tax expense. The Group did not incur any performance fee for the period ended 31 December 2018.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value in accordance with the formula stated in the CIS Code.

24. Financial risk management objectives and policies

The Group's activities expose it to tax risk, market risk, interest rate risk, credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Tax risk

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect Keppel-KBS US REIT and its subsidiaries.

Any change in the tax status of the Group, or change in taxation legislation, administrative guidance, or regulation (or any disagreement as to the interpretation thereof) that applies to the Group, could adversely affect the distribution paid by the Group.

In addition, any such tax changes could adversely affect the value of the Group's investments, and/or increase the U.S. and non-U.S. tax liabilities of the Group and/or affect the Group's ability to achieve its investment objectives. Such changes could have a significant negative impact on the Group and its unitholders.

On 20 December 2018, the United States Department of the Treasury released proposed regulations under Section 267A (the "Proposed 267A Regulations"). Separately, on 20 November 2018, the Government of Barbados had announced that Barbados will converge its local and international tax rates. It was proposed that from 1 January 2019, domestic companies will pay the same tax rates as international companies, on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases (the "Proposed Barbados Tax Changes").

The Proposed 267A Regulations, together with the Proposed Barbados Tax Changes, are not expected to necessitate any further changes to Keppel-KBS US REIT's structure (including Barbados entities set-up on 1 January 2018) in order to preserve the deductibility of interest paid on Keppel-KBS US REIT's intercompany financing arrangements. As such, the Manager currently expects that the Proposed 267A Regulations, together with the Proposed Barbados Tax Changes, will not have any material impact on the consolidated net tangible assets or distributions per unit of Keppel-KBS US REIT.

The Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, expected to be effective as of 1 January 2018, could differ materially from the Proposed 267A Regulations and could result in additional costs. The United States Department of the Treasury has stated that it expects final regulations under Section 267A to be promulgated by June 2019.

Notes to the Financial Statements

For the financial period from 22 September 2017 (date of constitution) to 31 December 2018

24. Financial risk management objectives and policies (continued)

Market risk

Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's business is not exposed to significant currency risk as the portfolio of properties are located in the US and the cash flows from the operations of the properties are denominated in US$. The Group also borrows in the same currency as the assets in order to manage the foreign currency risk. The Trust will receive US$ distributions from the investment properties which will be passed to the Unitholders, either in US$ or converted to Singapore Dollar ("S$") at the spot foreign exchange rate. The Trust is exposed to fluctuations in the cross-currency rates of the US$ and S$ for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk. The Group has minimal exposure to currency risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. The Manager will actively monitor and manage the Group's net exposure to interest rate risk through the use of interest rate hedging instruments and/or fixed rate borrowings, where applicable.

As at 31 December 2018, the Group had US$297.1 million of variable rate interest borrowings which are hedged with interest rate swaps, and US$77.3 million of unhedged variable rate interest loans and borrowings. The Group had not been exposed to significant cash flow risk.

Sensitivity analysis for interest rate risk

At the reporting date, if the interest rates of borrowings had been 1.0% per annum higher/lower with all other variables constant, the Group's net profit before tax would have been US$774,000 lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements.

The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes too significant a percentage of the Group's gross revenue and obtaining security deposits or letter of credits from the tenants, where applicable. The top tenant in 2018 accounted for 0.6% of total revenue. At the end of the reporting period, approximately 42.1% of the Group's trade receivables were due from 3 major tenants.

Cash and cash equivalents are placed and derivative instruments are entered into with banks and financial institution counterparties which are of good ratings.

As at the reporting date, the Group believes that there is little or no credit risk inherent in the Group's trade and other receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

There were no significant trade and other receivables that are past due but not impaired.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows Within 1 year US$'000	Cash flows After 1 year but within 5 years US$'000	Cash flows After 5 years US$'000
2018					
Non-derivative financial liabilities					
Trade and other payables	16,382	16,382	16,382	–	–
Loans and borrowings	371,632	409,334	18,889	390,445	–
Rental security deposits	5,140	5,140	893	2,894	1,353
Preferred units	125	204	16	63	125
	393,279	431,060	36,180	393,402	1,478
Derivatives					
Interest rate swaps (net-settled)	1,220	1,128	226	902	–
Trust					
2018					
Non-derivative financial liabilities					
Trade and other payables	5,331	5,331	5,331	–	–
Loans and borrowings	371,632	409,334	18,889	390,445	–
	376,963	414,665	24,220	390,445	–
Derivatives					
Interest rate swaps (net-settled)	1,220	1,128	228	902	–

Capital management

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits as set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Group's properties. To maintain and achieve an optimal capital structure, the Manager may issue new units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as the net property income from the property divided by the latest valuation of the property, on the properties acquired. The Manager also monitors the level of distribution to Unitholders.

The Group is subjected to the aggregate leverage limits as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 45.0% of the fund's deposited property.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

The aggregate leverage ratio is calculated as the total borrowings and deferred payments divided by the total assets. The aggregate leverage ratio is 35.1% as at 31 December 2018. The Group has complied with the Aggregate Leverage limit of 45.0% during the financial year.

25. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2018 US$'000 Fair value measured at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets				
Derivative assets				
- Interest rate swap	–	3,537	–	3,537
Total financial assets	–	3,537	–	3,537
Non-financial assets				
Investment properties				
- Commercial	–	–	1,016,750	1,016,750
Total non-financial assets	–	–	1,016,750	1,016,750
Liabilities measured at fair value				
Financial liabilities				
Derivative liabilities				
- Interest rate swap	–	1,220	–	1,220
Total financial liabilities	–	1,220	–	1,220

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurement

Investment properties
Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

The fair value of investment properties of the Group was US$1,017 million as at 31 December 2018.

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the key unobservable inputs used:

Valuation technique	Key unobservable inputs	Inter–relationship between key unobservable inputs and fair value measurements
Discounted cash flow approach	• Rental rates per square foot per year of US$17.80 to US$38.60	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Discount rate of 7.00% to 9.50% • Terminal yield of 6.25% to 8.25%	Higher discount rate or terminal yield would result in a lower fair value, while lower rate would result in a higher fair value.
Direct capitalisation method	• Rental rates per square foot per year of US$17.80 to US$38.60	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.
	• Capitalisation rate of 4.75% to 8.50%	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.
Market or Direct comparison approach	• Price per square foot of US$113.50 to US$478.60	Higher price per square foot would result in a higher fair value, while lower rate would result in a lower fair value.

25. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 8.

(iii) Valuation policies and procedures

The Group's Chief Executive Officer (CEO), who is assisted by the Chief Financial Officer (CFO) and Senior Investment Analyst, oversees the Group's valuation process and is responsible for setting the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value

The carrying amount of the Group and the Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

26. Commitments

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of up to six years.

Future minimum payments receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group
	2018 US$'000
Not later than one year	74,196
Later than one year but not later than five years	208,754
Later than five years	52,471
	335,421

The above operating lease receivable are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

27. Subsequent events

Completion of acquisition
On 16 January 2019, the Manager announced the completion of the acquisition of Maitland Promenade I in Orlando, Florida, from a third-party seller with a purchase consideration of US$48.5 million. This acquisition was entirely funded by debt.

Distribution
On 24 January 2019, the Manager announced a distribution of 2.40 US cents per Unit for the period from 1 July 2018 to 31 December 2018.

Issuance of management fee in units to the Manager
On 31 January 2019, 1,758,241 Units were issued as payment of management fees for 4Q 2018.

28. Comparative information
No comparative figures have been presented as this is the first set of financial statements prepared for the Group and the Trust since the date of its constitution.

29. Authorisation of financial statements for issue
The financial statements were authorised for issue by the Manager and the Trustee on 26 February 2019.

Additional Information

Interested person transactions

The transactions entered into with interested persons during the financial period which fall inder the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000) Financial period from 09 November 2017 (listing date) to 31 December 2018 US$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) Financial period from 09 November 2017 (listing date) to 31 December 2018 US$'000
KBS SOR Westpark Portfolio, LLC		
- Acquisition of investment properties	169,359 [1]	Nil
Keppel-KBS US REIT Management Pte. Ltd.		
- Manager's management fees	4,379	Nil
- Acquisition fees	1,695	Nil
Perpetual (Asia) Ltd		
- Trustee fees	154	Nil

[1] Based on the agreed purchase price as set out in the Purchases and Sales Agreement.

Certain other interested person transactions outlined in the Prospectus dated 02 November 2017 are deemed to have been approved by the Unitholders and are therefore not subjected to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of fees charged thereunder which will adversely affect Keppel-KBS US REIT.

Keppel-KBS US REIT has not obtained a general mandate from Unitholders for interested person transactions for the financial period under review.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than $100,000 each) entered into during the financial period under review nor any material contracts entered into by Keppel-KBS US REIT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of Keppel-KBS US REIT.

Please also see significant related party transactions in Note 22 in the financial statements.

Subscription of Keppel-KBS US REIT Units

During the financial period ended 31 December 2018, Keppel-KBS US REIT issued:

[1] 3,933,884 new Units as payment of management fees to the Manager;

[2] 2,996,271 new Units to the Manager in relation to the acquisition fees paid for the acquisition of the Westpark Portfolio; and

[3] 186,236,224 new Units for the Rights Issue to raise US$93.1 million of proceeds for the acquisition of the Westpark Portfolio.

Corporate Governance

The board and management of Keppel-KBS US REIT Management Pte. Ltd. (the "Manager"), the manager of Keppel-KBS US REIT ("KORE"), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2012 (the "2012 Code") as its benchmark for corporate governance policies and practices. The following describes the Manager's main corporate governance policies and practices, with specific reference to the 2012 Code.

The Manager of KORE

The Manager has general powers of management over the assets of KORE. The Manager's main responsibility is to manage the assets and liabilities of KORE for the benefit of Unitholders. The Manager manages the assets of KORE with a focus on delivering sustainable distributions and creating long-term value for Unitholders.

The primary role of the Manager is to set the strategic direction of KORE and make recommendations to Perpetual (Asia) Limited as trustee of KORE (the "Trustee") on the acquisitions to, and divestments from, KORE's portfolio of assets, as well as enhancement of the assets of KORE, in accordance with its investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Manager. The Manager is also responsible for the risk management of KORE.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for KORE, at arm's length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for KORE with a view to deliver sustainable distributions;
2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the investment policy and prevailing investment strategy that the Manager has for KORE;
3. supervising and overseeing the management of KORE's properties (including lease management, systems control, data management and business plan implementation);
4. undertaking regular individual asset performance analysis and market research analysis;
5. managing the finances of KORE, including accounts preparation, capital management, co-ordination of the budget process, forecast modeling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
6. ensuring compliance with the applicable provisions of the relevant legislation pertaining to the operations of KORE, the Securities and Futures Act and all other relevant legislation of Singapore and the United States of America, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the Code on Collective Investment Schemes (including the Property Funds Appendix) issued by the Monetary Authority of Singapore ("MAS"), the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of KORE and its Unitholders. In this regard, the Manager confirms that it continues to maintain measures to ensure that Keppel-KBS US Parent REIT, Inc. continues to qualify as a US REIT;
7. managing regular communications with Unitholders; and
8. supervising the property managers who perform day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for KORE's properties, pursuant to the property management agreements signed for the respective properties.

KORE, constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of KORE. All Directors and employees of the Manager are remunerated by the Manager, and not by KORE.

The Manager is appointed in accordance with the terms of the Trust Deed dated 22 September 2017 (the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager and its related parties) being disenfranchised, vote to remove the Manager.

The Board's Conduct of Affairs

Principle 1:

Effective Board to lead and control the company

The Board of Directors of the Manager (the "Board") is responsible for the overall management and corporate governance of KORE and the Manager, including establishing goals for management and monitoring the achievement of these goals.

The principal functions of the Board are to:

- decide on matters in relation to KORE's and the Manager's activities which are significant in nature, including decisions on strategic direction, guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of KORE and the Manager, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- assume responsibility for corporate governance.

All directors of the Manager (the "Directors") are expected to exercise independent judgment in the best interests of KORE, and all Directors have discharged this duty consistently well.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee and the Nominating and Remuneration Committee have been constituted with clear written terms of reference, and play an important role in ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

The Board meets four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for KORE, proposed acquisitions and divestments, the annual budget, the performance of the business and the financial performance of KORE and the Manager. The Board also reviews and approves the release of the quarterly, half- and full-year results. In addition, the Board reviews the risks to the assets of KORE, and acts upon any comments from the auditor of KORE.

Corporate Governance

The Manager's constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

If a Director is unable to attend a Board or Board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman or Board committee Chairman of his or her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

The Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, divestments and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of KORE, and site visits. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KORE and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board committee members.

Board Composition And Guidance
Principle 2:
Strong and independent element on the Board

The Board consists of five members, three of whom are non-executive independent Directors.

The Board determines on an annual basis, taking into account the views of the Nominating and Remuneration Committee ("NRC"), whether or not a Director is independent, bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations").

Under the 2012 Code, a Director who has no relationship with the Manager, its related companies, its 10% shareholders/unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of KORE, is considered to be independent. In addition, under the SF(LCB) Regulations, an independent Director is one who:

(i) is independent from the management of the Manager and KORE;

(ii) is independent from any business relationship with the Manager and KORE;

(iii) is independent from every substantial shareholder of the Manager, and every substantial unitholder of KORE;

(iv) is not a substantial shareholder of the Manager, or a substantial unitholder of KORE; and

(v) has not served as a Director of the Manager for a continuous period of nine years or longer.

The NRC is of the view that, taking into account the nature and scope of KORE's operations, the present Board size is appropriate and facilitates effective decision- making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out in the Appendix hereto.

The NRC is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective. In this respect, the NRC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning.

The composition of the Board is also determined using the following principles:

(i) The Chairman of the Board should be a non-executive Director of the Manager;

The number of Board and Board committee meetings held during the financial period from 9 November 2017 (listing date) to 31 December 2018 (the "Financial Period"), as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended
Mr Peter McMillan III	4	-
Mr Soong Hee Sang	4	3
Mr John J. Ahn	4	3
Mr Kenneth Tan Jhu Hwa	4	3
Mr Paul Tham	4	3
No. of Meetings held during the Financial Period [(1)]	4	3

1 The Nominating and Remuneration Committee was newly constituted with effect from 1 January 2019. There was therefore no meeting held during the Financial Period.

(ii) The Board comprises Directors with a broad range of commercial and financial experience including expertise in funds management, audit and accounting and the property industry; and

(iii) At least one-third of the Board comprises independent Directors.

Further, in accordance with Guideline 2.2 of the 2012 Code, at least half of the Board should comprise independent Directors where the Chairman is not an independent director.

The composition is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the Board is kept well informed of KORE's and the Manager's businesses and affairs and are knowledgeable about the industry in which the businesses operate. For the Financial Period, the Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. The Directors are supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. Time is also set aside at the end of every Board meeting for closed door discussions between the Directors without the presence of management.

Chairman and Chief Executive Officer

Principle 3:

Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making

The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and CEO are not immediate family members.

The Chairman leads the Board in working together with management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. With the assistance of the company secretary, the Chairman also sets and approves the agenda of all Board meetings.

The Chairman monitors the flow of information from management to the Board to ensure that material information is provided timeously to the Board. He also encourages constructive relations between the Board and management.

The Chairman ensures effective communication with Unitholders and leads discussions and development of relations with them. He also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and the management.

The CEO is responsible for working with the Board to determine the strategy for KORE. The CEO also works with the other members of the Manager's management team to ensure that KORE is operated in accordance with the stated investment strategy of the Manager. He is also responsible for the strategic planning and development of KORE.

The clear separation of roles of the Chairman and CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberations on the business activities of KORE.

The Chairman and CEO are separate persons, the independent Directors currently comprise a majority of the Board, and the Board committees are chaired by and comprise entirely of independent Directors. If the Chairman is conflicted, the ARC Chairman will lead the Board. In addition, the Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the ARC Chairman. In light of the foregoing, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent Director.

Board Membership

Principle 4:

Formal and transparent process for the appointment of new Directors to the Board

Nominating and Remuneration Committee

The Manager has established the Nominating and Remuneration Committee ("NRC") to, among other things, make recommendations to the Board on all Board appointments. The NRC comprises three Directors, all of whom, including the Chairman of the NRC, are independent; namely:

Mr Kenneth Tan Jhu Hwa	Chairman
Mr Soong Hee Sang	Member
Mr John J. Ahn	Member

The responsibilities of the NRC are disclosed in the Appendix hereto.

Process for appointment of new Directors and succession planning for the Board

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

(a) the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;

(b) in light of such review and in consultation with management, the NRC assesses if there are any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(c) external help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;

(d) the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and

(e) the NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Criteria for appointment of new Directors

All new appointments are subject to the recommendations of the NRC based on the following objective criteria:

(1) Integrity;

(2) Independent mindedness;

(3) Diversity – possess core competencies that meet the current needs of KORE and the Manager and complement the skills and competencies of the existing Directors on the Board;

(4) Able to commit time and effort to carry out duties and responsibilities effectively – proposed Director should not have more than six listed company board representations and other principal commitments;

(5) Track record of making good decisions;

(6) Experience in high-performing corporations or property funds; and

(7) Financially literate.

Review of Directors' independence
The NRC is also charged with determining the "independence" status of the Directors annually and providing its views to the Board. Please refer to page 110 on the basis of the Board's determination as to whether a Director should or should not be deemed independent. In this regard and taking into account the views of the NRC, the Board has determined that:

(i) each of Mr Soong Hee Sang, Mr John J. Ahn and Mr Kenneth Tan Jhu Hwa (1) has been independent from management and business relationships with the Manager and KORE, (2) has not been a substantial shareholder of the Manager or a substantial unitholder of KORE, and (3) has been independent from every substantial shareholder of the Manager and substantial unitholder of KORE;

(ii) Mr Peter McMillan III is not considered independent from KBS Pacific Advisors Pte Ltd which is a substantial shareholder of the Manager. Mr McMillan holds one-third of the voting shares in KBS Pacific Advisors Pte Ltd which in turns holds 50% of the voting shares in the Manager. Mr McMillan is also not considered independent from KBS Strategic Opportunity REIT, Inc which is a substantial unitholder of KORE as he is a director of KBS Strategic Opportunity REIT, Inc.; and

(iii) Mr Paul Tham is not considered independent from Keppel Corporation Limited which is a substantial shareholder of the Manager and a substantial unitholder of KORE. Mr Tham is the Chief Executive Officer of Keppel REIT Management Limited which is a related corporation of Keppel Corporation Limited.

None of the Directors have served on the Board for a continuous period of nine years or longer.

Annual review of Directors' time commitments
The Board also determines annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Manager. The Board took into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their other listed company board representations and other principal commitments.

The Board has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. As a guide, Directors should not have more than six listed company board representations and other principal commitments.

Key information regarding Directors
The following key information regarding Directors are set out in the following pages of this Annual Report:

Pages 11 to 12: Academic and professional qualifications, Board committee served on (as a member or Chairman), date of first appointment as a Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, whether considered by the Board to be independent; and

Page 137: Unitholdings in KORE as at 21 January 2019.

Board Performance

Principle 5:
Formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Mr Tan does not have any other connection with KORE, the Manager or any of its directors.

The evaluation processes and performance criteria are set out in the Appendix hereto.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

Access to Information

Principle 6:
Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to the Directors at least five days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Management who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification, if required.

The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KORE's business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

The Manager has implemented quarterly financial reporting from the date of listing of KORE on the SGX.

The Directors have separate and independent access to the company secretary of the Manager. The company secretary assists the Chairman in ensuring that Board procedures (including but not limited to assisting the Chairman to ensure the timely and good information flow to the Board and its committees, and between senior management and the Directors) are followed and that the Manager's constitution and relevant rules and regulations are complied with. The company secretary attends all Board meetings and prepares minutes of the Board proceedings. The appointment and removal of the company secretary is subject to the approval of the Board as a whole.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties.

Remuneration Matters

Principle 7:

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:

The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company

The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company

Principle 9:

There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out under Principle 4 on page 111. The NRC comprises entirely non-executive Directors, all of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, and Unit grants) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Manager. In addition, the NRC reviews the Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Annual Remuneration Report

Although the remuneration of the Directors and employees of the Manager is paid by the Manager, and not by KORE, the Manager is disclosing the following information on the remuneration of its Directors, CEO and key management personnel.

Policy in respect of Directors' remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office. The non-executive Directors participated in additional ad-hoc meetings with management during the Financial Period and are not paid for attending such meetings. The Director's fees for Mr Peter McMillan III and Mr Paul Tham will be paid in cash to KBS Pacific Advisors Pte. Ltd. ("KPA") and Keppel Capital Holdings Pte. Ltd. ("Keppel Capital") respectively.

Remuneration policy in respect of key management personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term remuneration.

The NRC undertook a review of the total remuneration structure for the Financial Period. The total remuneration structure adopted reflects four key objectives:

(a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholder's interests;

(b) Long-term orientation: To motivate employees to drive sustainable long-term growth;

(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders; and

(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses.

The total remuneration mix comprises three components - annual fixed pay, annual performance bonus and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks against the relevant industry market data. The size of the Manager's annual performance bonus pot is determined by KORE's financial and non-financial performance, and is distributed to employees based on their individual performance. The long-term incentive is in the form of deferred cash bonus where a portion of the annual performance bonus is deferred. Executives who have greater ability to influence strategic outcomes have a greater proportion of their overall reward at risk.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration are aligned with the interests of Unitholders and promote the long-term success of KORE. The mix of fixed and variable reward is considered appropriate for the Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performances. This link is achieved in the following ways:

The framework for determining the Directors' fees is shown in the table below:

	Chairman	Director	Member
Main Board	S$75,000 per annum	S$46,000 per annum	-
Audit and Risk Committee	S$23,000 per annum	-	S$14,000 per annum
Nominating and Remuneration Committee	S$14,500 per annum	-	S$7,500 per annum

(1) By placing a significant portion of executive's remuneration at risk ("at-risk component") and in some cases, subject to a vesting schedule; and

(2) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:

a. There are four scorecard areas that the Manager has identified as key to measuring its performance –

i. Financial;
ii. Process;
iii. Customer and stakeholders; and
iv. People.

Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;

b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually;

c. By requiring those KPIs or conditions to be met in order for the at-risk components of remuneration to be awarded or to vest; and

d. Forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of KORE and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

(1) Prudent funding of annual performance bonus;

(2) Granting a portion of the annual performance bonus in the form of deferred cash bonus; and

(3) Potential forfeiture of variable incentives in any year due to misconduct.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during the Financial Period.

The level and mix of each of the Directors' remuneration for 2018 are set out below:

Name of Director	Base/ Fixed Salary	Variable or performance-related income/bonuses	Directors' Fees (S$)	Benefits-in-Kind
Peter McMillan III [1]	-	-	S$75,000	-
Soong Hee Sang	-	-	S$69,000	-
John J. Ahn	-	-	S$60,000	-
Kenneth Tan Jhu Hwa	-	-	S$60,000	-
Paul Tham [2]	-	-	S$60,000	-

1 Mr Peter McMillan III's fees are paid 100% to KPA.
2 Mr Paul Tham's fees are paid 100% to Keppel Capital.

The level and mix of the remuneration of the CEO and each of the other key management personnel for 2018, in bands of S$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel (1)	Base/ Fixed Salary	Variable or Performance-related income/ bonuses (2)	Benefits-in-kind	Contingent award of units/ shares	
				Cash (3)	RUP
Above S$500,000 to S$750,000					
David Snyder	53%	24%	n.m (4)	23%	
Above S$250,000 to S$500,000					
Andy Gwee	51%	39%	n.m (4)	-	10% (5), (6)

1 The Manager has less than five key management personnel other than the CEO.
2 The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for the Financial Period were met.
3 Deferred cash are subject to pre-determined performance targets set over a one-year performance period.
4 "n.m" means not material.
5 These are shares awarded under the Keppel Corporation Limited ("KCL") Restricted Share Plan ("RSP"). As at 15 February 2019 (being the grant date), the estimated value of each KCL share granted in respect of the contingent award under the KCL RSP was S$5.84.
6 Mr Andy Gwee is on secondment from Keppel Capital to the Manager as part of Keppel Group's career development framework and his total remuneration includes share awards under the KCL RSP. After taking into consideration that Mr Gwee's performance, which is directly linked to the performance of Keppel-KBS US REIT, is assessed by the CEO and subject to review by the NRC, the NRC is satisfied that any potential conflict of interest that may occur in relation to Mr Gwee having been granted an award under the KCL RSP is mitigated.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO and key management personnel (who are not Directors or the CEO) in bands of S$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of the Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 113 to 114.

Remuneration of Employees who are Immediate Family Members of a Director or the Chief Executive Officer

No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 during the Financial Period. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

Accountability and Audit

Principle 10:

The Board should present a balanced and understandable assessment of the company's performance, position and prospects

Principle 12:

Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of KORE's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of KORE. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET, media releases, as well as KORE's corporate website.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KORE's performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments, as well as business and operational information. The financial results are compared against the respective budgets, together with explanations of significant variances for the reporting period.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") has been appointed by the Board from among the Directors of the Manager and comprises three non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Soong Hee Sang and the members are Mr John J. Ahn and Mr Kenneth Tan Jhu Hwa.

All the members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC's role includes assisting the Board to ensure the integrity of financial reporting and that a sound internal control and risk management system is in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. KORE's and the Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department ("Group Internal Audit"). Group Internal Audit, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of three ARC meetings were held during the Financial Period. In addition, the ARC met with the external auditor and the internal auditor at least once during the Financial Period, without the presence of management.

During the Financial Period, the ARC performed independent reviews of the financial statements of KORE before the announcement of KORE's quarterly, half- and full-year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financials.

The ARC also reviewed and approved both the internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KORE and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations reported by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For the Financial Period, an aggregate amount of US$2,310,000, comprising audit service fees of US$497,000 and non-audit service fees of US$1,813,000, was paid/payable to KORE's external auditor. The non-audit service fees include a large component of one-off non-audit fees relating to the Initial Public Offering ("IPO") of KORE. Furthermore, non-audit service fees were also higher for the first financial period for tax purpose as it relates to two reporting periods – 9 November 2017 (listing date) to 31 December 2017 and 1 January 2018 to 31 December 2018, as compared to a single reporting period for audit purpose – 9 November 2017 (listing date) to 31 December 2018. Excluding both the one-off IPO fees and non-audit service (tax) fee for the additional period, an aggregate amount of US$844,000, comprising audit service fees of US$497,000 and non-audit service fees of US$347,000 was paid/payable to KORE's external auditor for the 12 months from 1 January 2018 to 31 December 2018.

Cognisant that the external auditor should be free from any business or other relationships with KORE that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to KORE's relationships with them during the Financial

Period. In determining the independence of the external auditor, the ARC reviewed all aspects of KORE's relationships with it including the processes, policies and safeguards adopted by KORE and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services during the Financial Period and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of KORE's statutory financial audit. KORE has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to its appointment of audit firms.

The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal audit team was independent, adequately resourced to perform its functions, and had appropriate standing within KORE and the Manager.

The ARC reviewed the "Whistle-Blower Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of any control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Policy annually to ensure that it remains current. The details of the Policy are set out on pages 122 and 123 herein.

The ARC members are kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of KORE.

Risk Management and Internal Controls

Principle 11:
Sound system of risk management and internal controls

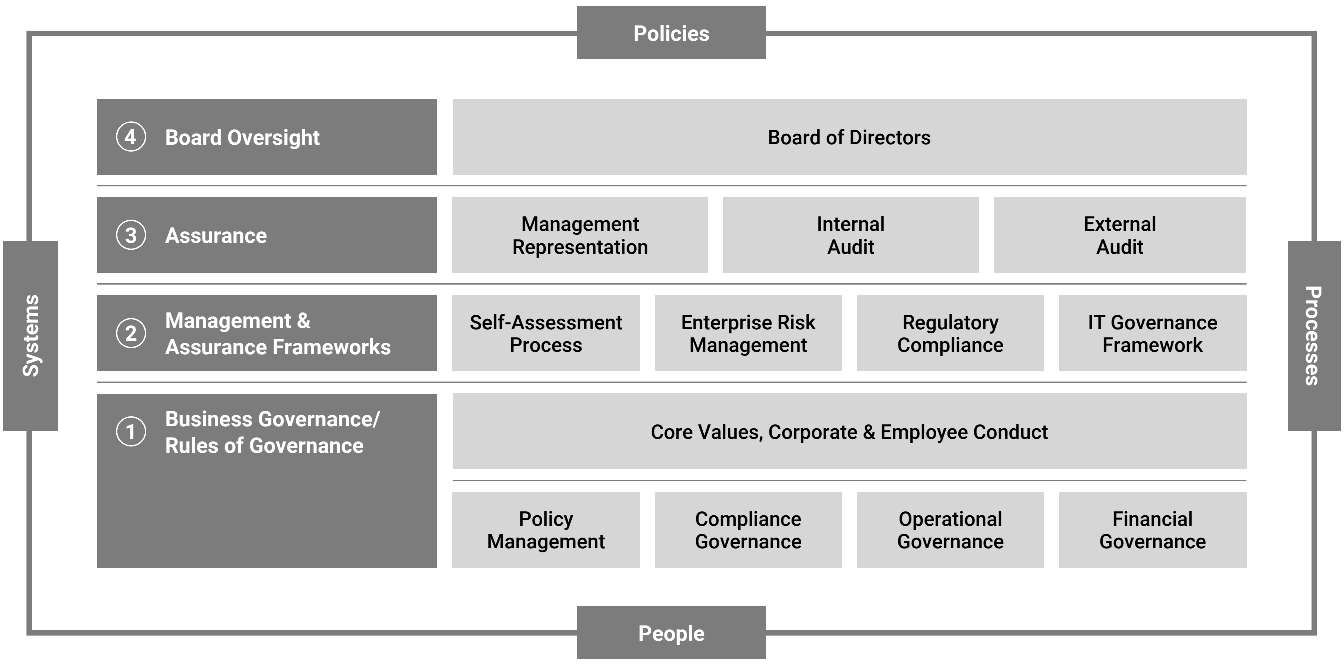
The ARC assists the Board in examining the adequacy and effectiveness of KORE's and the Manager's risk management system to ensure that it remains robust. The ARC also reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, in order to safeguard Unitholders' interests and KORE's assets. The ARC reports to the Board any critical risk issues, material matters, findings and recommendations in respect to significant risk matters. The responsibilities of the ARC are disclosed in the Appendix hereto.

Risk Assessment and Management of Business Risk
Identifying and managing risks is central to the business of KORE and to protecting Unitholders' interests and value. KORE operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Board met four times during the Financial Period. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

KORE's Enterprise Risk Management framework ("ERM Framework") provides KORE and the Manager with a systematic approach to risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. Details of the Manager's approach

KORE's System of Management Controls



to risk management and internal controls and the management of key business risks are set out in the "Risk Management" section on pages 132 to 133 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), as disclosed on page 132.

The Manager has in place a risk management assessment framework (the "Assessment Framework") which was established to facilitate the Board's assessment on the adequacy and effectiveness of KORE's and the Manager's risk management system.

The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of KORE and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

In addition, the Manager has adopted the Whistle-Blower Policy, Insider Trading Policy and Code of Practice for Safeguarding Information which reflect the management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

Independent Review of Internal Controls
KORE's and the Manager's internal auditor conduct an annual review of the adequacy and effectiveness of KORE's and the Manager's material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made by the internal auditor in this respect.

KORE and the Manager also have in place the KORE's System of Management Controls Framework (the "Framework") outlining KORE's and the Manager's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of KORE's and the Manager's system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to KORE's and the Manager's business scope and environment. Such policies and procedures govern financial, operational, regulatory compliance and information technology matters and are reviewed and updated periodically. Compliance governance is governed by the regulatory compliance management committee and working teams. Employees are guided by the Manager's core values and expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, KORE and the Manager are required to conduct a self-assessment exercise on an annual basis. This exercise requires KORE and the Manager to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under KORE's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory Compliance works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and the Chief Financial Officer ("CFO") are required to provide KORE and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

The Board, supported by the ARC, oversees KORE's and the Manager's system of internal controls and risk management. The Board has received assurance from the CEO, Mr David Snyder, and the CFO, Mr Andy Gwee, that, amongst others:

(1) the financial records of KORE and the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances of KORE and the Manager;

(2) the internal controls of KORE and the Manager are adequate and effective to address the financial, operational, compliance and information technology risks which KORE and the Manager consider relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and

(3) they are satisfied with the adequacy and effectiveness of KORE's and the Manager's risk management system.

Based on the Framework, the internal controls and risk management policies and procedures established and maintained by KORE and the Manager, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the ARC, is of the opinion that, taking into account the nature, scale and complexity of KORE's and the Manager's operations, as at 31 December 2018, KORE's and the Manager's internal controls and risk management system, are adequate and effective in addressing the financial, operational, compliance and information technology risks which KORE and the Manager consider relevant and material to its current business scope and environment.

The system of internal controls and risk management established by KORE and the Manager provides reasonable, but not absolute, assurance that KORE and the Manager will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Internal Audit

Principle 13:
Adequately resourced and independent internal audit function

The internal audit function of KORE and the Manager is performed by Keppel Corporation Limited's Group Internal Audit. Group Internal Audit was appointed as the internal auditor in 2018. The role of the internal auditor is to provide independent assurance to the ARC to ensure that KORE and the Manager maintain a sound system of internal controls by reviewing the key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high-risk areas.

Staffed by suitably qualified executives, Group Internal Audit has direct access to the ARC and unrestricted access to all of KORE's and the Manager's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a member of the Institute of Internal auditors ("IIA"), Group Internal Audit is guided by the International Professional Practices Framework set by IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016. The results re-affirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as auditing and accounting pronouncements.

During the Financial Period, Group Internal Audit adopted a risk-based approach that focuses on key risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Group Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the ARC.

Unitholder Rights and Responsibilities, Communication with Unitholders and Conduct of Unitholder Meetings

Principle 14:
Recognition, protection and facilitation of the exercise of Unitholders' rights

Principle 15:
Regular, effective and fair communication with Unitholders

Principle 16:
Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/ Accountability", the Manager regularly communicates with Unitholders and responds promptly to their queries and feedback.

The Manager employs various platforms to enhance its outreach to Unitholders, with an emphasis on timely, accurate, fair and transparent disclosure of information.

Through one-on-one meetings, conference calls, post-results engagements and investor roadshows, the Manager engaged a total of 153 institutional investors and analysts for the period since listing to end-2018. The Manager also participated in investor roadshows in Bangkok, Hong Kong and Kuala Lumpur to engage with international investors and broaden KORE's investor base. More details on the Manager's investor relations activities are found on pages 15 to 16 of this Annual Report.

The Manager has in place an Investor Relations ("IR") Policy which sets out the principles and practices that the Manager applies in order to provide Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The IR Policy is published on KORE's website at www.kepkbsusreit.com.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and/or media releases. The Manager ensures that unpublished price sensitive information is not disclosed selectively, and if on the rare occasion when such information is inadvertently disclosed, this would be immediately released to the public via SGXNET and/or media releases.

Unitholders are also kept abreast of latest announcements and updates on KORE via the corporate website and email alert system. Unitholders and members of the public can post their queries and feedback to a dedicated investor relations contact via email or the phone.

The Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meetings. In this regard, the Unitholders' meetings are generally held in central locations which are easily accessible by public transportation. Unitholders are informed of Unitholders' meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. To ensure transparency, all resolutions proposed at the Unitholders' meeting will be voted on by way of an electronic poll and the results of the poll will be displayed "live" to Unitholders/proxies immediately after each poll conducted. The total number of votes cast for and against each resolution and the respective percentages will also be announced promptly after the meeting via SGXNET.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairmen of the Board and the Board committees are required to be present to address questions at Unitholders' meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, if necessary.

The Manager is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The company secretary of the Manager prepares minutes of Unitholders' meetings, which incorporates comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon request.

Securities Transactions

Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of KORE, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Manager's directors and officers. It has also adopted the best practices on securities dealings issued by the SGX. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Manager issues notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of KORE one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information. The Manager's officers are also informed that they should not deal in KORE's securities on short-term considerations.

Conflicts of Interests

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

(1) The Manager will not manage any other real estate investment trust which invests in the same type of properties as KORE;

(2) All resolutions in writing of the directors of the Manager in relation to matters concerning KORE must be approved by at least a majority of the directors of the Manager, including at least one Independent Director;

(3) At least one-third of the Board shall comprise independent Directors;

(4) In respect of matters in which KBS Capital Advisors LLC and/or its subsidiaries ("KBS Group") have an interest, direct or indirect, any nominees appointed by KBS Pacific Advisors Pte Ltd ("KPA") and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of the KPA and/or its subsidiaries; and

(5) In respect of matters in which Keppel Corporation Limited and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Corporation Limited and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of Keppel Corporation Limited and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party (meaning any "interested person" as defined in the Listing Manual and/or, as the case may be, an "interested party" as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of KORE, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obligedto take appropriate action in relation to such agreement. The Directors of the Manager (including its independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of KORE with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Employee Code of Conduct
The Manager has in place an employee code of conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of ethical business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all staff to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The rules require business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption rules are also spelt out to protect the business, resources and reputation of KORE and the Manager. Employees must not offer or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, or any benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

The employee code of conduct is published on the intranet which is accessible by all employees of the Manager. New employees are briefed on the policy when they join the Manager. Subsequently, all employees are required to acknowledge the policy annually to ensure awareness.

Related Party Transactions
The Manager's Internal Control System
The Manager has established an internal control system to ensure that all Related Party transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of KORE and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party transactions which are entered into by KORE and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager also incorporates into its internal audit plan a review of all Related Party transactions entered into by KORE. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of KORE's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of KORE's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of KORE and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of KORE's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning KORE relate to transactions entered into or to be entered into by the Trustee for and on behalf of KORE with a Related Party of KORE or the Manager, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of KORE and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of KORE or the Manager. If the Trustee is to sign any contract with a Related Party of KORE or the Manager, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to REITs.

KORE will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of KORE's latest audited net tangible assets.

The aggregate value of all Related Party transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in KORE's annual report for that financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that Related Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Related Party transactions (and the basis, including, where practicable, the quotations obtained to support such basis on which they are entered into) which are entered into by KORE.

On a quarterly basis, management reports to the ARC the Related Party transactions entered into by KORE. The Related Party transactions are also reviewed by Group Internal Audit and all findings, if any, are reported during the ARC meetings. The Trustee also has the right to review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

The ARC reviews all Related Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Appendix

Board Committees – Responsibilities

A. Audit and Risk Committee

(1) Reviewing financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.

(2) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's and KORE's risk management and internal controls, including financial, operational, compliance (including processes to mitigate conflicts of interests in respect of the sourcing of potential acquisitions) and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

(3) Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions or policies taken by management on the recommendations and observations.

(4) Reviewing the independence and objectivity of external auditors and internal auditor annually.

(5) Reviewing the nature and extent of non-audit services performed by external auditors.

(6) Meeting with external and internal auditors, without the presence of management, at least annually.

(7) Making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

(8) Reviewing the adequacy and effectiveness of the Manager's and KORE's internal audit function, at least annually.

(9) Ensuring at least annually that the internal audit function is adequately resourced and has appropriate standing with the Manager and KORE.

(10) Approving the accounting/auditing firm or corporation to which the internal audit function is outsourced.

(11) Reviewing the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

(12) Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).

(13) Reviewing related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" ("Interested Person Transactions") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("Interested Party Transactions", and together with Interested Person Transactions, "Related Party Transactions").

(14) Investigating any matters within the Audit and Risk Committee's purview, whenever it deems necessary.

(15) Obtaining recommendations on risk tolerance and strategy from management, and where appropriate, reporting and recommending to the Board for its determination:

    (i) the nature and extent of significant risks which the Manager and KORE may take in achieving its strategic objectives; and

    (ii) overall levels of risk tolerance and risk policies.

(16) Reviewing and discussing, as and when appropriate, with management on the Manager's and KORE's risk governance structure and their risk policies, risk mitigation and monitoring processes and procedures.

(17) Receiving and reviewing at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.

(18) Reviewing the Manager's capability to identify and manage new risk types.

(19) Reviewing and monitoring of hedging policies and instruments to be implemented by KORE.

(20) Reviewing and recommending to the Board hedging policies and monitoring the implementation such policies.

(21) Reviewing and monitoring management's responsiveness to the critical risks, compliance issues and material matters identified and recommendations of the Audit and Risk Committee.

(22) Providing timely input to the Board on critical risk issues.

(23) Reporting to the Board on material matters, findings and recommendations.

(24) Receive and review updates from Management to assess the adequacy and effectiveness of the Manager's compliance framework in line with relevant laws, regulations and best practices.

(25) Through interactions with the Compliance Lead who has a direct reporting line to the ARC, review and oversee performance of the Manager's implementation of compliance programmes.

(26) Review and monitor the Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.

(27) Review the Audit and Risk Committee terms of reference annually and recommend any proposed changes to the Board.

(28) Perform such other functions as the Board may determine from time to time.

(29) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

B. Nominating and Remuneration Committee

(1) Recommend to the Board the appointment/re-appointment of Directors.

(2) Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.

(3) Annual review of independence of each Director, and to ensure that the Board comprises at least half independent Directors. In this connection, the Nominating and Remuneration Committee should conduct particularly rigorous review of the independence of any Director who has served on the Board beyond 9 years from the date of his or her first appointment.

(4) Decide, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Company.

(5) Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director.

(6) Annual assessment of the effectiveness of the Board as a whole and individual Directors.

(7) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).

(8) Review talent development plans.

(9) Review the training and professional development programmes for Board members.

(10) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as the key management personnel.

(11) Review the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.

(12) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).

(13) Administer the Company's long-term incentive schemes in accordance with the rules of such schemes.

(14) Report to the Board on material matters and recommendations.

(15) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board.

(16) Perform such other functions as the Board may determine.

(17) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

Board Assessment

Evaluation processes

Board

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the Independent Co-ordinator or the NRC Chairman will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman. Thereafter, the report is presented to the NRC. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the

Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman on the report.

Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties, responsibilities and performance objectives in accordance with the established Board processes of the Company.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's board committee work contribution, whether the Director takes his role of Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certainareas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision-making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

Keppel-KBS US REIT Management Whistle-Blower Policy

The Whistle-Blower Policy (the "Policy") was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Manager and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Manager or contract worker appointed by the Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

a. Dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
b. Fraudulent;
c. Corrupt;
d. Illegal;
e. Other serious improper conduct;
f. An unsafe work practice; or
g. Any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the report or be a witness.

The General Manager (Group Internal Audit) is the Receiving Officer for the purposes of the Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the ARC Chairman on all matters arising under the Policy.

Reporting Mechanism

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Manager are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), via the established reporting channel, he or she may make the report directly to the ARC Chairman.

Nature of Current Directors' Appointments and Membership on Board Committees

Director	Board Membership	Committee Membership: Audit and Risk	Committee Membership: Nominating and Remuneration
Mr Peter McMillan III	Chairman and Non-Executive Director	-	-
Mr Soong Hee Sang	Independent Director	Chairman	Member
Mr John J. Ahn	Independent Director	Member	Member
Mr Kenneth Tan Jhu Hwa	Independent Director	Member	Chairman
Mr Paul Tham	Non-Executive Director	-	-

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channel.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation
Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. An Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees of the Manager have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or investigatory leave when it is determined by the ARC Chairman that it would be in the best interests of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal
No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in an investigation. A reprisal means personal disadvantage by:
a. Dismissal;
b. Demotion;
c. Suspension;
d. Termination of employment/ contract;
e. Any form of harassment or threatened harassment;
f. Discrimination; or
g. Current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he/she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him/her.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General		
	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of the guidelines on disclosure of remuneration where, in order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of S$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO).
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The information under the Annual Remuneration Report in pages 113 to 114 of this Annual Report enables investors to understand the link between remuneration paid to the CEO and the key management personnel, and performance.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Manager has adopted a set of internal guidelines which sets out the level of authorisation and the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Nominating and Remuneration Committee ("NRC") reviews annually the balance and diversity of skills, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision-making. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The NRC is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning and customer-based experience or knowledge, required for the Board and the Board committees to be effective. In this respect, the NRC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	(a) The NRC reviews the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. (b) In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment. (c) NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. (d) NRC makes recommendations to the Board for approval.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new Directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	All Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the Board takes into account other factors in deciding on the capacity of director.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NRC takes into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in determining whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Manager.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Based on the returns from each of the Directors, the Independent Co-ordinator prepared a consolidated report and briefed the NRC Chairman and Board Chairman on the report. Thereafter, the NRC Chairman presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively. The detailed process for the conduct of the assessment is set out on pages 121 to 122 of this Annual Report.
	(b) Has the Board met its performance objectives?	Yes

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Not applicable. None of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by KORE, the Manager has disclosed the level and mix of the remuneration of its Directors, CEO and key management personnel on page 114 of the Corporate Governance Report. In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of S$250,000.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. The level and mix of the remuneration of the CEO and each of the key management personnel, in bands of S$250,000, are set out on page 114 of the Annual Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	The Manager has less than five key management personnel other than the CEO. In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO). The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of the Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 113 to 114.

Code of Corporate Governance 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No. There are no such employees.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The compensation structure is directly linked to KORE and individual performance, both in terms of financial and non-financial performances, as well as the creation of wealth for Unitholders. This is achieved in the following ways: (1) By placing a significant portion of executive's remuneration at risk ("at-risk component") and in some cases, subject to a vesting schedule; and (2) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives: a. There are four scorecard areas that the Manager has identified as key to measuring its performance: i. Financial; ii. Process; iii. Customer and stakeholders; and iv. People; Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning; b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually; c. By requiring those KPIs or conditions to be met in order for the at-risk components of remuneration to be awarded or to vest; and d. Forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level. The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of KORE and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to: (1) Prudent funding of annual performance bonus; (2) Granting a portion of the annual performance bonus in the form of deferred cash bonus; and (3) Potential forfeiture of variable incentives in any year due to misconduct.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
		The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile. In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during the Financial Period. Please refer to pages 113 to 114 of this Annual Report for details.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. As a general rule, Board papers are required to be sent to Directors at least five days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KORE's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, supported by the ARC, oversees KORE's and the Manager's system of internal controls and risk management. The Board's view on the adequacy and effectiveness of KORE's and the Manager's internal controls and risk management system is based on the framework of management control, the internal control and risk management policies and procedures established and maintained by KORE and the Manager, and the regular audits, monitoring and reviews performed by the internal and external auditors. The ARC has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes

Code of Corporate Governance 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	For the Financial Period, an aggregate amount of US$2,310,000, comprising audit service fees of US$497,000 and non-audit service fees of US$1,813,000, was paid/payable to KORE's external auditor. The non-audit service fees include a large component of one-off non-audit fees relating to the Initial Public Offering ("IPO") of KORE. Furthermore, non-audit service fees were also higher for the first financial period for tax purpose as it relates to two reporting periods – 9 November 2017 (listing date) to 31 December 2017 and 1 January 2018 to 31 December 2018, as compared to a single reporting period for audit purpose – 9 November 2017 (listing date) to 31 December 2018. Excluding both the one-off IPO fees and non-audit service (tax) fee for the additional period, an aggregate amount of US$844,000, comprising audit service fees of US$497,000 and non-audit service fees of US$347,000 was paid/payable to KORE's external auditor for the 12 months from 1 January 2018 to 31 December 2018.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Meetings with both existing and prospective investors take place throughout the Financial Period. Please refer to pages 15 to 16 of this Annual Report for details.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Engagement with Unitholders and other key stakeholders take several forms including meetings, conference calls, email communications, publications and content on KORE's website. In addition to Unitholders' meetings, senior management also participate widely in roadshows and conferences, both globally and overseas, organised by major brokerage firms to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

Corporate Governance

Code Of Corporate Governance 2012
Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in Corporate Governance Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 110
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 110
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 110
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 110
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 111 and 112
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Not applicable
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 111 and 121
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 112
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Page 111
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 11 and 12
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 112 and 121 to 122
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 111 and 121
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Not applicable
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 113 and 114
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 113 and 114
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 113 and 114

Code Of Corporate Governance 2012

Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	**Page Reference in Corporate Governance Report**
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Pages 113 and 114
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	Page 115
Guideline 9.5 Details and important terms of employee share schemes	Not applicable
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 113 and 114
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Pages 116 and 117
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 115 and 120 to 121
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 115
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 122 to 123
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Pages 115 to 117
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Page 118
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not applicable

Risk Management

Proactive and effective risk management is a fundamental part of Keppel-KBS US REIT's (KORE) business strategy.

A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The Enterprise Risk Management (ERM) framework, which forms part of KORE's System of Management Controls, provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as KORE's policies and limits in addressing and managing key risks identified. The ERM framework also allows KORE to respond promptly and effectively to changes in the constantly evolving business landscape.

Robust ERM Framework

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review. The ERM framework is dynamic and evolves to adapt to the changing business environment.

Risk assessment takes into account both the impact and likelihood of occurrence, as well as covers the investment, financial, operational, reputational and other major aspects of KORE's business. Tools deployed include risk rating matrices and risk registers to assist the Manager in its performance of risk management.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and KORE's assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to management in formulating various risk policies and guidelines, where necessary. The terms of reference of the ARC are disclosed on pages 120 - 121 of this Report.

The Board and management meet quarterly, or more frequently, when necessary, to review KORE's performance; assess its current and future operating, financial and investment risks; as well as respond to feedback from the risk and compliance manager and auditors.

The Board, assisted by the ARC, has in place three Risk Tolerance Guiding Principles for the Manager and KORE. These principles, which determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives, include:

5-Step Risk Management Process

Step 1 Identify	**Understand strategy, identify value drivers and risk factors.**
Step 2 Assess	**Prioritise risk factors by assessing their potential impact and likehood of occurrence.**
Step 3 Mitigate	**Develop action plans to mitigate risks and identify key risk indicators (KRI) to monitor risks.**
Step 4 Implement	**Communicate and implement action plans.**
Step 5 Monitor	**Monitor mitigation results and KRI.**

1. Risks taken should be carefully evaluated, commensurate with rewards, and are in line with KORE's core strengths and strategic objectives.

2. No risk arising from a single area of operation, investment or undertaking should be so significant as to endanger KORE.

3. KORE does not condone safety breaches or lapses, non-compliance with laws and regulations, or acts such as fraud, bribery and corruption.

The risk management assessment framework also guides the Manager and the Board in assessing the adequacy and effectiveness of the risk management system within KORE. For the period from Listing Date (9 November 2017) to 31 December 2018, the Board has assessed and deemed KORE's risk management system to be adequate and effective in addressing the key risks identified below. Other current, evolving or emerging risks are also well monitored and reported where significant, including:

1. Operational Risks

- All operations are aligned with KORE's strategies to deliver sustainable distributions and strong total returns to its Unitholders.

- The Manager works closely with the property managers to optimise asset performance and control property expenses. The Manager oversees an active asset management programme that has been put in place to oversee leasing, capital projects and operations at the properties. Measures include prompt lease renewals to reduce rental voids, active monitoring of rental payments from tenants to minimise rental arrears and bad debts, controlling property expenses to maximise net property income and evaluating counter-parties on an ongoing basis.

- Through the property managers and leasing agents, the Manager actively engages and fosters close relationships with tenants to manage a well-spread lease expiry profile.

- Business continuity plans are updated and tested periodically to ensure KORE is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, operations and assets.

- KORE's assets undergo regular audits to review the operational property management processes of the buildings, as well as ensure safety standards and security processes are in line with latest local requirements.

- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.

- Insurance coverage is reviewed annually to ensure that KORE's assets are adequately and appropriately insured.

2. **Economic and Taxation Risks**
    - KORE may be adversely affected by economic and real estate market conditions in the US as well as changes in taxation legislation, administrative guidance or regulations.
    - The Manager manages this by closely monitoring the US political environment, economic developments, and tax regime. The Manager also works closely with tax agents and advisors to anticipate and evaluate the impact of any changes in taxation legislation, administrative guidance and regulations on the business of KORE and its Unitholders.

3. **Liquidity and Financing Risks**
    - Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing the tenure of borrowings, to ensure a well-staggered debt maturity profile.
    - The Manager maintains an appropriate working capital to ensure there are adequate liquid reserves to meet financial obligations. Steps have also been taken to plan for capital and expense requirements to manage the cash position at any point of time.

4. **Exposure to Financial Markets Risks**
    - The Manager constantly monitors exposure to interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.
    - As at end-2018, approximately 80.4% of its non-current term loans had been hedged with floating-to-fixed interest rate swaps.
    - In 2018, KORE was not exposed to significant foreign currency risk as its functional currency was in USD and the cash flows from the operations of its properties were denominated in USD. Distribution to Unitholders will be declared in USD and Unitholders can choose to receive the distribution either in USD or in SGD, which will be converted from USD at spot exchange rate at time of distribution. KORE also borrows in USD to provide a partial natural hedge to the properties.

5. **Credit Risks**
    - Credit risk assessments of tenants are carried out prior to signing of lease arrangements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.
    - Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby preventing rental arrears.
    - The Manager also monitors the tenant mix to ensure a resilient portfolio with low tenant concentration risk.

6. **Investment Risks**
    - Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing economic climate and market conditions.
    - The Board reviews and approves all investment proposals after evaluating the benefits and risks involved.
    - Considered risks are taken in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

7. **Compliance Risks**
    - The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations, including the Listing Rules of the Singapore Exchange, Code of Corporate Governance, Code on Collective Investment Schemes, Property Funds Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act.
    - KORE and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.
    - Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KORE's business operations.
    - The Manager closely monitors changes in legislation and regulations, as well as new developments in its operating environment.
    - KORE adopts a strong anti-corruption and anti-bribery stance. It also regularly communicates key policy requirements to ensure relevant policies, processes and controls are effectively designed, managed and implemented, so that compliance risks and controls are effectively handled.

8. **Emerging Risks**
    - The Manager performs monitoring of evolving or emerging risks.
    - Cybersecurity is an example of an emerging risk which is monitored closely and actions are taken, when necessary, to prevent and mitigate it.

Unit Price Performance

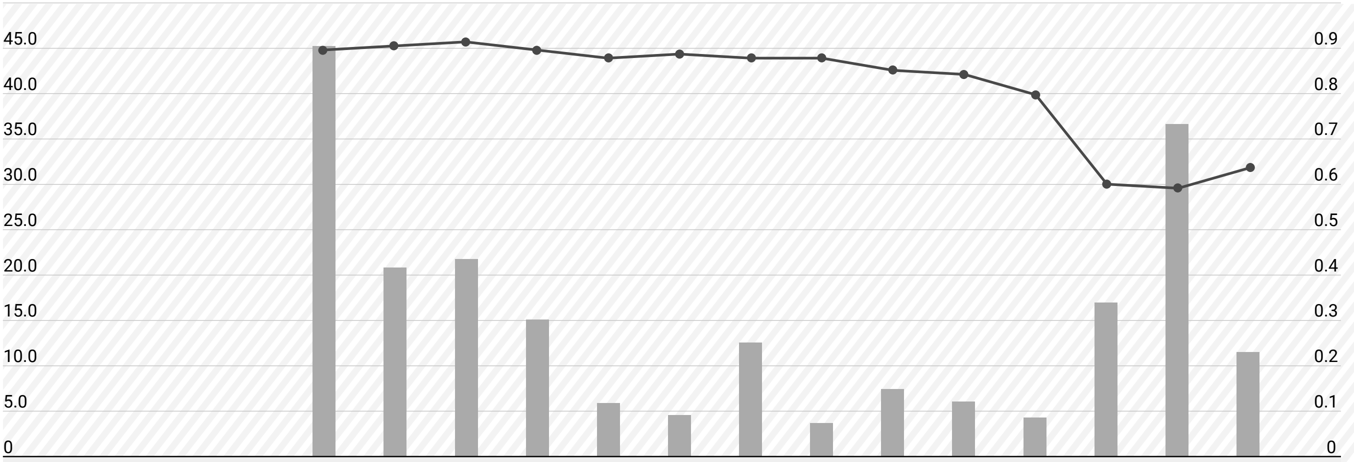
Approximately 213.7 million Keppel-KBS US REIT (KORE) Units were traded in the financial period from Listing Date on 9 November 2017 to 31 December 2018 (Financial Period). The Unit closed at US$0.61 on 31 December 2018.

Total Unitholder return was -23.6%[1] for the Financial Period. KORE declared a total distribution per Unit (DPU) of 6.22 US cents for the Financial Period, translating to a distribution yield of 8.9% based on the closing price per Unit of US$0.61 on 31 December 2018.

Monthly Trading Performance

Volume (million Units)

Closing price (US$ per Unit)



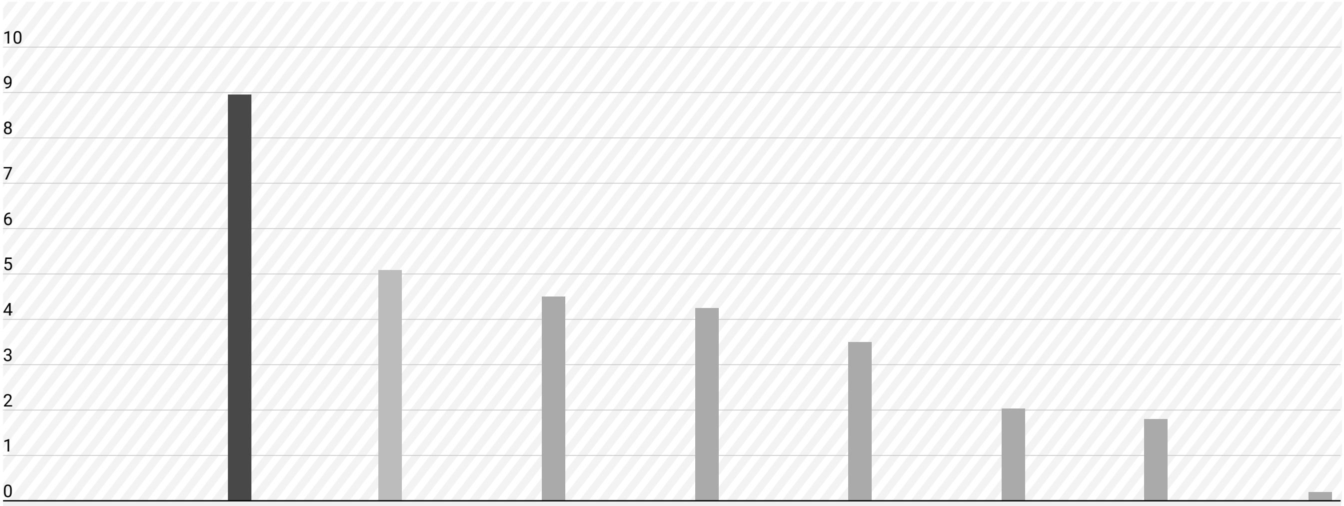
	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Monthly trading volume (million Units)	45.5	20.9	21.9	15.1	5.9	4.6	12.6	3.7	7.5	6.1	4.3	17.1	36.9	11.6
Month-end closing Unit price (US$ per Unit)	0.90	0.91	0.92	0.90	0.88	0.89	0.88	0.88	0.85	0.84	0.79	0.57	0.56	0.61

Unit Price Performance

	Financial Period from Listing Date to 31 December 2018
Highest closing price (US$ per Unit)	**0.92**
Lowest closing price (US$ per Unit)	**0.54**
Average closing price (US$ per Unit)	**0.82**
Closing price as at the last trading day of the year (US$ per Unit)	**0.61**
Trading volume (million Units)	**213.7**

[1] Based on the initial public offer Unit price of US$0.88 per Unit, market closing price per Unit of US$0.61 as at 31 December 2018 and distributions declared for the Financial Period.

Comparative Yields
(as at 31 December 2018)

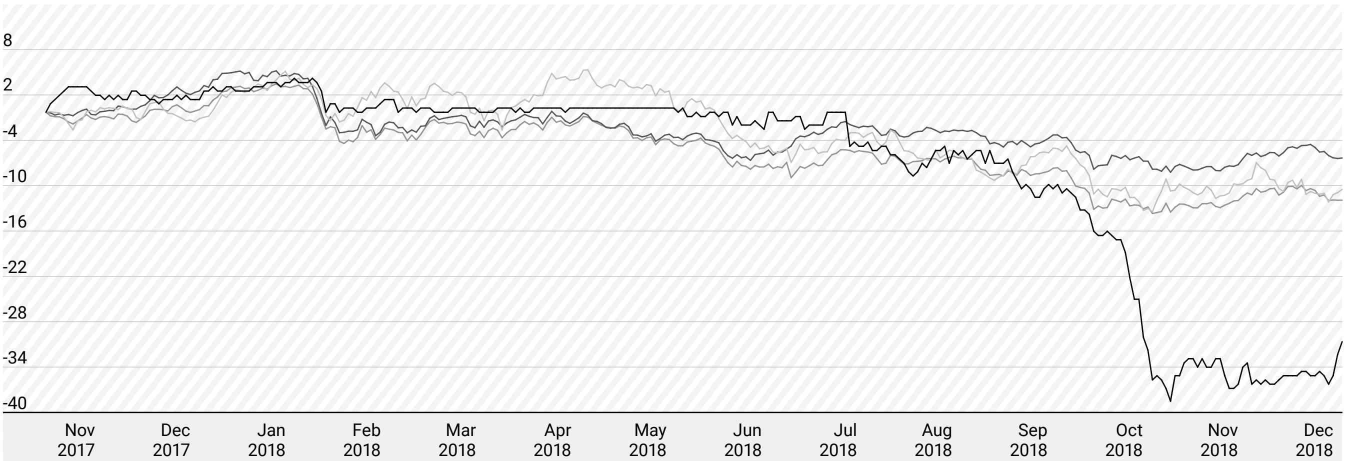


Keppel-KBS US REIT	FTSE ST REIT Index	FTSE ST RE Index	STI	CPF Ordinary Account	10-year SG Govt Bond	5-year SG Govt Bond	Bank Savings Deposit Rate
8.90%[1]	5.14%	4.50%	4.37%	3.50%	2.04%	1.91%	0.16%

[1] Based on Keppel-KBS US REIT's total DPU of 6.22 US cents for the Financial Period and the market closing price per Unit of US$0.61 as at 31 December 2018.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities

Unit Price Performance Against Indices
(for the period from 9 November 2017 to 31 December 2018)



Keppel-KBS US REIT	-30.7%
FTSE ST REIT Index	-6.1%
FTSE ST RE Index	-11.8%
STI	-10.3%

Statistics of Unitholdings

As at 27 February 2019

Issued and Fully Paid Units

823,489,620 Units (Voting rights: 1 vote per Unit)

There is only one class of Units in Keppel-KBS US REIT.

Market capitalisation of US$547,620,597 based on market closing price of US$0.665 per Unit on 27 February 2019.

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of units	%
1 - 99	7	0.13	257	0.00
100 - 1,000	328	5.98	302,989	0.04
1,001 - 10,000	3,020	55.04	17,362,720	2.11
10,001 - 1,000,000	2,109	38.43	92,281,445	11.20
1,000,001 and above	23	0.42	713,542,209	86.65
Total	**5,487**	**100.00**	**823,489,620**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1	DBS Nominees (Private) Limited	442,157,848	53.69
2	Raffles Nominees (Pte.) Limited	91,890,597	11.16
3	Keppel Capital Investment Holdings Pte Ltd	56,979,352	6.92
4	Citibank Nominees Singapore Pte Ltd	29,204,735	3.55
5	DB Nominees (Singapore) Pte Ltd	20,354,168	2.47
6	HSBC (Singapore) Nominees Pte Ltd	17,561,342	2.13
7	DBS Vickers Securities (Singapore) Pte Ltd	10,196,425	1.24
8	Goi Seng Hui	7,337,229	0.89
9	Keppel-KBS US REIT Management Pte. Ltd.	6,575,596	0.80
10	United Overseas Bank Nominees (Private) Limited	6,418,602	0.78
11	OCBC Securities Private Limited	3,318,225	0.40
12	Tan Bang Gee	3,229,600	0.39
13	Phillip Securities Pte Ltd	2,447,992	0.30
14	DBSN Services Pte. Ltd.	2,059,105	0.25
15	RHB Securities Singapore Pte. Ltd.	1,864,169	0.23
16	Merrill Lynch (Singapore) Pte. Ltd.	1,857,990	0.23
17	Maybank Kim Eng Securities Pte. Ltd.	1,738,320	0.21
18	UOB Kay Hian Private Limited	1,684,705	0.20
19	BPSS Nominees Singapore (Pte.) Ltd.	1,555,000	0.19
20	Liew Chee Kong	1,534,600	0.19
	Total	**709,965,600**	**86.22**

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2019, the direct and deemed interests of each Director of Keppel-KBS US REIT Pte. Ltd. in the Units[1] in Keppel-KBS US REIT are as follows:

Name of Director	No. of Units
Peter McMillan III	6,575,596 (Deemed)[2]
Soong Hee Sang	Nil
John J. Ahn	Nil
Kenneth Tan Jhu Hwa	Nil
Paul Tham	Nil

1 As at 21 January 2019, there are no convertible securities in Keppel-KBS US REIT.
2 Peter McMillan III's deemed interest arises from his shareholdings in KBS Pacific Advisors Pte. Ltd., which in turn is deemed to have an interest in the units held by Keppel-KBS US REIT Management Pte. Ltd., a 50:50 joint-venture of Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, as at 27 February 2019, the Substantial Unitholders of Keppel-KBS US REIT and their interests in the Units in Keppel-KBS US REIT are as follows:

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

Notes:

(1) 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.

(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) 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.

(4) 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.

(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 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.

Public Unitholders

Based on the information available to the Manager as at 27 February 2019, approximately 72.49% of the issued Units in Keppel-KBS US REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel-KBS US REIT is at all times held by the public.

Treasury Units

As at 27 February 2019, there are no treasury units held by Keppel-KBS US REIT or the Manager.

Corporate Information

Trustee
Perpetual (Asia) Limited
Registered Address
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981
Phone: +65 6908 8203
Fax: +65 6438 0255

Principal Business Address:
16 Collyer Quay
#07-01
Singapore 049318

Auditor
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Phone: +65 6535 7777
Fax: +65 6532 7662
Partner-in-charge: Mr Nelson Chen
(With effect for the financial period from 22 September 2017 (date of constitution) to 31 December 2018)

The Manager
Keppel-KBS US REIT Management Pte. Ltd.
Registered Address
1 Harbourfront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6803 1818
Fax: +65 6803 1717
Website: www.kepkbsusreit.com

Principal Business Address
1 Harbourfront Avenue
Level 2 Keppel Bay Tower
Singapore 098632

Investor Relations Contact:
Phone : +65 6803 1739
Email : enquiries@kepkbsusreit.com

Unit Registrar And Unit Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd. (a member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: https://www2.sgx.com/securities/retail-investor

Company Secretary
Mr Kelvin Chua

Directors of The Manager
Mr Peter McMillan III
Chairman and Non-Executive Director

Mr Soong Hee Sang
Independent Director

Mr John J. Ahn
Independent Director

Mr Kenneth Tan Jhu Hwa
Independent Director

Mr Paul Tham
Non-Executive Director

Audit and Risk Committee
Mr Soong Hee Sang (Chairman)

Mr John J. Ahn

Mr Kenneth Tan Jhu Hwa

Nominating and Remuneration Committee
Mr Kenneth Tan Jhu Hwa (Chairman)

Mr Soong Hee Sang

Mr John J. Ahn

Notice of Annual General Meeting

Keppel KBS US REIT

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Keppel-KBS US REIT (the "**Unitholders**") will 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. to transact the following business:

(A) As Ordinary Business

1. To receive and adopt the Report of Perpetual (Asia) Limited, as trustee of Keppel-KBS US REIT (the "**Trustee**"), the Statement by Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT (the "**Manager**"), and the Audited Financial Statements of Keppel-KBS US REIT for the financial period from 22 September 2017 (date of constitution) to 31 December 2018 and the Auditor's Report thereon. (**Ordinary Resolution 1**)

2. To re-appoint Messrs Ernst & Young LLP as the Auditor of Keppel-KBS US REIT to hold office until the conclusion of the next AGM of Keppel-KBS US REIT, and to authorise the Manager to fix their remuneration. (**Ordinary Resolution 2**)

(B) As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

3. That authority be and is hereby given to the Manager to:

(a) (i) issue units in Keppel-KBS US REIT ("**Units**") whether by way of rights, bonus or otherwise and including any capitalisation of any sum for the time being standing to the credit of any of Keppel-KBS US REIT's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

(ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the total number of issued Units at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST (the "**Listing Manual**") for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 22 September 2017 constituting Keppel-KBS US REIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel-KBS US REIT or (ii) the date by which the next AGM of Keppel-KBS US REIT is required by applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel-KBS US REIT to give effect to the authority conferred by this Resolution. (**Ordinary Resolution 3**)

(Please see Explanatory Notes).

4. That:

(a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel-KBS US REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market repurchase(s) 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; and/or

(ii) off-market repurchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**");

(b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of Keppel-KBS US REIT is held;

(ii) the date by which the next AGM of Keppel-KBS US REIT is required by applicable laws and regulations or the Trust Deed to be held; or

(iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**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) 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;

"**Maximum Limit**" means that number of Units representing 10% of the total number of issued Units as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market repurchase of a Unit, 105% of the Average Closing Price of the Units; and

(ii) in the case of an off-market repurchase of a Unit, 110% of the Average Closing Price of the Units; and

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel-KBS US REIT to give effect to the transactions contemplated and/or authorised by this Resolution. (**Ordinary Resolution 4**)

(Please see Explanatory Notes).

(C) As Other Business

5. To transact such other business as may be transaction at an AGM.

BY ORDER OF THE BOARD
Keppel-KBS US REIT Management Pte. Ltd.
(Company Registration Number: 201719652G)
As Manager of Keppel-KBS US REIT

Kelvin Chua
Company Secretary
Singapore
26 March 2019

Notice of Annual General Meeting

Explanatory notes:

1. **Ordinary Resolution 3**
   The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel-KBS US REIT; (ii) the date on which the next AGM of Keppel-KBS US REIT is required by applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the "**Mandated Period**"), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units of which up to 20% may be issued other than on a pro rata basis to Unitholders.

   The Ordinary Resolution 3 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

   To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time the Ordinary Resolution 3 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

   Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2. **Ordinary Resolution 4**
   The Ordinary Resolution 4 above, if passed, will empower the Manager from the date of the AGM of Keppel-KBS US REIT until (i) the date on which the next AGM of Keppel-KBS US REIT is held, (ii) the date by which the next AGM of Keppel-KBS US REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of Keppel-KBS US REIT not exceeding in aggregate 10% of the total number of Units as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting.

   (See the Appendix in relation to the proposed adoption of the Unit Buy-Back Mandate for further details.)

Important Notice:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined below).

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 14 April 2019 at 3.00 p.m., being 72 hours before the time fixed for the AGM.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of Keppel-KBS US REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM of Keppel-KBS US REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of Keppel-KBS US REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Proxy Form

Keppel KBS US REIT

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

IMPORTANT:

A relevant intermediary (as defined in the Notes Overleaf) may appoint more than one proxy to attend and vote at the Annual General Meeting.

Personal data privacy

By submitting an instrument appointing a proxy or proxy(ies) and/or representative(s), a unitholder of Keppel-KBS US REIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2019.

PLEASE READ THE NOTES TO THE PROXY FORM.

Annual General Meeting

I/We ____

(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (Address)

being a Unitholder/Unitholders of Keppel-KBS US REIT, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at 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 17 April 2019 at 3.00 p.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Annual General Meeting.

No.	Resolution	Number of Votes For*	Number of Votes Against*
Ordinary Business			
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel-KBS US REIT for the financial period from 22 September 2017 (date of constitution) to 31 December 2018 and the Auditor's Report thereon		
2.	To re-appoint Messrs Ernst & Young LLP as the Auditor of Keppel-KBS US REIT and authorise the Manager to fix the Auditor's remuneration		
Special Business			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments		
4.	To approve the adoption of the Unit Buy-Back Mandate		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Units in the boxes provided.

Dated this ________ day of ________________ 2019

Total Number of Units Held

____

Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

IMPORTANT : Please read the notes overleaf before completing this Proxy Form

Fold and glue all sides firmly

Fold and glue all sides firmly

Fold and glue all sides firmly

Notes to the Proxy Form

1. A unitholder of Keppel-KBS US REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the Proxy Form (defined below) the proxy, or the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of unitholding (number of units and percentage) in relation to which the proxy has been appointed.

   "**relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
   (c) the Central Provident Fund Board (**"CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A Unitholder should insert the total number of Units held in the Proxy Form (defined below). If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of Keppel-KBS US REIT, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

Fold along this line (1)

Keppel KBS US REIT

Affix
Postage
Stamp

The Company Secretary
Keppel-KBS US REIT Management Pte. Ltd.
(as Manager of Keppel-KBS US REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 72 hours before the time set for the AGM.

5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his or her proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

8. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

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