NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

OFFER INFORMATION STATEMENT DATED 30 OCTOBER 2018

(Lodged with the Monetary Authority of Singapore on 30 October 2018)

THIS OFFER INFORMATION STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

The collective investment scheme offered in this Offer Information Statement is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). A copy of this Offer Information Statement, together with the application form for the new units in Keppel-KBS US REIT to be issued for the purpose of the Rights Issue (as defined herein) ("**Rights Units**") and Excess Rights Units (as defined herein) ("**ARE**") and the application form and acceptance form for Rights Units to be issued to purchasers of the Rights Entitlements (as defined herein) ("**ARS**") under the Rights Issue traded on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") under the book-entry (scripless) settlement system, has been lodged with the Monetary Authority of Singapore (the "**Authority**" or the "**MAS**"). The Authority assumes no responsibility for the contents of this Offer Information Statement, the ARE and the ARS. Lodgement of this Offer Information Statement with the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, Keppel-KBS US REIT and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Offer Information Statement. No units in Keppel-KBS US REIT ("**Units**") shall be allotted or allocated on the basis of this Offer Information Statement later than the date falling six months from the date of lodgement of this Offer Information Statement.

This Offer Information Statement may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights Units and the "nil-paid" provisional allotment of Rights Units to Eligible Unitholders (as defined herein) under the Rights Issue (the "**Rights Entitlements**") or make an offer of the Rights Units and the Rights Entitlements and the Rights Units and Rights Entitlements may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. The Rights Units and Rights Entitlements have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States ("**US**") and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. The Rights Units and Rights Entitlements are being offered and sold outside the US in offshore transactions as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**"). Please refer to the section entitled "Offering, Selling and Transfer Restrictions" of this Offer Information Statement.

Keppel KBS US REIT

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

MANAGED BY

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD.

Company Registration Number: 201719652G

RENOUNCEABLE AND UNDERWRITTEN RIGHTS ISSUE (THE "RIGHTS ISSUE") OF 186,236,224 RIGHTS UNITS AT AN ISSUE PRICE OF US$0.500 FOR EACH RIGHTS UNIT (THE "ISSUE PRICE"), ON THE BASIS OF 295 RIGHTS UNITS FOR EVERY 1,000 EXISTING UNITS (THE "RIGHTS RATIO") HELD BY ELIGIBLE UNITHOLDERS AS AT 30 OCTOBER 2018 AT 5.00 P.M. (THE "RIGHTS ISSUE BOOKS CLOSURE DATE"), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

Financial Adviser for the Rights Issue

DBS

Joint Lead Managers for the Rights Issue

DBS

UOB 大华银行

Joint Underwriters for the Rights Issue

DBS

UOB 大华银行

CREDIT SUISSE

IMPORTANT DATES AND TIMES

(The following is qualified by, and should be read in conjunction with, the section entitled "Timetable of Key Events" of this Offer Information Statement)

First date and time for subscription and payment of Rights Units	:	2 November 2018 from 9.00 a.m.
Commencement of trading of Rights Entitlements	:	2 November 2018 from 9.00 a.m.
Last date and time for trading of Rights Entitlements	:	13 November 2018 at 5.00 p.m.
Last date and time for subscription and payment for Rights Units	:	19 November 2018 at 5.00 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks (each as defined herein))
Last date and time for acceptance of and payment by the renouncee	:	19 November 2018 at 5.00 p.m.

NOTICE TO UNITHOLDERS AND INVESTORS

No person has been authorised to give any information or make any representations other than those contained in this Offer Information Statement in connection with the Rights Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of Keppel-KBS US REIT, Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT (the "**Manager**"), Perpetual (Asia) Limited, as trustee of Keppel-KBS US REIT (the "**Trustee**"), DBS Bank Ltd. and United Overseas Bank Limited, as joint lead managers for the Rights Issue (collectively, the "**Joint Lead Managers**") and DBS Bank Ltd., United Overseas Bank Limited and Credit Suisse (Singapore) Limited, as joint underwriters for the Rights Issue (collectively, the "**Joint Underwriters**"). Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of Keppel-KBS US REIT or the Manager. Neither the delivery of this Offer Information Statement nor the issue of the Rights Units shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no material change in the affairs of Keppel-KBS US REIT or in any of the information contained herein since the date of this Offer Information Statement. Where such changes occur after the date of this Offer Information Statement and are material and required to be disclosed by law and/or the SGX-ST, the Manager will announce such changes via SGXNET[1], and if required, lodge a supplementary or replacement document with the Authority. All holders of Units ("**Unitholders**") and investors should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

For Eligible Unitholders, acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units may be made through The Central Depository (Pte) Limited ("**CDP**") or through an automated teller machine ("**ATM**") of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited or United Overseas Bank Limited (each a "**Participating Bank**") in accordance with the terms and conditions of this Offer Information Statement ("**Electronic Application**"). Eligible Unitholders making Electronic Applications through ATMs will pay the application monies in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the time of application. Any refund monies will be credited in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the relevant time. The different Participating Bank's Foreign Exchange Rate at the time of application and at the time of refund of the application monies may result in either a foreign exchange profit or loss to such application monies.

Supplementary Retirement Scheme ("SRS") investors and investors who hold Units through a finance company and/or Depository Agent (as defined herein) should see the section entitled "Important Notice to (A) SRS Investors and (B) Investors Who Hold Units Through a Finance Company and/or Depository Agent" of this Offer Information Statement for important details relating to the offer procedures for them.

This Offer Information Statement, the ARE and the ARS may not be used for the purpose of, and does not constitute, an offer, invitation or solicitation in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is unlawful or unauthorised, or to any person to whom it is unlawful to make such offer, invitation or solicitation. In addition, no action has been or will be taken in any jurisdiction (other than Singapore) that would permit a public offering of the Rights Units or the possession, circulation or distribution of this Offer Information Statement or any other material relating to Keppel-KBS US REIT or the Rights Units in any jurisdiction (other than Singapore) where action for that purpose is required. The Rights Units may not be offered or sold, directly or indirectly, and neither this Offer Information Statement nor any other offering material or advertisements in connection with the Rights Units may be distributed or published in or from any country or jurisdiction, except, in each case, under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction, and the Manager and the Trustee expressly reserve the right to determine in their sole discretion whether to comply with any such applicable rules and regulations for the Rights Units to be offered and sold in such country or jurisdiction. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice regarding an investment in the Rights Units and/or Units.

1 An internet-based corporate announcement submission system maintained by the SGX-ST.

The Manager, the Trustee, the Joint Lead Managers and the Joint Underwriters and each of their respective officers and employees make no representation, warranty or recommendation whatsoever as to the merits of the Rights Issue, the Rights Units, the Rights Entitlements, the Units, the Manager or Keppel-KBS US REIT and/or its subsidiaries, or any other matter related thereto or in connection therewith. Nothing in this Offer Information Statement or the accompanying documents shall be construed as a recommendation to subscribe for the Rights Units or to purchase the Rights Entitlements. Prospective subscribers of Rights Units and purchasers of Rights Entitlements should rely, and shall be deemed to have relied, on their own independent enquiries and investigations of the affairs of Keppel-KBS US REIT, including but not limited to, the assets and liabilities, profits and losses, financial position, financial performance, risk factors and prospects of Keppel-KBS US REIT, and their own appraisal and determination of the merits of investing in Keppel-KBS US REIT. Persons in doubt as to the action they should take should consult their business, financial, legal, tax or other professional adviser before deciding whether to subscribe for or purchase the Rights Units or the Rights Entitlements.

This Offer Information Statement and the accompanying documents have been prepared solely for the purposes of the Rights Issue and may not be relied upon for any other purposes.

The Rights Units and the Rights Entitlements have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the US and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. The Rights Units and the Rights Entitlements are being offered and sold in offshore transactions (as defined under Regulation S) in reliance on Regulation S under the Securities Act. The distribution of this Offer Information Statement and the offer, sale and delivery of the Rights Units and the Rights Entitlements in certain jurisdictions may be prohibited or restricted by law. Persons who come into possession of this Offer Information Statement and/or its accompanying documents are required by the Manager, the Trustee, the Joint Lead Managers and the Joint Underwriters to inform themselves of, and observe, any such prohibitions and restrictions. Please refer to the section entitled "Offering, Selling and Transfer Restrictions" of this Offer Information Statement.

In addition, until 40 days after the commencement of the Rights Issue, or the procurement of purchasers by the Joint Underwriters of the Rights Units not initially taken up, any offer, sale or transfer of the Rights Entitlements or the Rights Units in or into the US by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

The distribution of this Offer Information Statement and the placement of the Rights Units in certain jurisdictions may be prohibited or restricted by law. Persons who come into possession of this Offer Information Statement and/or its accompanying documents are required by the Manager, the Joint Lead Managers and the Joint Underwriters to inform themselves of, and observe, any such prohibitions and restrictions.

Selected financial data from the unaudited financial statements of Keppel-KBS US REIT for the financial period from 9 November 2017 (being the date of listing of Keppel-KBS US REIT) to 30 September 2018 (the "**Unaudited Financial Statements**") are set out in **Appendix A** of this Offer Information Statement. Financial data relating to distribution per Unit ("**DPU**"), earnings per Unit ("**EPU**") and net asset value ("**NAV**") per Unit, before and after any adjustment to reflect the Westpark Portfolio Acquisition (as defined herein) and the issue of the Rights Units are also set out in **Appendix A** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the Unaudited Financial Statements, where applicable, which are available on the website of Keppel-KBS US REIT at http://www.kepkbsusreit.com and are also available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement[1].

1 Prior appointment with the Manager will be appreciated.

Save for the Unaudited Financial Statements which are deemed incorporated into this Offer Information Statement by reference, the information contained on the website of Keppel-KBS US REIT does not constitute part of this Offer Information Statement.

Prospective investors are advised to obtain and read the Unaudited Financial Statements (including the relevant notes, where applicable) before making any investment decision in relation to the Rights Units and the Rights Entitlements.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. None of the Manager or any of its affiliates guarantees the performance of Keppel-KBS US REIT or the repayment of capital from Keppel-KBS US REIT, or any particular rate of return.

Unitholders have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Keppel-KBS US REIT is not necessarily indicative of the future performance of Keppel-KBS US REIT.

The Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Forward-Looking Statements

All statements contained in this Offer Information Statement, statements made in public announcements, press releases and oral statements that may be made by Keppel-KBS US REIT or the directors of the Manager ("**Directors**"), its officers or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as, without limitation, "anticipate", "aim", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "predict", "probable", "project", "seek", "should", "will" and "would" or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the future financial position, operating results, business strategies, plans and future prospects of Keppel-KBS US REIT and its subsidiaries (collectively, the "**Group**") are forward-looking statements. The Manager, the Trustee, the Joint Lead Managers and the Joint Underwriters do not represent or warrant that the actual future performance, outcomes or results of Keppel-KBS US REIT will be as discussed in those statements. These forward-looking statements, including but not limited to statements as to the Group's revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are merely predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual, future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Representative examples of such other factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in property expenses and operating expenses, taxes and governmental and public policy changes. Any prediction, projection or forecast on the economy or economic trends of the markets in which the Group operates is not necessarily indicative of the future or likely performance of the Group. (See the section entitled "Risk Factors" of this Offer Information Statement for a discussion of certain factors to be considered in connection with an investment in the Rights Units and the Rights Entitlements.)

Given the risks, uncertainties and other factors that may cause Keppel-KBS US REIT's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, you are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. Investors should read the whole of this Offer Information Statement and make their own assessment of the future performance of Keppel-KBS US REIT before deciding whether to subscribe for the Rights Units and/or apply for Excess Rights Units. Investors should also make their own independent investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Figures and percentages are rounded to an appropriate number of decimal places, where applicable.

This Offer Information Statement includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

***Pro Forma* Financial Information**

The *pro forma* financial information contained in this Offer Information Statement (including the *pro forma* DPU yields) is based on historical statements reconstituted on a *pro forma* basis based on numerous assumptions and adjustments (as set out in the section entitled "*Pro Forma* Financial Information" of this Offer Information Statement) and is not necessarily indicative of the total returns and cash flows or financial position of Keppel-KBS US REIT that would have been attained and had the completion of the Westpark Portfolio Acquisition (as defined herein) and/or the Rights Issue (as defined herein) actually occurred in the relevant periods. Such *pro forma* financial information, because of its nature, may not give a true or accurate picture of Keppel-KBS US REIT's actual total returns or financial position and the Manager, the Trustee, the Joint Lead Managers and the Joint Underwriters do not represent or warrant that the actual outcome of the Westpark Portfolio Acquisition or the Rights Issue at the relevant dates or periods would have been as presented.

Under no circumstances should the inclusion of such information be regarded as a representation, warranty or prediction that these results would have been achieved, will be achieved or are likely to be achieved. In particular, Unitholders should note that the *pro forma* DPU yields, which are prepared for illustrative purposes only, are calculated based on certain assumptions and assumed price per Unit (as set out in the section entitled "*Pro Forma* Financial Information" of this Offer Information Statement) and even if Unitholder had purchased the Units at the relevant assumed price per Unit, there is no guarantee that the actual or future yields would be as indicated.

IMPORTANT NOTICE TO (A) SRS INVESTORS AND (B) INVESTORS WHO HOLD UNITS THROUGH A FINANCE COMPANY AND/OR DEPOSITORY AGENT

Unitholders who have subscribed for or purchased Units under the SRS or through a finance company and/or Depository Agent can only accept their Rights Entitlements and (if applicable) apply for Excess Rights Units by instructing the relevant banks, finance company and/or Depository Agent in which they hold their SRS Accounts (as defined herein) to do so on their behalf in accordance with this Offer Information Statement.

ANY APPLICATION MADE DIRECTLY BY THE ABOVE-MENTIONED UNITHOLDERS THROUGH CDP OR THROUGH ATMS WILL BE REJECTED.

The above-mentioned Unitholders, where applicable, will receive notification letter(s) from their respective approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units to their respective approved bank, finance company and/or Depository Agent.

(i) Use of SRS Funds

Unitholders who had purchased Units using their SRS Accounts and who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS Accounts.

Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies, must instruct the relevant approved banks in which they hold their SRS Accounts to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement. Such Unitholders who have insufficient funds in their SRS Accounts may, subject to the SRS contribution cap, deposit cash into their SRS Accounts with their approved banks before instructing their respective approved banks to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units. SRS investors are advised to provide their respective approved banks in which they hold their SRS Accounts with the appropriate instructions no later than the deadlines set by their respective approved banks in order for their respective approved banks to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date (as defined herein). Any acceptance and (if applicable) application made directly through CDP, Electronic Applications at ATMs of the Participating Banks, Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Unit Registrar**") and/or Keppel-KBS REIT will be rejected. For the avoidance of doubt, monies in SRS Accounts may not be used for the purchase of the provisional allotments of the Rights Units directly from the market.

(ii) Holdings through Finance Company and/or Depository Agent

Unitholders who hold Units through a finance company and/or Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

IMPORTANT NOTICE REGARDING THE OWNERSHIP OF UNITS

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

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

For the avoidance of doubt, the Automatic Forfeiture is effective automatically, whether or not the Trustee or the Manager is aware of the change in ownership or aware of the fact that the Unit Ownership Limit has been breached and without any requirement for notice by the Trustee or the Manager. Unitholders are advised to manage their interests in the Units so as not to breach the Unit Ownership Limit and trigger the Automatic Forfeiture.

The Trustee, acting on the recommendation of the Manager, will also have the right and power to grant either retroactive or prospective waivers from Automatic Forfeiture. A retroactive waiver will render any Automatic Forfeiture void and will restore, as far as possible, the Unitholder whose Units were forfeited to a position that it would have been in had there been no Automatic Forfeiture. Before a waiver is granted, the Trustee and the Manager must be satisfied (and in this respect the Trustee may act on the recommendation and rely on information provided by the Manager) that ownership of such Units will not cause any subsidiary or associate of Keppel-KBS US REIT to fail to qualify as a real estate investment trust ("**REIT**") for US federal income tax purposes (a "**US REIT**") where such subsidiary or associate would otherwise qualify. In this regard, a potential investor seeking a prospective waiver may be required to provide (i) additional representations, undertakings, a United States Internal Revenue Service ("**IRS**") ruling and/or legal opinion to satisfy the Trustee and the Manager that Keppel-KBS US REIT's controlled US REIT subsidiary, Keppel-KBS US Parent REIT, Inc., a Delaware corporation (the "**Parent US REIT**") will continue to maintain its qualification as a US REIT despite the potential investor's proposed ownership and (ii) an acknowledgement and consent to the loss of the US Portfolio Interest Exemption (as defined herein). The Trustee shall grant a waiver from Automatic Forfeiture upon application by an Exempted Offeror[1], without any recommendation from the Manager or any representations and undertakings being required, upon application for waiver from an Exempted

1 An "**Exempted Offeror**" means an offeror for the purposes of the Singapore Code on Take-overs and Mergers (the "**Take-over Code**"), who has (i) made a general offer in accordance with the Take-over Code for all the Units in Keppel-KBS US REIT which it does not own, control or agreed to be acquired by it and its concert parties (as such term is used in the Take-over Code), (ii) received acceptances of the offeror's general offer which exceeded the threshold required under section 295A of the SFA, such that it acquires the right to compulsorily acquire Units from those Unitholders who have not accepted the offeror's general offer as at the closing date of such offer, and (iii) exercised or publicly announced that it undertakes to exercise its rights to acquire the Units of such dissenting Unitholders.

Offeror. The Trustee (on the recommendation of the Manager) will exercise its discretion to grant waivers except to the extent that the proposed ownership would in fact impact the Parent US REIT's qualification as a US REIT. The Trustee, acting on the recommendation of the Manager, may also increase the Unit Ownership Limit for a Unitholder (including on a retroactive basis to remediate an Automatic Forfeiture) where such an increase would not adversely affect the US REIT status of the Parent US REIT. The Trustee shall not be required to give any reason for, and shall not under any circumstance be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

The Trustee (on the recommendation of the Manager) has the discretion under the trust deed dated 22 September 2017 constituting Keppel-KBS US REIT entered into between the Trustee and the Manager (the "**Trust Deed**") to terminate the Automatic Forfeiture Mechanism upon determination that the restrictions and limitations under the Automatic Forfeiture Mechanism are no longer in the best interests of Keppel-KBS US REIT.

The Manager has adopted the following procedures to monitor compliance with the Unit Ownership Limit:

- **Identification of Substantial Unitholders**: The Manager will rely on the existing disclosure regime under the SFA to identify Unitholders who may be at risk of exceeding the Unit Ownership Limit. Pursuant to Section 137U of the SFA, a Unitholder:

  (i) that becomes or ceases to become a Substantial Unitholder (as defined herein) of Keppel-KBS US REIT; and

  (ii) that is a Substantial Unitholder, and is made aware of a change in the percentage level of its interest or interests in Keppel-KBS US REIT,

  is under a duty to notify the Trustee and the Manager of the nature and extent of its interest in Keppel-KBS US REIT. Further, pursuant to Section 137X of the SFA, the Trustee has the power, *inter alia*, to require a Unitholder to specify whether it holds the Units as a beneficial owner or trustee and to indicate, as far as it can, the persons for whom it holds the interest and the nature of their interest.

- **Notice to Substantial Unitholders**: A notice will be sent by the Manager to a Substantial Unitholder who has notified Keppel-KBS US REIT pursuant to the SFA disclosure regime informing the Substantial Unitholder of the Unit Ownership Limit and the consequences of exceeding the Unit Ownership Limit and the Manager may request additional information regarding such Substantial Unitholder's indirect ownership of Units. Substantial Unitholders are advised to manage their interests in the Units so as not to breach the Unit Ownership Limit and trigger the Automatic Forfeiture. On a fortnightly basis, the Manager will also review Keppel-KBS US REIT's Register of Holders and Depository Register to identify any Unitholders whose Units have been subject to Automatic Forfeiture and send the Notice of Automatic Forfeiture to such Unitholder(s) within five business days. Where the aggregate holdings of a depository agent approaches 9.8% of the outstanding Units, the Manager will send a request to the depository agent to (a) provide details of the holdings of its beneficial owners and (b) notify the Manager if any of its beneficial owners holds an interest in more than 9.8% of the outstanding Units. Any person who acquires or attempts or intends to acquire direct or indirect ownership of Units that will or may violate the Unit Ownership Limit must give immediate written notice to the Manager at least 15 days prior to a proposed or intended acquisition or, if later, immediately after becoming aware of the acquisition or proposed acquisition. Such person may be requested to provide such other information as may be requested by the Manager in order to determine the effect of such acquisition or proposed acquisition on the qualification of the US REIT.

- **Notice of Automatic Forfeiture**: In the event that a Unitholder's direct or indirect ownership of Units exceeds the Unit Ownership Limit and where the Trustee (on the recommendation of the Manager) declines to grant a retroactive waiver from Automatic Forfeiture in accordance with the Trust Deed, a notice will be sent by the Manager to the Unitholder informing it of the Automatic Forfeiture and that instructions will be sent to CDP for the forfeited Units to be transferred.

- **CDP Transfer Instruction**: Following the issuance of the Notice of Automatic Forfeiture, the Manager will, and if necessary, recommend the Trustee to, provide written instruction to CDP to transfer the Units subject to Automatic Forfeiture to a holding account controlled by the Trustee and CDP shall act on the Trustee's instructions. The Trustee (on the recommendation of the Manager) will appoint a broker-dealer who will arrange for the Units subject to Automatic Forfeiture to be sold on-market.

- **Remittance of Proceeds**: Upon disposal of Units subject to Automatic Forfeiture, the Manager will send CDP instructions to remit the proceeds (if any) from such disposal to the Unitholder whose Units were forfeited and disposed of.

In relation to the foregoing, the Trustee and the Manager shall:

(a) indemnify CDP and hold CDP harmless against all claims, demands, losses and liabilities, for which CDP may become liable, arising out of or in connection with CDP accepting or acting on any instructions from the Trustee for the sale of the Units subject to Automatic Forfeiture; and

(b) further agree that CDP shall not be liable for any claims, demands, losses and liabilities, including loss of profits, goodwill or any type of special, indirect or consequential loss or damages, for which the Trustee or Keppel-KBS US REIT may become liable, arising out of or in connection with CDP accepting or acting on a CDP Transfer Instruction,

provided that such losses had not arisen or been caused by CDP's negligence or wilful misconduct.

For the avoidance of doubt, provided that reasonably satisfactory evidence has been provided to CDP upon its request for additional information for clarification (if any), CDP shall have no obligation to verify that the depositors in a CDP Transfer Instruction are in breach of the Unit Ownership Limit, prior to the transfer of the Units subject to Automatic Forfeiture pursuant to a CDP Transfer Instruction.

Investors should note that the above procedures which make use of the determination of interests pursuant to the SFA disclosure regime are used by the Manager to monitor compliance with the Unit Ownership Limit only, but the Unit Ownership Limit is computed pursuant to the rules of the United States Internal Revenue Code of 1986, as amended ("**IRC**"), which includes rules relating to Beneficial Ownership (through the application of Section 544 of the IRC, as modified by Section 856(h) of the IRC) and Constructive Ownership (through the application of Section 318(a) of the IRC, as modified by Section 856(d)(5) of the IRC) which could be different from interests in Units as determined pursuant to the SFA. Unitholders should consult their own legal and tax advisers regarding the application of the rules of the IRC in relation to the restriction on ownership of Units in 9.8% of the outstanding Units.

The Manager is of the view that no Unitholder would suffer any prejudice in connection with the Automatic Forfeiture and subsequent disposal of the Units subject to Automatic Forfeiture as such Unitholder will be entitled to receive the proceeds (net of any commissions and expenses) from the disposition, but not in excess of (a) the price paid by such Unitholder for the forfeited Units or (b) if such Unitholder did not give value for the forfeited Units in connection with the event causing the Units to be forfeited (e.g. in the case of a gift, a non-*pro rata* Unit buy-back, a non-*pro rata* Unit consolidation or other corporate action where no acquisition or transfer of Units by a Unitholder takes place but has the result of increasing a Unitholder's proportionate Unitholdings), the market price of the Units on the day of the event causing the Automatic Forfeiture, in each case less certain distributions received by the Unitholder.

Distributions will be reduced if Unitholder does not submit required US Tax Forms

Unitholders must comply with certain documentation requirements in order to be exempted from withholding tax under the IRC, including under the United States Foreign Account Tax Compliance Act ("**FATCA**"). Specifically, Unitholders must establish their status for FATCA purposes and their eligibility for the US Portfolio Interest Exemption by providing an applicable IRS Form W-8, which is set out in **Appendix G**, and such other certification or other information related to FATCA that is requested from time to time. Unitholders must also provide updates of any changes to their status for FATCA purposes including information relating to their name, address, citizenship, personal identification number or tax identification number, tax residencies, and tax status. Such information may be disclosed or reported to the IRS, the Inland Revenue Authority of Singapore ("**IRAS**") or other applicable tax or regulatory authorities for the purpose of compliance with FATCA. If Unitholders fail to provide or to update relevant information necessary for compliance with US tax withholding requirements, including FATCA, or provide inaccurate, incomplete or false information, amounts payable by Keppel-KBS US REIT to Unitholders may be subject to deduction or withholding in accordance with US tax law and any intergovernmental agreements.

Subject to specified limitations, the amount of any tax withheld generally will be creditable against the US federal income tax liability of the beneficial owner of the Units, and such person may file for a refund from the IRS of any amount of withheld tax in excess of that tax liability, provided that the applicable withholding agent has properly deposited the withheld tax with the IRS. However, such withheld amounts may not be refunded by the IRAS or other applicable non-US tax or regulatory authorities.

Notice to Potential Unitholders Subject to US Taxation

An investment in the Units may not be suitable for US persons, persons for which such investment would be effectively connected with a US trade or business (or a permanent establishment under an applicable tax treaty), or persons who would otherwise be subject to US taxation on their investment in the Units. Such persons should consult their own tax advisers before investing in the Units.

ELIGIBILITY OF UNITHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

ELIGIBLE UNITHOLDERS

Eligible Unitholders are Unitholders with Units standing to the credit of their securities account with CDP (but do not include securities sub-accounts) ("**Securities Account**") and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days[1] prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made ("**Eligible Unitholders**").

Eligible Unitholders will receive their Rights Entitlements under the Rights Issue on the basis of their unitholdings in Keppel-KBS US REIT as at the Rights Issue Books Closure Date and are entitled to participate in the Rights Issue and to receive this Offer Information Statement (including the ARE and the ARS) at their respective Singapore addresses. Eligible Unitholders who do not receive this Offer Information Statement, the ARE and the ARS may obtain them from CDP for the period from the date the Rights Issue commences up to the Closing Date.

Eligible Unitholders are at liberty to accept in part or in full, decline or otherwise renounce or trade (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the Rights Entitlements trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements (collectively, "**Excess Rights Units**") will be aggregated and used to satisfy Excess Rights Units applications (if any) or disposed of or otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit.

Subject to the requirements of or otherwise waived by the SGX-ST, in the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any) followed by allotment to the Unitholders who are neither Directors nor Substantial Unitholders (as defined herein). Directors and Substantial Unitholders who have control or influence over Keppel-KBS US REIT or the Manager in

1 "**Market Day**" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

connection with the day-to-day affairs of Keppel-KBS US REIT or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of Directors ("**Board**"), will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units.

All dealings in and transactions of the Rights Entitlements through the SGX-ST will be effected under the book-entry (scripless) settlement system.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights Entitlements and for the applications for Excess Rights Units, including the different modes of acceptance and application and payment, are contained in **Appendix D**, in **Appendix E** and in the ARE and the ARS.

INELIGIBLE UNITHOLDERS

No Rights Entitlements will be provisionally allotted to Unitholders who are not Eligible Unitholders ("**Ineligible Unitholders**") and no purported acceptance thereof or application for Excess Rights Units therefore by Ineligible Unitholders will be valid.

This Offer Information Statement and its accompanying documents (including the ARE and the ARS) will not be despatched to Ineligible Unitholders. This Offer Information Statement and its accompanying documents (including the ARE and the ARS) relating to the Rights Issue have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. Receipt of this Offer Information Statement and its accompanying documents or the crediting of Rights Entitlements to a securities account in CDP does not and will not constitute an offer in those jurisdictions in which it would be illegal and the Offer Information Statement and its accompanying documents should not be copied or redistributed.

The offer, sale and delivery of the Rights Units and the Rights Entitlements may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders.

The Rights Units and the Rights Entitlements have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the US and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. The Rights Units and the Rights Entitlements will only be offered and sold in offshore transactions in reliance on Regulation S.

This Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing or to transferees of the Rights Entitlements, whose registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers are advised that their participation in the Rights Issue may be restricted or prohibited by the laws of the jurisdiction in which they are located or resident. Foreign Purchasers who wish to accept the Rights Entitlements credited to their Securities Accounts should ensure that they comply with the applicable rules, regulations and, subject to compliance with applicable laws and regulations, make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Manager reserves the right, but shall not be obliged, to treat as invalid any application or purported application, or decline to register such application or purported application which (i) appears to the Manager or its agents to have been executed in any jurisdiction outside Singapore or which the Manager believes may violate any applicable legislation of such jurisdiction, or (ii) purports to exclude any deemed representation or warranty.

Notwithstanding the above, Unitholders and any other person having possession of this Offer Information Statement are advised to inform themselves of and to observe all legal requirements applicable thereto. No person in any territory outside Singapore receiving this Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.

If it is practicable to do so, the Manager may, in its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account all expenses to be incurred in relation thereto.

Where such Rights Entitlements are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Manager, may, in its absolute discretion, decide and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, the Joint Lead Managers, and the Joint Underwriters, CDP or their respective officers in respect of such sales or the proceeds thereof, the Rights Entitlements or the Rights Units represented by such provisional allotments.

The net proceeds from all such sales, after deducting all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings as at the Rights Issue Books Closure Date and sent to them at their own risk by ordinary post, without interest or any share of revenue or other benefit arising therefrom, provided that where the amount of net proceeds to be distributed to any single Ineligible Unitholder is less than S$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of Keppel-KBS US REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Trustee, the Joint Lead Managers, and the Joint Underwriters or CDP in connection herewith.

If such Rights Entitlements cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights Entitlements, the Rights Units represented by such Rights Entitlements will be issued to satisfy applications for Excess Rights Units or dealt with in such manner as the Manager may, in its absolute discretion, deem fit in the interest of Keppel-KBS US REIT and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, the Joint Lead Managers, and the Joint Underwriters, CDP and their respective officers in connection therewith.

Unitholders should note that the special arrangement described above will apply only to Ineligible Unitholders.

OFFERING, SELLING AND TRANSFER RESTRICTIONS

GENERAL

Investors are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Rights Entitlements and the Rights Units. No action has been taken or will be taken to permit a public offering of the Rights Units or the Rights Entitlements to occur in any jurisdiction, or the possession, circulation, or distribution of this Offer Information Statement, its accompanying documents or any other material relating to Keppel-KBS US REIT, the Rights Units or the Rights Entitlements in any jurisdiction where action for such purpose is required, except that this Offer Information Statement has been lodged with the Authority. Accordingly, the Rights Units or the Rights Entitlements may not be offered or sold, directly or indirectly, and none of this Offer Information Statement, its accompanying documents or any offering materials or advertisements in connection with the Rights Units or the Rights Entitlements may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Units, applying for Excess Rights Units or making any offer, sale, resale, pledge or other transfer of the Rights Units or the Rights Entitlements.

This Offer Information Statement and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each purchaser of the Rights Entitlements and/or the Rights Units will be deemed to have represented and agreed as follows (terms defined in Regulation S have the same meanings when used herein):

(a) the purchaser (i) is, and the person, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Units is, outside the United States; and (ii) is acquiring the Rights Entitlements and/or the Rights Units in an offshore transaction meeting the requirements of Regulation S;

(b) the purchaser is aware that the Rights Entitlements and/or the Rights Units have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S; and

(c) the purchaser acknowledges that the Manager, the Joint Lead Managers, and the Joint Underwriters, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

The Manager reserves the right, but shall not be obliged, to treat as invalid any application or purported application, or decline to register such application or purported application which (i) appears to the Manager or its agents to have been executed in any jurisdiction outside Singapore or which the Manager believes may violate any applicable legislation of such jurisdiction, or (ii) purports to exclude any deemed representation or warranty. Notwithstanding the foregoing paragraphs, the Manager may in its sole discretion determine whether to allow the participation in the Rights Issue by Unitholders who are located, resident or with a registered address in other jurisdictions outside of Singapore, subject to and in compliance with the applicable securities and other laws of the relevant jurisdictions.

The Manager, the Joint Lead Managers, and the Joint Underwriters have not taken any action, nor will the Manager, the Joint Lead Managers and the Joint Underwriters take any action, in any jurisdiction other than Singapore that would permit a public offering of the Rights Entitlements and Rights Units, or the possession, circulation or distribution of this Offer Information Statement or any other material relating to Keppel-KBS US REIT, the Manager, the Rights Entitlements or the Rights Units in any jurisdiction other than Singapore where action for that purpose is required.

The distribution of this Offer Information Statement and/or its accompanying documents may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of these jurisdictions. Unitholders or any other persons having possession of this Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe such prohibitions and restrictions. No person in any territory outside Singapore receiving this Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.

CERTAIN DEFINED TERMS AND CONVENTIONS

Keppel-KBS US REIT publishes its financial statements in US dollars. In this Offer Information Statement, references to "US$", "US dollar", "USD" or "US cent" are to the lawful currency of the United States of America (the "**US**" or the "**United States**") and references to "S$", "Singapore dollar" or "Singapore cent" are to the lawful currency of the Republic of Singapore. All references to dates and times are to Singapore dates and times.

Certain monetary amounts set out in this Offer Information Statement have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them.

Capitalised terms used in this Offer Information Statement shall have the meanings set out in the Glossary on pages 64 to 72 of this Offer Information Statement.

This Offer Information Statement contains conversions of US dollar amounts into Singapore dollar. None of the foreign currency conversion rates used to present or derive information in this Offer Information Statement should be construed as representations that US dollar amounts have been, would have been or could be converted into Singapore dollar at those rates or any other rate, at any particular rate or at all.

References of "Appendix" or "Appendices" are to the appendices set out in this Offer Information Statement.

CORPORATE INFORMATION

Directors of the Manager	:	Mr Peter McMillan III (Chairman, Non-Executive and Non-Independent Director) Mr Soong Hee Sang (Non-Executive and Independent Director) Mr John J. Ahn (Non-Executive and Independent Director) Mr Kenneth Tan Jhu Hwa (Non-Executive and Independent Director) Mr Paul Tham (Non-Executive and Non-Independent Director)
Registered office of the Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Trustee of Keppel-KBS US REIT	:	Perpetual (Asia) Limited (in its capacity as trustee of Keppel-KBS US REIT) 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Financial Adviser for the Rights Issue	:	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982
Joint Lead Managers	:	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982 United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
Joint Underwriters	:	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982 United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Credit Suisse (Singapore) Limited 1 Raffles Link, #03/#04-01 South Lobby Singapore 039393
Legal Adviser for the Rights Issue and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

Legal Adviser to the Joint Lead Managers and the Joint Underwriters	:	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Market Research Consultant	:	Cushman & Wakefield Western, Inc. 400 Capitol Mall, Suite 1800 Sacramento, CA 95814 United States
Independent Valuers	:	Cushman & Wakefield of Washington, Inc. (appointed by the Manager) 1420 Fifth Avenue, Suite 2600 Seattle, WA 98101 United States JLL Valuation & Advisory Services, LLC (appointed by the Trustee) 5 Riverway #200 Houston, TX 77056 United States

TABLE OF CONTENTS

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Offer Information Statement. Meanings of defined terms may be found in the section entitled "Glossary" of this Offer Information Statement.

1. Overview of Keppel-KBS US REIT

Keppel-KBS US REIT is a Singapore REIT established 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.

As at 24 October 2018, being the latest practicable date prior to the lodgement of the Offer Information Statement (the "**Latest Practicable Date**"), Keppel-KBS US REIT's existing portfolio (the "**Existing Portfolio**") comprises 11 office properties located in the United States with an aggregate net lettable area ("**NLA**") of approximately 3.2 million square feet ("**sq ft**") and valuation of US$826.2 million as at 30 September 2018[1].

(i) **The Plaza Buildings**: Situated along one of the busiest corridors in the Bellevue (Seattle) central business district ("**CBD**"), The Plaza Buildings are surrounded by retail amenities, dining options and parks. The property has been extensively refurbished to a LEED Gold Certified building and appeals to modern, high-class tenants looking to Bellevue as their next business address. It consists of two Class A office buildings located in downtown Bellevue, with a NLA of 490,994 sq ft as well as a freestanding garage with 1,254 parking stalls. The property has been refurbished with repainted exteriors, new modern lobbies and revamped landscaping. The Plaza Buildings enjoy full-block frontage along NE 8th Street, the primary east-west arterial in downtown Bellevue that connects high-density commercial users to Interstate 405.

(ii) **Bellevue Technology Center**: Bellevue Technology Center is situated in the 520 Corridor submarket of the Seattle-Bellevue regional office market. It features nine Class A/B buildings with a NLA of 330,508 sq ft. The property has undergone capital improvements over the last five years with an upgraded fitness centre, conference room, full-service café and new parking stalls. It also benefits from its proximity to the Microsoft global headquarters and Interstate 520.

(iii) **Iron Point**: Iron Point features five Class A office buildings located in Folsom, Sacramento. The property contains 211,887 sq ft of NLA. The property has undergone a complete lobby renovation with brighter lighting fixtures and interiors, and introduced new tenant amenities, such as an outdoor walking/jogging track and fitness centre. It is centrally located within Folsom and accessible via US Highway 50.

(iv) **Westmoor Center**: Westmoor Center is situated in Northwest Denver and consists of six Class A office buildings. The buildings contain a total of 607,755 sq ft of NLA and 2,809 parking stalls. Asset improvements such as a new access card system, upgraded lobby and common areas were recently undertaken between 2014 to 2016. Westmoor Center benefits from its proximity to downtown Denver and Boulder, which allows its tenants to attract employees while enjoying a lower occupancy cost.

(v) **Great Hills Plaza**: Great Hills Plaza is located in Northwest Austin, Texas. The property is a three-storey Class B office building that contains 139,252 sq ft of NLA and 471 parking stalls. Great Hills Plaza has undergone capital improvements that include a modernized lobby, remodelled atriums and enhanced landscaping. The property is well located in the Northwest submarket in close proximity to residential housing, retail and restaurants and is served by two freeways.

1 Based on the carrying value as set out in the Unaudited Financial Statements.

(vi) **Westech 360**: Located in Northwest Austin, Texas, and comprises four three-storey Class B buildings with a NLA of 173,058 sq ft. The property underwent significant capital improvements that included an extensive upgrade of the landscaping, signage and lighting for the buildings to increase its visibility from Loop 360. Additional improvements include remodelled restrooms, a new tenant lounge/market and modernisation of the lobbies, fitness centre and building conference room. Similar to Great Hills Plaza, the property enjoys excellent accessibility to the major business centres around Austin and is well served by two freeways and a network of primary and secondary neighbourhood roads.

(vii) **1800 West Loop South**: Located in Houston's Galleria West Loop submarket, 1800 West Loop South is a 21-storey, LEED Gold Certified Class A office tower with a NLA of 398,490 sq ft. Renovations to the building lobby, common areas and conference room facility were completed between 2013 and 2014. Onsite amenities include a café and weekly food truck services. 1800 West Loop South is located in the amenity-rich Galleria submarket, which benefits from its proximity to the Galleria Mall and West Loop South feeder road.

(viii) **West Loop I & II**: West Loop I & II features two Class A office buildings located in Bellaire, a suburb of Houston, Texas. It contains 313,873 sq ft of NLA with a high concentration of its tenant base from the healthcare and professional services sectors. Exterior refurbishments were completed in 2014, and include remodelled entrances, complete elevator modernisation and improved chillers and cooling towers.

(ix) **Powers Ferry Landing East**: Powers Ferry Landing East is situated in the Cumberland/I-75 submarket of the Atlanta Office Market. It is a six-storey, Class B office building that contains 146,352 sq ft of NLA and 569 parking stalls, with renovated common areas, conference facilities and tenant amenities that help to retain and attract tenants. Powers Ferry Landing East benefits from its proximity to major Atlanta highways and high net worth neighbourhoods that surround it.

(x) **Northridge Center I & II**: Northridge Center I & II features two Class B office buildings in Atlanta, Georgia and is located in the Central Perimeter, one of the largest office submarkets in Atlanta. The property contains 186,580 sq ft of NLA and has undergone capital improvements such as upgraded lobbies and common areas. Northridge Center I & II enjoys excellent access to affluent suburbs, medical facilities, the interstate and the Metropolitan Atlanta Rapid Transit Authority Rail System.

(xi) **Maitland Promenade II**: Maitland Promenade II is a five-storey Class A office building located in Orlando, Florida. It has a NLA of 226,990 sq ft and 1,052 parking stalls. Maitland Promenade II underwent repositioning in 2013, with common area renovations and a new conference facility. Maitland Promenade II offers direct access to destinations throughout the Orlando Metropolitan Statistical Area and Interstate 4 and is less than an hour's drive from the Orlando International Airport.

Keppel-KBS US REIT is managed by Keppel-KBS US REIT Management Pte. Ltd., a joint venture held between Keppel Capital Holdings Pte. Ltd. ("**KC**") and KBS Pacific Advisors Pte. Ltd. ("**KPA**", together with KC, the "**Sponsors**") in equal share. KC is incorporated in Singapore and is the asset management arm of Keppel Corporation Limited. KC manages a diversified portfolio of real estate, data centre and infrastructure properties in over 20 cities across key global markets. KPA is incorporated in Singapore and its partners are: (i) Peter McMillan III, (ii) Keith D. Hall, (iii) Rahul Rana, and (iv) Richard Bren. Peter McMillan III and Keith D. Hall are co-founding partners of KBS Capital Advisors LLC ("**KBS**"), and together they indirectly hold a one-third stake of KBS. KBS is a real estate investment manager incorporated in the US. KBS and its affiliates are one of the largest US commercial real estate managers.

2. Overview of the Westpark Portfolio Acquisition

In furtherance of Keppel-KBS US REIT's investment strategy, the Manager has identified 21 buildings located adjacent to downtown Redmond, Washington, US (the "**Westpark Portfolio**") as suitable for acquisition by Keppel-KBS US REIT (the "**Westpark Portfolio**

Acquisition") from KBS SOR Westpark Portfolio, LLC (the "**Vendor**"), for a purchase consideration of US$169.4 million ("**Purchase Consideration**"). The Vendor is a fund managed by KBS, whose co-founding partners include Peter McMillan III and Keith D. Hall, who are partners of KPA and, together, indirectly hold a one-third stake of KBS.

The Manager has commissioned an independent property valuer, Cushman & Wakefield of Washington, Inc. ("**Cushman**"), and the Trustee has commissioned another independent property valuer, JLL Valuation & Advisory Services, LLC ("**JLL**", and together with Cushman, the "**Independent Valuers**"), to value the Westpark Portfolio. Cushman in its report dated 25 October 2018 stated that the open market value of the Westpark Portfolio as at 31 July 2018 is US$178.0 million, while JLL in its report dated 25 October 2018 stated that the open market value of the Westpark Portfolio as at 31 July 2018 is US$181.4 million.

The Westpark Portfolio Acquisition is pursuant to the purchase and sale agreement entered into between Keppel-KBS Westpark, LLC (the "**KORE Buyer LLC**"), a wholly-owned indirect subsidiary of Keppel-KBS US REIT, and the Vendor on 24 September 2018 (the "**Purchase and Sale Agreement**").

The Manager is a joint venture held between the Sponsors, being KC and KPA, in equal share. The Vendor is a fund managed by KBS. As disclosed in the Keppel-KBS US REIT prospectus dated 2 November 2017, the co-founding partners of KBS include Peter McMillan III and Keith D. Hall, who are partners of KPA and, together, indirectly hold a one-third stake of KBS. As KPA is a co-sponsor of Keppel-KBS US REIT, transactions between Keppel-KBS US REIT and any funds managed by KBS in the future will constitute interested person transactions under Chapter 9 of the Listing Manual and interested party transactions under the Property Funds Appendix. Therefore, the Westpark Portfolio Acquisition constitutes an "Interested Person Transaction" under Chapter 9 of the Listing Manual as well as an "Interested Party Transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

At the extraordinary general meeting ("**EGM**") of Unitholders held on 16 October 2018, the Manager obtained the approval of Unitholders in respect of the Westpark Portfolio Acquisition.

(See the section entitled "Information Relating to the Westpark Portfolio Acquisition" of this Offer Information Statement.)

3. The Rights Issue

The Rights Issue comprises an offer of 186,236,224 Rights Units, on a fully underwritten (excluding the number of Rights Units to be subscribed for pursuant to the Irrevocable Undertakings (as defined herein)) and renounceable basis, to Eligible Unitholders based on the Rights Ratio of 295 Rights Units for every 1,000 existing units in Keppel-KBS US REIT ("**Existing Units**") held as at the Rights Issue Books Closure Date (fractional entitlements to be disregarded), at the issue price of US$0.500 per Rights Unit ("**Issue Price**"), to raise gross proceeds of approximately US$93.1 million.

The Rights Issue would provide Unitholders with the opportunity to subscribe for their *pro rata* entitlement to the Rights Units at the Issue Price, which is at a discount of:

(i) approximately 30.1% to the closing price of US$0.715 per Unit on the SGX-ST on 22 October 2018, being the last trading day of the Units prior to the announcement of the Rights Issue ("**Closing Price**"); and

(ii) approximately 24.9% to the theoretical ex-rights price ("**TERP**") of US$0.666 per Unit which is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of Keppel-KBS US REIT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding immediately after the Rights Issue}}$$

The Rights Units will be issued pursuant to a general mandate given to the Manager at the time of the initial public offering of Keppel-KBS US REIT, pursuant to which the Manager may, during the period from 9 November 2017 (the "**Listing Date**") to the conclusion of the first annual general meeting ("**AGM**") of Keppel-KBS US REIT or the date by which the first AGM of Keppel-KBS US REIT is required by applicable laws or regulations to be held, whichever is earlier, issue new Units such that the number of new Units issued on a *pro rata* basis does not exceed 50.0% of the total number of Units in issue as at the Listing Date.

4. Rationale for the Westpark Portfolio Acquisition and the Rights Issue

The Manager intends to use the net proceeds from the Rights Issue to finance part of the Westpark Portfolio Acquisition and the associated costs.

The Rights Issue would provide Unitholders with the opportunity to subscribe for their *pro rata* entitlements to the Rights Units at the Issue Price which is at a discount of (i) approximately 30.1% to the Closing Price of US$0.715 per Unit and (ii) approximately 24.9% to the TERP of US$0.666 per Unit. Eligible Unitholders who do not wish to subscribe for the Rights Units may choose to sell their Rights Entitlements during the "nil-paid" rights trading period to realise the value of their Rights Entitlements.

The Manager believes that the Westpark Portfolio Acquisition and the Rights Issue will bring the following key benefits to Keppel-KBS US REIT and its Unitholders:

(i) Unique Opportunity to Acquire a Distinctive Freehold Portfolio

(a) Attractive suburban business campus

The Westpark Portfolio is a unique suburban business campus which consists of 21 low-rise buildings, with 781,966 sq ft of net leasable area, spread over a 41.3 acre freehold campus. The buildings are designed to cater for multiple business uses including office and flex. The campus is in a beautiful park-like setting, surrounded by green space and neighbourhood parks, which provide valuable outdoor amenities for tenants.

The Westpark Portfolio was constructed between 1987 and 1992, and underwent extensive capital improvements following the Vendor's acquisition in February 2016. These projects include the conversion of underutilised space to an amenities centre, new signage and painting through the campus, the addition of a full-service restaurant/bar, the renovation of the common area landscape and the exterior refurbishment of some of the buildings.

The successful repositioning of the Westpark Portfolio has garnered strong leasing traction amongst technology and professional services companies and attracted higher quality tenants, which includes Oculus VR, Inc. ("**Oculus**"), a major technology tenant.

The Westpark Portfolio is divided into three clusters of buildings which cater to multiple business uses.

Building cluster	Number of buildings	Net Leasable Area (sq ft)	Primary Use
Westpark Business Park	14	583,524	Office
Redmond Center Court	2	77,510	Industrial
Pacific Business and Technology Center	5	120,932	Office
Total	**21**	**781,966**	
Total Occupancy[(1)]	**97.7%**		

Note:

(1) The lease with Oculus was entered into on 10 August 2018. The occupancy rate is as of 30 June 2018 and is computed based on the assumption that the lease with Oculus was in place as at 30 June 2018.

The Westpark Portfolio is located in a cluster of suburban business campuses that are characterised by a significant quantity of high-technology and incubator office/ warehouse space in addition to traditional office space. The suburban business campus layout provides its typical appeal and amenities which attract a wide variety of tenants involved in trade sectors such as technology, engineering, medical and healthcare, as well as professional services.

The ability to have office and complementary spaces such as technology development and flex spaces within one business campus increases the appeal to tenants looking to enter or expand their presence in the submarket. The warehouse space within the Westpark Portfolio provides technology and professional services tenants who require storage for their equipment or inventory (e.g. technology-based self-training companies, purchasing and distribution businesses) as it provides them the convenience and facilitates distribution.

The acquisition of the Westpark Portfolio is in line with the Manager's strategy to acquire distinctive assets which cater to a diverse tenant profile and add resilience to the portfolio.

(b) Strategic location with good accessibility

The Westpark Portfolio is located in the Redmond submarket in the centre of Seattle's Eastside suburban office market, which is a choice location for internet and technology companies.

The property is located approximately 2.5 miles north of the Microsoft World's headquarters and benefits from this proximity as sub-contractors to Microsoft Corporation, technology companies, and companies supporting Microsoft Corporation's operations prefer to be located near them. The Westpark Portfolio enjoys good accessibility to the key commercial areas in Seattle-Bellevue such as the CBDs in Bellevue and Seattle. The business campus site provides easy access to State Route 520, which is one of the major highways in the Seattle metropolitan area.

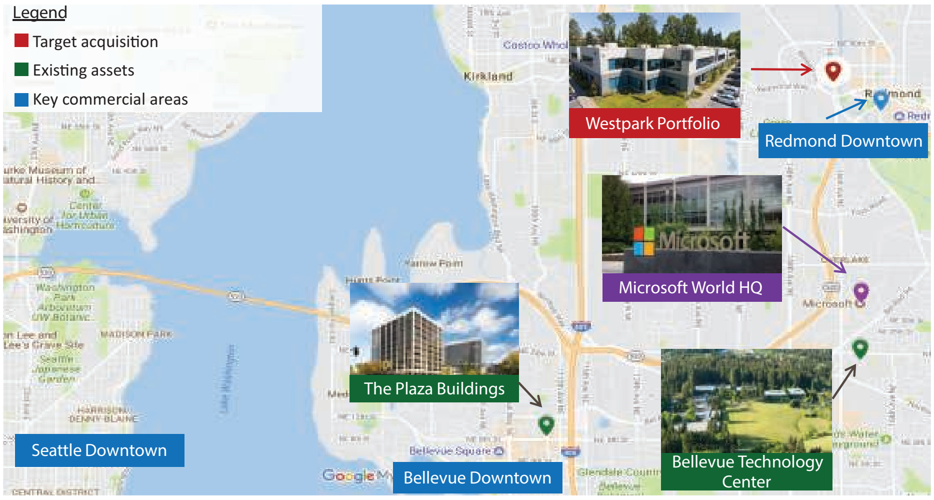
The proximity to Redmond and good access to major transportation corridors explain the diverse makeup of the area, being attractive to residents, employees and businesses.

(ii) Strengthen Presence in one of the Strongest Office Markets and Technology Hubs in the US

(a) Deepen Keppel-KBS US REIT's exposure to the high growth Seattle-Bellevue market

The acquisition of the Westpark Portfolio will mark the third asset in Keppel-KBS US REIT's portfolio in the Seattle-Tacoma-Bellevue Metropolitan Statistical Area ("**Seattle MSA**"), including The Plaza Buildings and Bellevue Technology Center.

Location Map of the Westpark Portfolio with existing portfolio assets



Source: Google Maps. Google LLC ("**Google**") has not provided its consent, for purposes of Section 249 of the SFA (read with Sections 302 and 305B of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Sections 302 and 305B of the SFA). While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Google is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Manager, the Joint Lead Managers and Joint Underwriters or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Adding the Westpark Portfolio to Keppel-KBS US REIT's existing portfolio will allow Keppel-KBS US REIT to further capitalize on the positive leasing demand from the technology and professional services sectors, enjoy the continued rent growth in one of the strongest office markets in the US, as well as enhance Keppel-KBS US REIT's exposure to the key growth sectors in the US.

(b) Benefit from the strong demand drivers of the Redmond submarket

Redmond is a submarket within the Eastside office market in the Seattle MSA, which has benefited from tremendous leasing demand in recent years due to the fast-growing technology sector, limited new high-quality office inventory, excellent retail and amenity base, and strong employment growth. Redmond's business friendly regime, which includes zero business tax to corporations, helps to attract companies from the high-technology industries into the market. The major presence of Microsoft

Corporation and other established technology companies such as Nintendo of America helps to attract technology talents to move to this submarket, ensuring these companies of a strong and sizeable talent pool.

According to Cushman & Wakefield Western, Inc. (the "**Independent Market Research Consultant**"), the employment growth in the Seattle MSA continues to outpace the nation. The area experienced stronger than the average national employment growth rate between 2007 and 2017 and the growth is expected to remain strong going forward.

Seattle MSA houses headquarters of several technology giants including Amazon, Nintendo of America and Microsoft Corporation, which is located just 2.5 miles south of the Westpark Portfolio.

(c) Positive fundamentals for continued rental growth

Overall vacancy in the Eastside Suburban office has seen a downward trend, contributed by improving economic conditions and strong employment growth. According to the Independent Market Research Consultant, as at first quarter 2018, overall vacancy rate was at a low of 9.1%[1], supported by strong leasing activity and a relative lack of speculative construction.

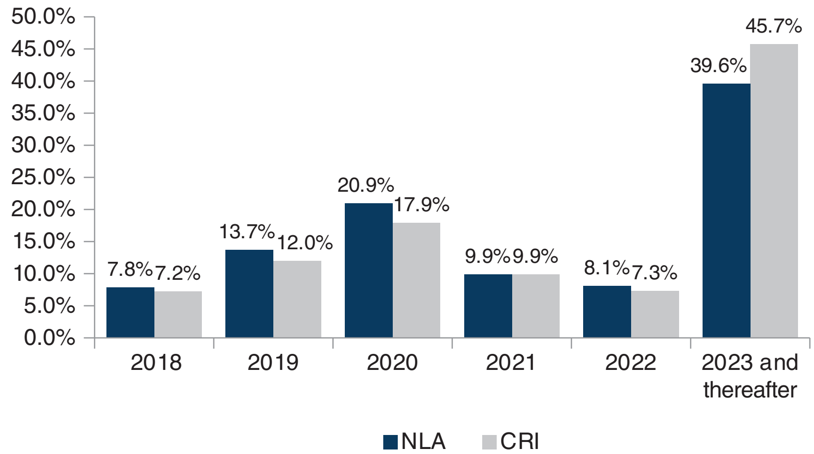
At the same time, asking rents in the Eastside Suburban market have historically exceeded the asking rents of other suburban office markets in the Seattle area. The overall average asking rent for space in the Eastside Suburban office market increased US$0.90 per sq ft year-over-year and US$0.34 per sq ft from the previous quarter to US$32.59 per sq ft in first quarter 2018. The relatively low inventory of available office space and strong demand in the Seattle-Bellevue area should encourage asking rent growth in the near term, which may boost asking rents to surpass pre-recession highs.

Redmond is one of the Eastside's most supply-constrained markets, with limited sites available for competitive new development. Most of the recent construction activities within the Redmond submarket and the wider Eastside office market have been mainly residential in response to the positive population growth arising from international and domestic talent migration.

The favourable market conditions bode well for the Westpark Portfolio, which has a well-spread lease expiry that will allow the property to benefit from higher rental rates when current leases with lower rental rates are marked to market. According to the Independent Market Research Consultant, vacancy is expected to stabilise for the submarket over the next several years but rental rates are expected to continue to increase. Together with the strong office fundamentals and built-in rental escalation between 2-3% per annum for 100% of the leases, these provide strong growth momentum for the portfolio.

1 According to Cushman & Wakefield Western, Inc.

Westpark Portfolio Lease Expiry Profile[1]
(By NLA and CRI) as at 30 June 2018



(iii) Diversification of Portfolio Tenant Base with Increased Exposure to the Technology Sector

The Westpark Portfolio is leased to a diversified tenant base, concentrated mainly in the technology and professional services sectors. The relatively high number of tenants is due to the presence of technology start-ups and small and medium-sized enterprises, as well as boutique professional services firms operated by business owners residing in nearby residential neighbourhoods. Due to the diversified tenant base, there is limited tenant concentration within the Westpark Portfolio. The largest tenant of the Westpark Portfolio is Oculus, which will occupy approximately 12.6% of the total NLA. Oculus is an American technology company that specialises in virtual reality hardware and software products. It was founded in 2012 and was acquired by Facebook, Inc. in 2014.

Apart from Oculus which has committed to approximately 12.6% of Westpark Portfolio's NLA, none of the remaining tenants lease more than 5.0% of the Westpark Portfolio's NLA or contribute more than 5.0% of Westpark Portfolio's CRI as at 30 June 2018[1].

Top 10 Tenants (by NLA) of the Westpark Portfolio as at 30 June 2018[1]

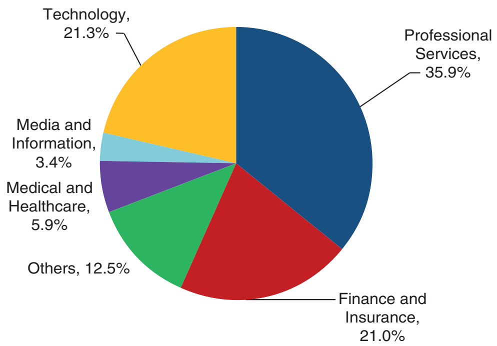
Tenant	Sector	Lease Term Remaining	% of NLA	% of CRI
Oculus	Technology	7.3 years	12.6%	15.6%
Microsurgical Technology, Inc.	Medical and Healthcare	1.9 years	4.7%	3.4%
Helion Energy, Inc.	Technology	2.1 years	4.0%	3.2%
Echonous, Inc.	Technology	8.0 years	3.9%	4.6%
Micronics, Inc.	Medical and Healthcare	1.4 years	3.3%	3.4%
Wildlife Computers, Inc.	Technology	9.3 years	3.0%	3.6%
Seattle Aero, LLC	Engineering	3.6 years	2.8%	2.4%
Majiq, Inc.	Technology	6.6 years	2.7%	3.2%

1 Includes the leases with Oculus entered into on 10 August 2018. Unless otherwise stated, all the figures relating to the Westpark Portfolio are computed based on the assumption that the lease with Oculus was in place as at 30 June 2018.

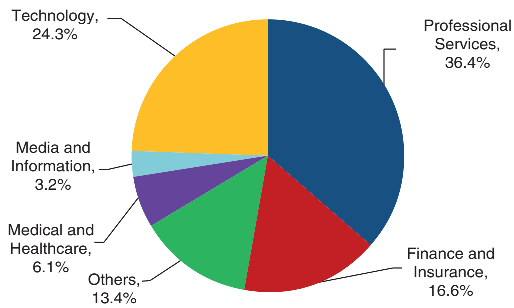
Tenant	Sector	Lease Term Remaining	% of NLA	% of CRI
Xtreme Consulting Group	Professional Services	1.8 years	2.7%	2.8%
Kone Inc.	Engineering	7.9 years	2.0%	1.9%
Total		**TOP 10 WALE (by NLA): 5.3 years**	**41.7%**	**44.1%**

Furthermore, the Westpark Portfolio Acquisition will increase the exposure to the fast-growing technology sector in Keppel-KBS US REIT's portfolio from approximately 21.3% as at 30 June 2018 to approximately 24.3% by NLA following the completion of the Westpark Portfolio Acquisition.

Existing Portfolio Tenant Base as at 30 June 2018



Enlarged Portfolio Tenant Base(1) as at 30 June 2018



Note:

(1) Includes the leases with Oculus entered into on 10 August 2018.

(iv) Enlarged and Diversified Portfolio Positioned for Long Term Growth

(a) Strengthen portfolio diversification

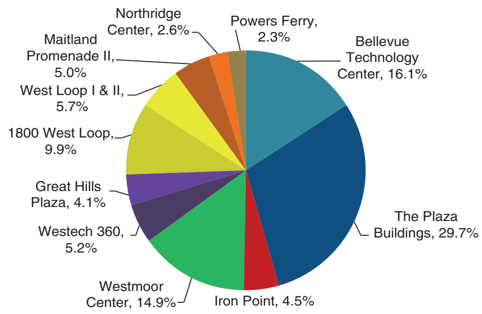
Upon completion of the Westpark Portfolio Acquisition, Keppel-KBS US REIT's aggregate valuation will increase by 20.8% from US$816.1 million[1] to US$985.5 million and NLA will increase by 24.2% from 3,225,739 sq ft to 4,007,705 sq ft.

The Westpark Portfolio Acquisition will allow Keppel-KBS US REIT to achieve diversification to its portfolio as it reduces the portfolio's largest asset exposure (based on valuation), The Plaza Buildings, from 29.7% to 24.6% and increases the number of tenants from 339 to 441 as at 30 June 2018.

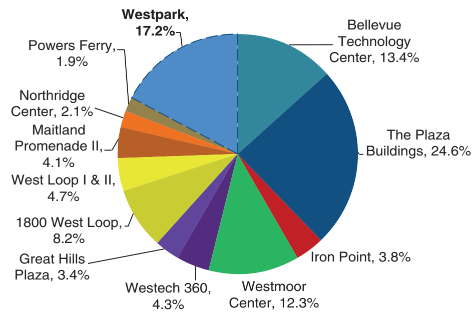
1 Based on carrying value as set out in the unaudited financial statements of Keppel-KBS US REIT for the financial period from 9 November 2017 to 30 June 2018.

Following the Westpark Portfolio Acquisition, no single property will contribute more than 25.0% and 20.0% of Keppel-KBS US REIT's Enlarged Portfolio's valuation and CRI, respectively as at 30 June 2018.

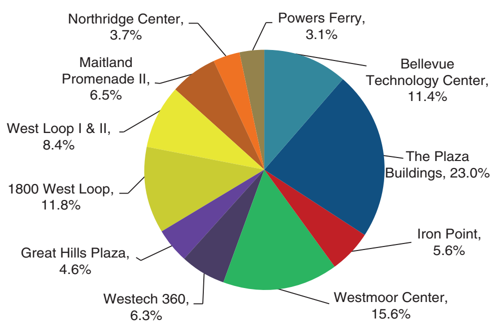
Existing Portfolio by Valuation as at 30 June 2018



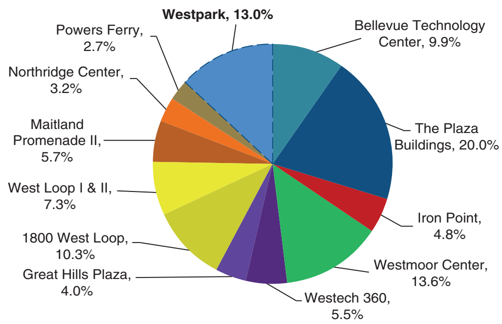
Enlarged Portfolio by Valuation as at 30 June 2018



Existing Portfolio by CRI as at 30 June 2018



Enlarged Portfolio by CRI as at 30 June 2018



Note:

(1) Valuation of the Existing Portfolio is based on carrying value as set out in the unaudited financial statements of Keppel-KBS US REIT for the financial period from 9 November 2017 to 30 June 2018. Valuation of the Westpark Portfolio is based on the Purchase Consideration of US$169.4 million.

(b) Reduces concentration risk in the top ten tenants

After the Westpark Portfolio Acquisition, the top 10 tenants' aggregate contribution to the portfolio's CRI for 30 June 2018 will decrease from 22.8% to 20.5% on a *pro forma* basis.

The revised top 10 tenants for the Enlarged Portfolio as at 30 June 2018 would be as follows:

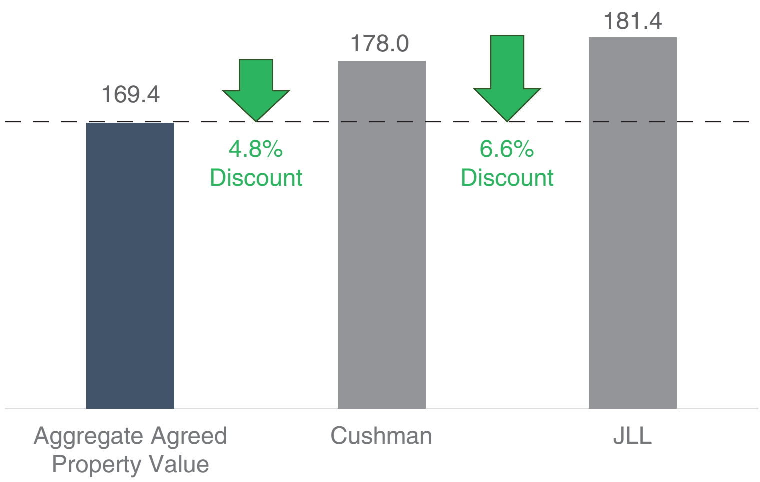
Tenant	Asset	% of CRI
Ball Aerospace & Tech Corp	Westmoor Center	3.0%
Oculus	Westpark Portfolio	2.5%
Zimmer Biomet Spine, Inc.	Westmoor Center	2.5%
Unigard Insurance Company	Bellevue Technology Center	2.1%
US Bank National Association	The Plaza Buildings	2.0%
Blucora, Inc.	The Plaza Buildings	1.9%
Health Care Service Corp	1800 West Loop South	1.9%
Reed Group, Ltd.	Westmoor Center	1.7%
Regus PLC	Bellevue Technology Center	1.5%
Nintex USA, LLC	The Plaza Buildings	1.4%
	Total:	**20.5%**

(v) Accretive Acquisition at Discount to Independent Valuations

(a) Purchase price represents an attractive discount from appraised vales

The agreed-upon purchase price of the Westpark Portfolio of US$169.4 million represents a discount of approximately 4.8% to Cushman's aggregate valuation of US$178.0 million and a discount of approximately 6.6% to JLL's aggregate valuation of US$181.4 million. The acquisition of the Westpark Portfolio at an attractive discount from the independent appraised values represents good value for Unitholders.

Aggregate Agreed Property Value Relative to Independent Valuations[(1)]
(US$ million)



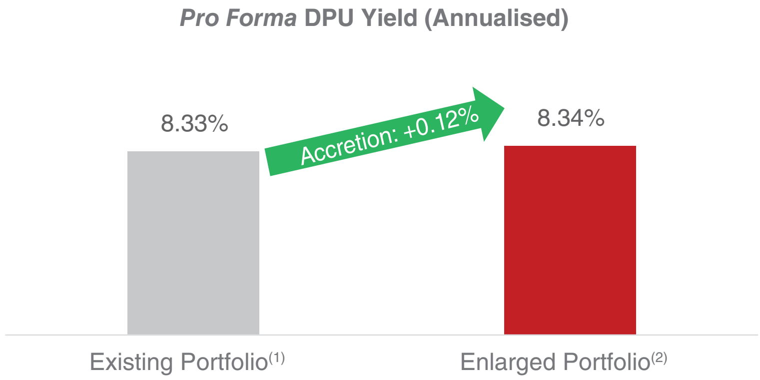
Note:

(1) The Manager has commissioned Cushman and the Trustee has commissioned JLL to value the Westpark Portfolio as at 31 July 2018.

(b) Accretive acquisition creating value for Unitholders

Based on the Rights Issue, the Westpark Portfolio Acquisition is expected to be DPU yield accretive on a *pro forma* basis. The chart below illustrates the *pro forma* impact on Keppel-KBS US REIT's annualised DPU yield for the period from the Listing Date to 30 September 2018 in relation to the Existing Portfolio and the Enlarged Portfolio respectively.

For Illustration Purpose Only[1]



Notes:

(1) Annualised DPU yield is computed based on the Closing Price of US$0.715 per Unit.

(2) The calculation of annualised DPU yield assumes that (a) the Westpark Portfolio has a portfolio occupancy of 97.7% for the period between 9 November 2017 and 30 September 2018 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 9 November 2017, and (b) the Rights Units are issued at the Issue Price of US$0.500 per Unit to raise gross proceeds of approximately US$93.1 million. Annualised DPU yield is estimated to be approximately 8.34% based on the TERP of US$0.666 per Unit.

5. Use of Proceeds

The Manager intends to utilise all of the net proceeds of the Rights Issue to finance part of the Westpark Portfolio Acquisition and the associated costs.

Notwithstanding its current intention, in the event that the Rights Issue is completed but the Westpark Portfolio Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Rights Issue at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures and/or other potential acquisitions.

Pending deployment, the net proceeds from the Rights Issue may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements via SGXNET on the utilisation of the net proceeds from the Rights Issue as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Manager will also provide a status report on the use of the net proceeds from the Rights Issue in the annual report of Keppel-KBS US REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

1 For completeness, please refer to the section entitled "Pro Forma DPU and Distribution Yield" of this Offer Information Statement for further details.

6. Underwriting of the Rights Issue

Save for the Rights Units to be subscribed for pursuant to the Irrevocable Undertakings, the Rights Issue is fully underwritten by the Joint Underwriters on the terms and subject to the conditions of a management and underwriting agreement entered into between the Manager and the Joint Underwriters on 22 October 2018 (the "**Underwriting Agreement**").

The underwritten Rights Units are severally underwritten by DBS Bank Ltd., United Overseas Bank Limited and Credit Suisse (Singapore) Limited in the proportion of 50.0%, 40.0% and 10.0% respectively.

The Joint Underwriters will be entitled to:

(i) an aggregate underwriting commission (excluding goods and services tax payable) of 1.50% of the Issue Price multiplied by the total number of Rights Units offered under the Rights Issue (less the number of Rights Units subscribed for by Keppel Capital Investment Holdings Pte. Ltd. ("**KCIH**") and KBS SOR Properties LLC ("**KBS SORP**") pursuant to the Irrevocable Undertakings); and

(ii) an incentive fee (excluding goods and services tax payable) of up to 0.25% of the Issue Price multiplied by the total number of Rights Units offered under the Rights Issue (less the number of Rights Units subscribed for by KCIH and KBS SORP pursuant to the Irrevocable Undertakings) payable at the discretion of the Manager.

It should be noted that the Underwriting Agreement may be terminated upon the occurrence of certain events, but the Joint Underwriters are not entitled to rely on *force majeure* to terminate the Underwriting Agreement on or after the date on which ex-rights trading commences (being 26 October 2018) (in compliance with Rule 818 of the Listing Manual of the SGX-ST (the "**Listing Manual**")).

7. Commitment by KCIH and KBS SORP

KCIH and KBS SORP each owns an aggregate interest in 43,999,500 Units (respectively, the "**KCIH Initial Units**" and the "**KBS SORP Initial Units**") (representing approximately 6.97% of the issued Units) as at 23 September 2018.

To demonstrate its support for Keppel-KBS US REIT and the Rights Issue, each of KCIH and KBS SORP, has, on 23 September 2018, provided an irrevocable undertaking (the "**Irrevocable Undertakings**") to the Manager that, among others:

(i) as at the Rights Issue Books Closure Date, KCIH and KBS SORP (as the case may be) will have an interest (either actual or deemed) in not less than the number of KCIH Initial Units and KBS SORP Initial Units respectively credited to the Securities Accounts with CDP which are held in KCIH's or KBS SORP's name or, as the case may be, the names of the nominees(s) or custodian(s) of KCIH or KBS SORP (the "**Relevant Entities**") (each with registered addresses with CDP in Singapore);

(ii) in accordance with the terms and conditions of the Rights Issue and in any case not later than the last day for acceptance and payment of the Rights Units ("**Closing Date**"), KCIH and KBS SORP (as the case may be) will accept, subscribe and pay in full for and/or procure that the Relevant Entities accept, subscribe and pay in full for, their or as the case may be the Relevant Entities' total provisional allotment of Rights Units;

(iii) KCIH and KBS SORP will not, on or before the Closing Date, sell, transfer or otherwise dispose of Units (or any interest therein) held by them as at 23 September 2018, other than to their wholly-owned subsidiaries; and

(iv) unless required by applicable law or regulations or by an order of a court of competent jurisdiction, KCIH and KBS SORP will not, during the period commencing from the date of the announcement of the launch of the Rights Issue up to and including the date of the listing of the Rights Units, make any public statement or announcement regarding the Rights Issue, without first obtaining the prior written consent of the Manager and the Joint Underwriters (such consent not to be unreasonably withheld or delayed).

It should be noted that the Irrevocable Undertakings may be terminated upon the occurrence of certain events, including if performing KCIH's or KBS SORP's respective obligations under the Irrevocable Undertakings will cause KCIH or KBS SORP to be in breach of applicable laws, regulations or order of court or regulatory body issued after the date of Irrevocable Undertakings.

8. Status of the Rights Issue

Keppel-KBS US REIT's current policy is to distribute its distributable income on a semi-annual basis to Unitholders. The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2018 to 31 December 2018 as well as all distributions thereafter.

Eligible Unitholders who validly accept, in full, their provisional allotments of Rights Units in accordance with the terms of this Offer Information Statement, will receive such amount of the accrued distributions for the period from 1 July 2018 to 31 December 2018 which they would have been entitled to had the Rights Issue not occurred. Eligible Unitholders who decide not to accept in full their provisional allotments of Rights Units can, where applicable, make arrangements to trade their Rights Entitlements on the SGX-ST under the book-entry (scripless) settlement system.

For Ineligible Unitholders, the Manager may, at its absolute discretion and if it is practicable to do so, arrange for the Rights Entitlements which would otherwise have been provisionally allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales can at least cover the expenses to be incurred in relation thereto. There is no guarantee that such sale will be successful, and even if successful, the proceeds of any such sale may not be sufficient to compensate him fully for the dilution of his unitholding as a result of the Rights Issue.

(See the section entitled "Eligibility of Unitholders to Participate in the Rights Issue – Ineligible Unitholders" of this Offer Information Statement.)

PRINCIPAL TERMS OF THE RIGHTS ISSUE

The following principal terms and conditions of the Rights Issue are derived from, and should be read in conjunction with, the full text of this Offer Information Statement, and are qualified in their entirety by reference to information appearing elsewhere in this Offer Information Statement.

Issue Size	:	186,236,224 Rights Units. The Rights Issue is expected to raise gross proceeds of approximately US$93.1 million.
Basis of Provisional Allotments	:	Each Eligible Unitholder is entitled to subscribe for 295 Rights Units for every 1,000 existing Units standing to the credit of his Securities Account with CDP as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded.
Issue Price	:	US$0.500 per Rights Unit. The Rights Units are payable in full upon acceptance and/or application.
Administrative Fee	:	An administrative fee will be incurred by applicants for each Electronic Application made through the ATMs of the Participating Banks.
Status of Rights Units	:	The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2018 to 31 December 2018 as well as all distributions thereafter. Eligible Unitholders who decide not to accept in full their Rights Entitlements can, where applicable, make arrangements to trade them on the SGX-ST under the book-entry (scripless) settlement system. The Manager may also, at its absolute discretion, make arrangements for the Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST under the book-entry (scripless) settlement system. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales can at least cover the expenses to be incurred in relation thereto.

Eligible Unitholders	:	Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days[1] prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made. Eligible Unitholders are at liberty to accept in part or in full, decline, renounce or trade (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.
Eligibility to participate in the Rights Issue	:	See the section entitled "Eligibility of Unitholders to Participate in the Rights Issue" of this Offer Information Statement for further details.
Rights Entitlements of Eligible Unitholders	:	Eligible Unitholders will receive their Rights Entitlements and are at liberty to accept in part or in full, decline, renounce or trade on the SGX-ST (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for the Excess Rights Units on 2 November 2018 from 9.00 a.m. up to the Closing Date as set out in the section entitled "Timetable of Key Events" of this Offer Information Statement. Eligible Unitholders who wish to renounce their Rights Entitlements in favour of a third party should note that CDP requires three Market Days to effect such renunciation. As such, Eligible Unitholders who wish to renounce are advised to do so early to allow sufficient time for the renouncee to accept his Rights Entitlements and make payment for the Rights Units. Each Eligible Unitholder may, among other things, choose to: (i) accept all or a portion of his Rights Entitlements; (ii) renounce all or a portion of Rights Entitlements in favour of a third party; and/or (iii) trade all or a portion of his Rights Entitlements. In addition, each Eligible Unitholder may also apply for Excess Rights Units. The procedures for acceptance, payment, renunciation and application for Rights Units and/or Excess Rights Units by Eligible Unitholders are set out in **Appendix D** and in **Appendix E** of this Offer Information Statement.

1 "**Market Day**" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Ineligible Unitholders	:	No provisional allotments of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application for Excess Rights Units thereof by Ineligible Unitholders will be valid. Ineligible Unitholders should refer to the section entitled "Eligibility of Unitholders to Participate in the Rights Issue – Ineligible Unitholders" of this Offer Information Statement.
Trading of the Rights Units/Rights Entitlements	:	Eligible Unitholders who wish to trade all or part of their Rights Entitlements on the SGX-ST can do so for the period commencing on 2 November 2018 from 9.00 a.m., being the date and time of commencement of the Rights Entitlements trading, and ending on 13 November 2018 at 5.00 p.m., being the last date and time of the Rights Entitlements trading. The Rights Units and the Rights Entitlements will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. Eligible Unitholders who wish to trade all or part of their Rights Entitlements on the SGX-ST during the Rights Entitlements trading period should note that the Rights Entitlements will be tradable in either board lots of 1 Rights Entitlement or 100 Rights Entitlements. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with CDP", as the same may be amended from time to time, copies of which are available from CDP.
Manner of Refund	:	When any acceptance of Rights Entitlements and/or Excess Rights Units application is invalid or unsuccessful, the amount paid on acceptance and/or application will be returned or refunded to such applicants without interest or any share of revenue or other benefit arising therefrom within five business days after commencement of trading of the Rights Units by any one or a combination of the following: (i) where the acceptance and/or application had been made through CDP, by means of a cheque or demand draft drawn in US currency on a bank in Singapore and sent by ordinary post at their own risk to their mailing addresses maintained with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distribution; and (ii) where the acceptance and/or application had been made through Electronic Applications, by crediting their bank accounts with the relevant Participating Banks at the Participating Bank's Foreign Exchange Rate (as defined herein) at the relevant time at their own risk, the receipt by such bank being a good discharge of the Manager's and CDP's obligations. The different Participating Bank's Foreign Exchange Rate at the time of application and at the time of refund of the application monies may result in either a foreign exchange profit or loss to such application monies.

Trading of Odd Lots of Units	:	Eligible Unitholders who hold odd lots of Units (that is, lots other than board lots of 100 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST's Unit Share Market[1].
Underwriting	:	Save for the Rights Units to be subscribed for pursuant to the Irrevocable Undertakings, the Rights Issue is fully underwritten by the Joint Underwriters on the terms and subject to the conditions of the Underwriting Agreement. (See the sections entitled "Summary – Underwriting of the Rights Issue" for further details.)
Listing of the Rights Units	:	Approval in-principle has been obtained from the SGX-ST on 22 October 2018 for the listing and quotation of the Rights Units on the Main Board of the SGX-ST subject to certain conditions being met. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, Keppel-KBS US REIT and/or its subsidiaries.
Unitholders who are SRS investors or who hold Units through a finance company and/or Depository Agent	:	SRS investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled "Important Notice to (A) SRS Investors and (B) Investors who Hold Units Through a Finance Company and/or Depository Agent" of this Offer Information Statement for important details.
Governing Law	:	Laws of the Republic of Singapore.

AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE RIGHTS ENTITLEMENTS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR, TRADED ON THE SGX-ST DURING THE RIGHTS ENTITLEMENTS TRADING PERIOD.

1 "**Unit Share Market**" refers to the ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit.

TIMETABLE OF KEY EVENTS

The timetable for the Rights Issue is set out below.

Event		Date and Time
Last day of "cum-rights" trading for the Rights Issue	:	25 October 2018
First day of "ex-rights" trading for the Rights Issue	:	26 October 2018
Rights Issue Books Closure Date	:	30 October 2018 at 5.00 p.m.
Despatch of this Offer Information Statement (together with the application forms) to Eligible Unitholders	:	2 November 2018
Commencement of trading of Rights Entitlements	:	2 November 2018 from 9.00 a.m.
Last date and time of trading of Rights Entitlements	:	13 November 2018 at 5.00 p.m.
Closing Date:		
Last date and time for acceptance of the Rights Entitlements and payment for Rights Units(1)	:	19 November 2018 at 5.00 p.m.(2) (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for application and payment for Excess Rights Units(1)	:	19 November 2018 at 5.00 p.m.(2) (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for acceptance of and payment by the renouncee(1)	:	19 November 2018 at 5.00 p.m.(3)
Expected date of the issuance of the Rights Units	:	26 November 2018
Expected date for crediting of Rights Units	:	27 November 2018
Expected date for commencement of trading of Rights Units on the SGX-ST	:	27 November 2018 from 9.00 a.m.
Expected date for refund of unsuccessful applications (if made through CDP)	:	27 November 2018

Notes:

(1) This does not apply to SRS investors and investors who hold Units through a finance company and/or Depository Agent. SRS investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled "Important Notice to (A) SRS Investors and (B) Investors who hold Units through a Finance Company and/or Depository Agent" of this Offer Information Statement. **Any application made by these investors directly through CDP or through ATMs of Participating Banks, the Unit Registrar and/or the Manager will be rejected.** Such investors, where applicable, will receive notification letter(s) from their respective agent bank, approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective agent bank, approved bank, finance company and/or Depository Agent.

(2) If acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units, as the case may be, are made through CDP in accordance with the ARE and the ARS.

(3) Eligible Unitholders who wish to renounce their Rights Entitlements in favour of a third party should note that CDP requires at least three Market Days to effect such renunciation. As such, Eligible Unitholders who wish to renounce their Rights Entitlements are advised to do so early to allow sufficient time for the renouncee to accept his Rights Entitlements and make payment for Rights Units.

The above timetable is indicative only and subject to change. The Manager may, in consultation with the Joint Lead Managers and the Joint Underwriters and with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Manager will announce the same via SGXNET. However, as at the date of this Offer Information Statement, the Manager does not expect the above timetable to be modified.

RESULTS OF THE ALLOTMENT

The Manager will announce the results of the Rights Issue through an SGXNET announcement to be posted on the SGX-ST website at http://www.sgx.com.

CREDITING OF RIGHTS ENTITLEMENTS AND RIGHTS UNITS

The Rights Entitlements will be provisionally allotted to Eligible Unitholders on or about 2 November 2018 by crediting the "nil-paid" rights to the Eligible Unitholders' Securities Accounts. The Rights Units will be credited on or about 27 November 2018.

In the case of Eligible Unitholders and their renouncees with valid acceptances, purchasers of the Rights Entitlements with valid acceptances and (where applicable) successful applications for Excess Rights Units, a notification letter representing such number of Rights Units will be sent by CDP within 10 Market Days after the Closing Date.

(Please refer to **Appendix D** for further details relating to the procedures for acceptance, payment, renunciation and application for Rights Units and/or Excess Rights Units by Eligible Unitholders.)

OVERVIEW OF KEPPEL-KBS US REIT

BACKGROUND OF KEPPEL-KBS US REIT

Keppel-KBS US REIT is a Singapore REIT established 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.

As at the Latest Practicable Date, Keppel-KBS US REIT's Existing Portfolio comprises 11 office properties located in the United States with an aggregate NLA of approximately 3.2 million sq ft and valuation of US$826.2 million as at 30 September 2018[1].

(i) **The Plaza Buildings**: Situated along one of the busiest corridors in the Bellevue (Seattle) central business district ("**CBD**"), The Plaza Buildings are surrounded by retail amenities, dining options and parks. The property has been extensively refurbished to a LEED Gold Certified building and appeals to modern, high-class tenants looking to Bellevue as their next business address. It consists of two Class A office buildings located in downtown Bellevue, with a NLA of 490,994 sq ft as well as a freestanding garage with 1,254 parking stalls. The property has been refurbished with repainted exteriors, new modern lobbies and revamped landscaping. The Plaza Buildings enjoy full-block frontage along NE 8th Street, the primary east-west arterial in downtown Bellevue that connects high-density commercial users to Interstate 405.

(ii) **Bellevue Technology Center**: Bellevue Technology Center is situated in the 520 Corridor submarket of the Seattle-Bellevue regional office market. It features nine Class A/B buildings with a NLA of 330,508 sq ft. The property has undergone capital improvements over the last five years with an upgraded fitness centre, conference room, full-service café and new parking stalls. It also benefits from its proximity to the Microsoft global headquarters and Interstate 520.

(iii) **Iron Point**: Iron Point features five Class A office buildings located in Folsom, Sacramento. The property contains 211,887 sq ft of NLA. The property has undergone a complete lobby renovation with brighter lighting fixtures and interiors, and introduced new tenant amenities, such as an outdoor walking/jogging track and fitness centre. It is centrally located within Folsom and accessible via US Highway 50.

(iv) **Westmoor Center**: Westmoor Center is situated in Northwest Denver and consists of six Class A office buildings. The buildings contain a total of 607,755 sq ft of NLA and 2,809 parking stalls. Asset improvements such as a new access card system, upgraded lobby and common areas were recently undertaken between 2014 to 2016. Westmoor Center benefits from its proximity to downtown Denver and Boulder, which allows its tenants to attract employees while enjoying a lower occupancy cost.

(v) **Great Hills Plaza**: Great Hills Plaza is located in Northwest Austin, Texas. The property is a three-storey Class B office building that contains 139,252 sq ft of NLA and 471 parking stalls. Great Hills Plaza has undergone capital improvements that include a modernized lobby, remodelled atriums and enhanced landscaping. The property is well located in the Northwest submarket in close proximity to residential housing, retail and restaurants and is served by two freeways.

(vi) **Westech 360**: Located in Northwest Austin, Texas, and comprises four three-storey Class B buildings with a NLA of 173,058 sq ft. The property underwent significant capital improvements that included an extensive upgrade of the landscaping, signage and lighting for the buildings to increase its visibility from Loop 360. Additional improvements include remodelled restrooms, a new tenant lounge/market and modernisation of the lobbies, fitness centre and building conference room. Similar to Great Hills Plaza, the property enjoys excellent accessibility to the major business centres around Austin and is well served by two freeways and a network of primary and secondary neighbourhood roads.

1 Based on the carrying value as set out in the Unaudited Financial Statements.

(vii) **1800 West Loop South**: Located in Houston's Galleria West Loop submarket, 1800 West Loop South is a 21-storey, LEED Gold Certified Class A office tower with a NLA of 398,490 sq ft. Renovations to the building lobby, common areas and conference room facility were completed between 2013 and 2014. Onsite amenities include a café and weekly food truck services. 1800 West Loop South is located in the amenity-rich Galleria submarket, which benefits from its proximity to the Galleria Mall and West Loop South feeder road.

(viii) **West Loop I & II**: West Loop I & II features two Class A office buildings located in Bellaire, a suburb of Houston, Texas. It contains 313,873 sq ft of NLA with a high concentration of its tenant base from the healthcare and professional services sectors. Exterior refurbishments were completed in 2014, and include remodelled entrances, complete elevator modernisation and improved chillers and cooling towers.

(ix) **Powers Ferry Landing East**: Powers Ferry Landing East is situated in the Cumberland/I-75 submarket of the Atlanta Office Market. It is a six-storey, Class B office building that contains 146,352 sq ft of NLA and 569 parking stalls, with renovated common areas, conference facilities and tenant amenities that help to retain and attract tenants. Powers Ferry Landing East benefits from its proximity to major Atlanta highways and high net worth neighbourhoods that surround it.

(x) **Northridge Center I & II**: Northridge Center I & II features two Class B office buildings in Atlanta, Georgia and is located in the Central Perimeter, one of the largest office submarkets in Atlanta. The property contains 186,580 sq ft of NLA and has undergone capital improvements such as upgraded lobbies and common areas. Northridge Center I & II enjoys excellent access to affluent suburbs, medical facilities, the interstate and the Metropolitan Atlanta Rapid Transit Authority Rail System.

(xi) **Maitland Promenade II**: Maitland Promenade II is a five-storey Class A office building located in Orlando, Florida. It has a NLA of 226,990 sq ft and 1,052 parking stalls. Maitland Promenade II underwent repositioning in 2013, with common area renovations and a new conference facility. Maitland Promenade II offers direct access to destinations throughout the Orlando Metropolitan Statistical Area and Interstate 4 and is less than an hour's drive from the Orlando International Airport.

Keppel-KBS US REIT is managed by the Manager, a joint venture held between KC and KPA in equal share. KC is incorporated in Singapore and is the asset management arm of Keppel Corporation Limited. KC manages a diversified portfolio of real estate, data centre and infrastructure properties in over 20 cities across key global markets. KPA is incorporated in Singapore and its partners are: (i) Peter McMillan III, (ii) Keith D. Hall, (iii) Rahul Rana, and (iv) Richard Bren. Peter McMillan III and Keith D. Hall are co-founding partners of KBS, and together they indirectly hold a one-third stake of KBS. KBS is a real estate investment manager incorporated in the US. KBS and its affiliates are one of the largest US commercial real estate managers.

GENERAL DEVELOPMENT OF KEPPEL-KBS US REIT

The general development of the business of Keppel-KBS US REIT from the Listing Date to the Latest Practicable Date, is set out below. Save as disclosed below, to the best of the Manager's knowledge and belief, there have been no material changes in the affairs of Keppel-KBS US REIT since the release of Keppel-KBS US REIT's financial results for the financial quarter ended 30 September 2018.

Date		Significant developments
9 November 2017	:	Keppel-KBS US REIT was listed on the Main Board of the SGX-ST.
24 September 2018	:	The Manager announced the Westpark Portfolio Acquisition. Keppel-KBS US REIT, through its indirect wholly owned subsidiary, the KORE Buyer LLC, entered into a purchase and sale agreement to acquire the Westpark Portfolio for a purchase consideration of US$169.4 million.
24 September 2018	:	The Manager released an announcement titled "Statement by the Manager" which referred to articles published in the media and some questions received by the Manager relating to these articles regarding KBS Realty Advisors LLC's proposed listing of a competing REIT in Singapore and the possibility of a reorganisation of the US Asset Manager (as defined herein).
16 October 2018	:	The Manager obtained Unitholders' approval at the EGM for the Westpark Portfolio Acquisition.
22 October 2018	:	The Manager announced the Rights Issue.
22 October 2018	:	The Manager is actively pursuing opportunities and announced, in the launch of Rights Issue announcement, that it is in the process of conducting due diligence of a potential acquisition for a purchase consideration of less than 10.0% of Keppel-KBS US REIT's Deposited Property (as defined herein) as at 30 September 2018. As negotiations and due diligence for this acquisition are still on-going, there is **NO** assurance that such acquisition would proceed. For the avoidance of doubt, even if the acquisition proceeds, there will be no update to this Offer Information Statement. The Manager would make further announcements if the acquisition proceeds.

Latest Valuation

The latest valuation of the 11 properties comprising the Existing Portfolio as at 30 September 2018 is approximately US$826.2 million[1].

1 Based on the carrying value as set out in the Unaudited Financial Statements.

The Manager of Keppel-KBS US REIT

The manager of Keppel-KBS US REIT is Keppel-KBS US REIT Management Pte. Ltd. and its registered office is located at 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632. The names and addresses of the Directors are set out below.

Name	Position	Address
Mr Peter McMillan III	Chairman, Non-Executive and Non-Independent Director	c/o 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Mr Soong Hee Sang	Non-Executive and Independent Director	c/o 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Mr John J. Ahn	Non-Executive and Independent Director	c/o 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Mr Kenneth Tan Jhu Hwa	Non-Executive and Independent Director	c/o 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Mr Paul Tham	Non-Executive and Non-Independent Director	c/o 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632

Information on the Units

As at the Latest Practicable Date, there were 631,309,231 Units in issue and outstanding.

Substantial Unitholders[1] of Keppel-KBS US REIT and their Unitholdings

Based on the Register of Substantial Unitholders maintained by the Manager, the Substantial Unitholders of Keppel-KBS US REIT[2] and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units	%	No. of Units	%		
Temasek Holdings (Private) Limited[(1)]	–	–	69,474,500	11.05	69,474,500	11.05
Keppel Capital Investment Holdings Pte. Ltd.	43,999,500	6.97	–	–	43,999,500	6.97
Keppel Capital Holdings Pte. Ltd.[(2)]	–	–	46,380,931	7.35	46,380,931	7.35
Keppel Corporation Limited[(3)]	–	–	46,380,931	7.35	46,380,931	7.35
KBS SOR Properties LLC	43,999,500	6.97	–	–	43,999,500	6.97
KBS SOR (BVI) Holdings Ltd[(4)]	–	–	43,999,500	6.97	43,999,500	6.97

1 "**Substantial Unitholders**" refer to Unitholders with interests in not less than 5.0% of all Units in issue.

2 The Substantial Unitholders do not have different voting rights from ordinary Unitholders.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units	%	No. of Units	%		
KBS Strategic Opportunity Limited Partnership(5)	–	–	43,999,500	6.97	43,999,500	6.97
KBS Strategic Opportunity REIT, Inc.(6)	–	–	43,999,500	6.97	43,999,500	6.97
Hillsboro Capital, Ltd	56,818,200	9.00	–	–	56,818,200	9.00

Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and DBS Group Holdings Ltd.

(2) 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..

(3) 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..

(4) KBS SOR (BVI) Holdings Ltd's deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd..

(5) KBS Strategic Opportunity Limited Partnership's deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of KBS Strategic Opportunity Limited Partnership.

(6) KBS Strategic Opportunity REIT, Inc.'s deemed interest arises from its shareholdings in KBS SOR Properties LLC, a wholly-owned subsidiary of KBS SOR (BVI) Holdings Ltd, which is in turn a wholly-owned subsidiary of KBS Strategic Opportunity Limited Partnership. KBS Strategic Opportunity Limited Partnership is a wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc..

History of Issuance of Units

The table below sets out the Units issued for cash or services within the 12 months immediately preceding the Latest Practicable Date.

Date	Number of Units Issued
9 November 2017	Issue of 628,565,000 Units at an issue price of US$0.88 per Unit in connection with the initial public offering of Keppel-KBS US REIT (including the Units issued to the Sponsors and the cornerstone investors).
30 April 2018	Issue of 1,655,767 Units to the Manager at an issue price of US$0.88 per Unit as payment of 100% of the base component of the Manager's management fee for the period from the Listing Date to 31 March 2018 (both dates inclusive).
31 July 2018	Issue of 1,088,464 Units to the Manager at an issue price of US$0.87 per Unit as payment of 100% of the base component of the Manager's management fee for the period from 1 April 2018 to 30 June 2018 (both dates inclusive).

Price Range and Trading Volume of the Units on the SGX-ST

The highest and lowest closing prices and the average daily volume of Units traded on the SGX-ST for the period commencing on the Listing Date to 30 November 2017, the 10 calendar months immediately preceding the Latest Practicable Date and for the period commencing on 1 October 2018 to the Latest Practicable Date are as follows:

Month/Period	Price Range (US$ per Unit)		Average Daily Volume Traded Units
	Highest	Lowest	
Listing Date to 30 November 2017	0.910	0.880	2,843,500
December 2017	0.905	0.890	1,046,995
January 2018	0.920	0.900	994,155
February 2018	0.920	0.860	797,242
March 2018	0.900	0.875	280,995
April 2018	0.895	0.875	217,219
May 2018	0.890	0.875	602,524
June 2018	0.885	0.860	186,285
July 2018	0.880	0.835	355,224
August 2018	0.845	0.805	290,657
September 2018	0.835	0.780	215,485
1 October 2018 to the Latest Practicable Date	0.795	0.660	554,894

Source: **Bloomberg L.P.** Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the SFA (read with Sections 302 and 305B of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Sections 302 and 305B of the SFA). While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Manager, the Joint Lead Managers and the Joint Underwriters or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Indebtedness

Existing Borrowings

As at the Latest Practicable Date, Keppel-KBS US REIT has total credit facilities of approximately US$419.4 million comprising:

(i) a four-year term loan facility of US$144.7 million and two five-year term loan facilities of US$144.7 million and US$80.0 million respectively (collectively, the "**Term Loan Facilities**"); and

(ii) a three-year committed revolving credit facility for US$50.0 million (the "**Revolving Credit Facility**", together with the Term Loan Facilities, the "**Facilities**").

Approximately US$289.4 million of the Facilities were utilised as at the Latest Practicable Date.

As at the Latest Practicable Date, the average cost of debt (including upfront debt-related transaction costs) of Keppel-KBS US REIT is approximately 3.5% per annum and approximately 75.0% of the utilised term loans of the Group had been hedged using floating-for-fixed interest rate swaps. The five-year term loan facility of US$80.0 million and the Revolving Credit Facility have yet to be drawn down as at the Latest Practicable Date.

The agreements relating to the Facilities contain financial covenants which are typical for financing of such nature. The financial covenants require, *inter alia*, that:

(i) the aggregate of the total borrowings and deferred payments of Keppel-KBS US REIT is not more than 45.0% of the total Deposited Property of Keppel-KBS US REIT at all times;

(ii) Keppel-KBS US REIT's interest coverage ratio shall not be less than 1.5 times; and

(iii) the priority debt is not more than 30.0% of the total Deposited Property, where priority debt refers to the aggregate amount of borrowings (whether on a recourse, a limited recourse or non-recourse basis) of[1]:

  (a) Keppel-KBS US REIT (excluding the Facilities and any borrowings that rank *pari passu* with the Facilities); and

  (b) each subsidiary of Keppel-KBS US REIT (excluding any unsecured borrowings that are guaranteed by Keppel-KBS US REIT and incurred by a wholly-owned subsidiary of Keppel-KBS US REIT that:

    (I) provides treasury and finance services in its ordinary course of business; and

    (II) does not own, whether directly or indirectly, any real estate assets),

  where subsidiary in relation to Keppel-KBS US REIT refers to any entity which is (i) controlled by Keppel-KBS US REIT, or (ii) a subsidiary of another subsidiary of Keppel-KBS US REIT; and (iii) in any other case, a subsidiary within the meaning of Section 5 of the Companies Act.

It should be noted that the Facilities also include the following change of control events, where if such events are triggered, (i) the lenders shall not be obliged to fund a utilisation of the Facilities, and (ii) the majority lenders may cancel the Facilities and require mandatory repayment of all outstanding loans and accrued interest:

(i) it is or becomes unlawful for the Trustee to perform or comply with any one or more of its respective payment or material obligations;

(ii) Keppel Corporation Limited and/or its subsidiaries, KBS and/or its subsidiaries, KPA and their respective subsidiaries cease to collectively, directly or indirectly, own and maintain an effective shareholding of 100% of the Manager;

(iii) the Trustee resigns, retires, ceases to be, is removed or is unable to act as trustee of Keppel-KBS US REIT and the replacement or substitute trustee is not a person that is incorporated in Singapore and licensed by the MAS under the Trust Companies Act (Chapter 336 of Singapore) to act as a trustee of collective investment schemes authorised under Section 289(1) of the SFA, and has been or will be appointed as trustee of Keppel-KBS US REIT in accordance with the terms of the Trust Deed and in accordance with any other applicable laws;

(iv) Keppel-KBS US REIT ceases to be a collective investment scheme (as defined under the SFA); or

(v) the Units cease to be listed on the Official List of the SGX-ST or is suspended from such listing for a period of more than twelve (12) days.

---

1 This financial covenant in paragraph (iii) is not applicable to the five-year term loan facility of US$80.0 million.

USE OF PROCEEDS

OFFER PROCEEDS AND USE OF PROCEEDS

The Rights Issue is intended to raise gross proceeds of approximately US$93.1 million with the net proceeds of the Rights Issue, being the gross proceeds of the Rights Issue less the estimated amount of underwriting commission as well as the other fees and expenses (including professional fees and expenses) incurred in connection with the Rights Issue, estimated to be approximately US$89.7 million.

For each dollar of the gross proceeds of approximately US$93.1 million that will be raised from the Rights Issue, the Manager intends to allocate the proceeds from the Rights Issue in the following manner:

(i) approximately 96.3 cents (equivalent to approximately US$89.7 million) will be used to partially fund the Westpark Portfolio Acquisition; and

(ii) approximately 3.7 cents (equivalent to approximately US$3.4 million) will be used to pay the estimated fees and expenses, including financial advisory and other professional fees and expenses, incurred or to be incurred by Keppel-KBS US REIT in connection with the Rights Issue.

Notwithstanding its current intention, in the event that the Rights Issue is completed but the Westpark Portfolio Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Rights Issue at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures and/or other potential acquisitions.

Pending deployment, the net proceeds from the Rights Issue may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds from the Rights Issue via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Manager will also provide a status report on the use of the net proceeds from the Rights Issue in the annual report of Keppel-KBS US REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

Costs of the Rights Issue

Keppel-KBS US REIT will have to bear the following costs and expenses in relation to the Rights Issue:

(i) underwriting commission and related expenses of US$1.2 million which the Manager will pay to the Joint Underwriters upon completion of the Rights Issue;

(ii) incentive fee of up to US$0.2 million which the Manager may, at its discretion, pay to the Joint Underwriters upon completion of the Rights Issue; and

(iii) financial advisory and professional and other fees and expenses, of US$2.0 million in connection with the Rights Issue.

ADDITIONAL DETAILS ON THE USE OF PROCEEDS

The following sets out additional details on the use of proceeds if such proceeds are used to (i) acquire or refinance the acquisition of an asset (other than in the ordinary course of business), (ii) finance or refinance the acquisition of a business or (iii) discharge, reduce or retire the indebtedness of Keppel-KBS US REIT.

Acquisition or Refinancing the Acquisition of an Asset other than in the Ordinary Course of Business

None of the proceeds from the Rights Issue will be used to acquire or refinance the acquisition of an asset other than in the ordinary course of business. The net proceeds from the Rights Issue will be used to part finance the Westpark Portfolio Acquisition. If Keppel-KBS US REIT does not proceed with the Westpark Portfolio Acquisition, the net proceeds from the Rights Issue will be applied towards other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures and/or other potential future acquisitions.

Financing or Refinancing the Acquisition of a Business

None of the proceeds from the Rights Issue will be used to finance or refinance the acquisition of a business.

Discharge, Reduction or Retirement of the Indebtedness of Keppel-KBS US REIT

In the event that the Westpark Portfolio Acquisition is not completed, the Manager may apply the net proceeds from the Rights Issue towards other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures and/or other potential future acquisitions.

The actual indebtedness which would be reduced by the Manager out of the proceeds of the Rights Issue and the order of repayment of the facilities set out in the table below would depend on, among other things, the outcome of the Manager's negotiations with the relevant lenders, the prevailing economic environment as well as the requirements of Keppel-KBS US REIT. Each such repayment would be announced by the Manager on SGXNET. The details of the indebtedness of Keppel-KBS US REIT which the Manager may reduce in full or in part with the net proceeds from the Rights Issue (including the details of the maturity of such indebtedness and, in relation to indebtedness which Keppel-KBS US REIT has incurred over the past 12 months, the uses to which the proceeds giving rise to such indebtedness were put) are set out in the table below.

Indebtedness which may be reduced	Usage	Amount	Maturity Date(s)
Four-year term loan facility	To partially fund the acquisition of the Existing Portfolio at the listing of Keppel-KBS US REIT on the SGX-ST.	US$144.7 million	7 November 2021
Five-year term loan facility	To partially fund the acquisition of the Existing Portfolio at the listing of Keppel-KBS US REIT on the SGX-ST.	US$144.7 million	7 November 2022
Three-year committed revolving credit facility	Unutilised	US$50.0 million	Not applicable

WORKING CAPITAL

The Manager is of the view that, in its reasonable opinion, the working capital available to Keppel-KBS US REIT, as at the date of lodgement of this Offer Information Statement, is sufficient to meet Keppel-KBS US REIT's present requirements.

COMMISSION

The following sets out details of the commission payable to the Joint Underwriters.

Commission payable to the Joint Underwriters

Pursuant to the Underwriting Agreement, the Joint Underwriters will be entitled to:

(i) an aggregate base underwriting commission (excluding goods and services tax payable) of 1.5% of the Issue Price multiplied by the total number of Rights Units less the number of Rights Units subscribed for by KCIH and KBS SORP pursuant to the Irrevocable Undertakings; and

(ii) an incentive fee (excluding goods and services tax payable) of up to 0.25% of the Issue Price multiplied by the total number of Rights Units offered under the Rights Issue (less the number of Rights Units subscribed for by KCIH and KBS SORP pursuant to the Irrevocable Undertakings) payable at the discretion of the Manager.

INFORMATION RELATING TO THE WESTPARK PORTFOLIO ACQUISITION

INFORMATION ON THE WESTPARK PORTFOLIO[1]

The Westpark Portfolio consists of 21 buildings, totalling 781,966 sq ft of NLA over 41.3 acres. Located adjacent to downtown Redmond, Washington, the Westpark Portfolio is well situated for tenants' needs and provides access to the area's numerous amenities. The Westpark Portfolio includes three clusters of buildings:

- Westpark Business Park, which encompasses 14 two-story office buildings totalling 583,524 sq ft;
- Redmond Center Court, which encompasses two industrial buildings totalling 77,510 sq ft; and
- Pacific Business and Technology Center, which encompasses five office buildings totalling 120,932 sq ft.

The Westpark Portfolio is situated on grounds in a park-like setting with easy access to State Route 520/Interstate 405 and in close proximity to Redmond Town Center and Microsoft World Headquarters. The portfolio is located close to downtown Redmond, Marymoor Park, and Redmond Town Center. It is positioned on easy transit routes and at close proximity to the Redmond Transit Center.

The table below sets out a summary of selected information on the Westpark Portfolio as at 30 June 2018 (unless otherwise indicated).

Address	8200 – 8644 154th Ave NE, Redmond, WA 98052
Land Tenure	Freehold
Completion Date	Between 1986 to 1992
Refurbishment	2016 to 2017
Occupancy as at 30 June 2018	86.8%
Committed Occupancy as at 30 June 2018	97.7%
Property Manager	Transwestern Commercial Services Washington, LLC
Leasing Agent	Jones Lang LaSalle, Inc.
Parking Stalls	2,345
NLA (sq ft)	781,966
Land Area (sq ft)	1,804,255
Valuation by JLL as at 31 July 2018	US$181,400,000
Valuation by Cushman as at 31 July 2018	US$178,000,000
Number of Tenants as at 30 June 2018	102
WALE by NLA as at 30 June 2018 (years)	4.0
WALE by CRI as at 30 June 2018 (years)	4.3

DETAILS OF THE WESTPARK PORTFOLIO ACQUISITION

Purchase Consideration

The Purchase Consideration for the Westpark Portfolio is US$169.4 million. The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and is supported by independent valuations.

1 The leases with Oculus was entered into on 10 August 2018. Unless otherwise stated, all the figures relating to the Westpark Portfolio are computed based on the assumption that the leases with Oculus was in place as at 30 June 2018.

Cushman determined the market value of the Westpark Portfolio as at 31 July 2018 at US$178.0 million (based on a sale comparison approach and income capitalisation approach), while JLL determined the market value of the Westpark Portfolio as at 31 July 2018 at US$181.4 million (based on a sale comparison approach, income capitalisation approach and a discounted cash flow approach).

The following table sets out the appraised values of the Westpark Portfolio, the respective dates of such appraisal and the Purchase Consideration:

Appraised Value		Purchase Consideration (US$ million)
By Cushman as at 31 July 2018 (US$ million)	By JLL as at 31 July 2018 (US$ million)	
178.0	181.4	169.4

The purchase price of Westpark Portfolio at US$169.4 million represents a discount of 4.8% to Cushman's appraised value of US$178.0 million and a discount of 6.6% to JLL's appraised value of US$181.4 million.

The Westpark Portfolio will complement Keppel-KBS US REIT's Existing Portfolio of office properties located in the United States. The Westpark Portfolio Acquisition will also increase the absolute size of Keppel-KBS US REIT's asset base by 20.8% from US$816.1 million[1] to US$985.5 million.

Estimated Total Cost of the Westpark Portfolio Acquisition

The current estimated total costs of the Westpark Portfolio Acquisition (the "**Total Acquisition Cost**") is approximately US$176.3 million, comprising:

(i) the Purchase Consideration of US$169.4 million;

(ii) the acquisition fee of approximately US$1.7 million payable in Units to the Manager (the "**Acquisition Fee Units**"); and

(iii) the estimated professional and other fees and expenses incurred or to be incurred by Keppel-KBS US REIT in connection with the Westpark Portfolio Acquisition (inclusive of debt financing related expenses) of approximately US$5.2 million.

As the Westpark Portfolio Acquisition will constitute an Interested Party Transaction[2] under the Property Funds Appendix, the acquisition fee payable to the Manager will be in the form of Units[3], which shall not be sold within one year from the date of issuance.

PRINCIPAL TERMS OF THE PURCHASE AND SALE AGREEMENT

Principal Terms of the Purchase and Sale Agreement

The principal terms of the Purchase and Sale Agreement include, among others, the following:

(i) the Purchase and Sale Agreement is subject to conditions precedent, including but not limited to:

  (a) Keppel-KBS US REIT obtaining Unitholders' approval for the Westpark Portfolio Acquisition;

1 Based on carrying value as set out in the unaudited financial statements of Keppel-KBS US REIT for the financial period from 9 November 2017 to 30 June 2018.

2 The term "**Interested Party Transaction**" as defined in Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "**Property Funds Appendix**"), refers to transactions described as such in the Property Funds Appendix.

3 The Acquisition Fee Units will be issued at an issue price equal to the volume weighted average price for a Unit for all trades on the SGX-ST, in the ordinary course of trading, for the period of ten business days immediately preceding the date of payment of the acquisition fee pursuant to Clause 5.3.(i) of the Trust Deed.

(b) the proceeds raised from an equity fund raising by Keppel-KBS US REIT in connection with the Westpark Portfolio Acquisition together with funds received by the KORE Buyer LLC in connection with any financing in connection with the acquisition of the Westpark Portfolio, being sufficient to pay the Purchase Consideration (and other closing costs);

(c) the Vendor's representations and warranties contained in the Purchase and Sale Agreement being true and correct in all material respects as of the date of the Purchase and Sale Agreement and as of the closing date; and

(d) the Vendor having performed its obligations under the Purchase and Sale Agreement;

(ii) First American Title Insurance Company shall at closing have issued and delivered to the KORE Buyer LLC, or shall have committed to issue and deliver to the KORE Buyer LLC, with respect to the Westpark Portfolio, a title insurance insuring the KORE Buyer LLC as owner of good, marketable and indefeasible fee simple legal title to the Westpark Portfolio;

(iii) the Purchase and Sale Agreement conveys the Westpark Portfolio "AS IS, WHERE IS". The KORE Buyer LLC's right to make a claim as a result of a breach of a representation or covenant by the Vendor will be subject to certain limitations, including a maximum aggregate cap on damages of up to US$2,500,000 and any claims shall be actionable and enforceable only if notice of such claim is given within 12 months after closing; and

(iv) the Vendor shall endeavour to secure and deliver to the KORE Buyer LLC by the closing date estoppel certificates[1] for all of the leases, tenancy agreements and other similar occupancy agreements affecting the Westpark Portfolio as at the date of closing that the Vendor has an interest in ("**Leases**"), and the KORE Buyer LLC may terminate the Purchase and Sale Agreement if the Vendor fails to deliver to the KORE Buyer LLC estoppel certificates substantially in the form attached to the Purchase and Sale Agreement executed by tenants under Leases covering at least 70% of the leased rental floor area of the Westpark Portfolio.

Free Rent Arrangement

On 10 August 2018, Oculus entered into three leases in relation to the Westpark Portfolio (the "**New Leases with Free Rent**"). Oculus has not yet commenced paying rent per the terms of the New Leases with Free Rent.

The free rent arrangement comprises two components:

(i) **Period from Completion of Acquisition to Commencement of Lease**: Pursuant to the terms of the Purchase and Sale Agreement, the Vendor shall, from the date of closing of the Westpark Portfolio Acquisition until the lease commencement dates, pay to the KORE Buyer LLC an amount equal to the agreed rental under the New Leases with Free Rent. The total amount of rental payable is US$145,390 (subject to adjustments) (the "**Rent Shortfall Amount**"), with the major lease commencing in December 2018 and by May 2019 all the leases would have commenced. This amount is to compensate the KORE Buyer LLC for the period prior to the commencement of the leases.

(ii) **Period after Commencement of Lease in relation to Rent Free Period**: In addition, these New Leases with Free Rent each contains three months of rent free period, and pursuant to the terms of the Purchase and Sale Agreement, unless the Vendor buys out[2] the free rent from Oculus, the

1 The tenant estoppel certificates provide the KORE Buyer LLC with certain assurances by having tenants under leases covering at least 70% of the rental floor area of the Westpark Portfolio certify that, among others, the relevant tenant is the lessee under the relevant lease, such lease is in full force and effect, there is no default of the lease by the landlord and the tenant has no claim or demand against the landlord.

2 The term "buy out" refers to the Vendor negotiating with Oculus to vary the terms of the leases such that Oculus would pay rental when the leases commence and that there is no rent free period. For the avoidance of doubt, if the Vendor buys out the free rent, Oculus would start paying rent upon commencement of the leases but if the Vendor is not able to buy out the free rent, it would pay the amount of US$463,058 (representing the total amount of rent payable during the rent free period) to Keppel-KBS US REIT.

Vendor shall pay to the KORE Buyer LLC an amount equal to the agreed rental under the New Leases with Free Rent. The total amount of free rent is US$463,058 (subject to adjustments). This amount is to compensate the KORE Buyer LLC for the period after the commencement of the leases during the rent free period of the leases.

PRO FORMA FINANCIAL INFORMATION

Pro Forma Financial Effects of the Westpark Portfolio Acquisition

FOR ILLUSTRATIVE PURPOSE ONLY: The *pro forma* financial effects of the Westpark Portfolio Acquisition on the DPU, the NAV per Unit, and the aggregate leverage of Keppel-KBS US REIT presented below are strictly for illustrative purposes and were prepared based on the Unaudited Financial Statements, the unaudited management accounts of the Westpark Portfolio, and assuming that:

(i) the acquisition fee payable in Units to the Manager is paid through the issuance of approximately 2.5 million new Units at the TERP of US$0.666 per Unit;

(ii) the Westpark Portfolio Acquisition is partly funded by gross proceeds of approximately US$93.1 million from the Rights Issue of Rights Units at the Issue Price of US$0.500 per Unit, with the remaining amount funded by debt financing and internal cash resources; and

(iii) acquisition related expenses (including title insurance, land transfer and other costs) and estimated professional and other transaction fees and expenses incurred, or to be incurred, in connection with the financing and equity fund raising related expenses of approximately US$5.2 million.

The *pro forma* financial effects are for **illustrative purposes only** and do not represent Keppel-KBS US REIT's DPU and NAV per Unit following the completion of the Westpark Portfolio Acquisition.

Pro Forma DPU and Distribution Yield

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Westpark Portfolio Acquisition on Keppel-KBS US REIT's DPU for the financial period from the Listing Date to 30 September 2018, as if Keppel-KBS US REIT had completed the Westpark Portfolio Acquisition on the Listing Date, are as follows:

	***Pro Forma* Financial Effects for the financial period from Listing Date to 30 September 2018**(1)	
	Before the Westpark Portfolio Acquisition	**After the Westpark Portfolio Acquisition**(2)
Distributable Income (US$'000)	33,538	40,598(3)
Issued Units (million)	631.3(4)	819.2(5)
DPU (US cents)	5.32	4.96
Annualised DPU Yield (%)	8.33(6)	8.34(7)
Annualised DPU Yield (%) based on Issue Price	N.A.	11.1%(8)

Notes:

(1) The figures set out are purely for illustrative purposes only and depending on the market conditions, the proportion of debt and equity funding may differ which may in turn affect the financial effects of the Westpark Portfolio Acquisition.

(2) Rights Units are issued at the Issue Price of US$0.500 per Unit to raise gross proceeds of approximately US$93.1 million.

(3) Assuming the Westpark Portfolio has a portfolio occupancy of 97.7% for the period between 9 November 2017 and 30 September 2018 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 9 November 2017.

(4) Number of Units issued as at 30 September 2018.

(5) The total number of units at the end of the period used in computing the DPU comprises the average of 629.9 million Units in issue for the period between 9 November 2017 and 30 September 2018 as well as (a) approximately 186.2 million new Units issued under the Rights Issue, (b) approximately US$1.7 million acquisition fee paid in Acquisition Fee Units at the TERP of US$0.666 per Unit and (c) approximately 1.1 million new Units issued as payment to the Manager for the base management fee for the Westpark Portfolio for the period between 9 November 2017 and 30 September 2018.

(6) Annualised DPU yield is computed based on the Closing Price of US$0.715 per Unit.

(7) Annualised DPU yield is computed based on the TERP of US$0.666 per Unit.

(8) Annualised DPU yield is computed based on the Issue Price of US$0.500 per Unit.

Pro Forma NAV per Unit

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Westpark Portfolio Acquisition on the NAV per Unit as at 30 September 2018, as if the Westpark Portfolio Acquisition was completed on that date, are set out in the table below.

	***Pro forma* Financial Effects as at 30 September 2018**	
	Before the Westpark Portfolio Acquisition	**After the Westpark Portfolio Acquisition(1)**
NAV represented by Unitholders' funds (US$'000)	550,267	645,577
Issued Units (million)	631.3(2)	820.1(3)
NAV represented by Unitholders' funds per Unit (US$)	0.87	0.79

Notes:

(1) Rights Units are issued at the Issue Price of US$0.500 per Unit to raise gross proceeds of approximately US$93.1 million.

(2) Number of Units issued as at 30 September 2018.

(3) The total number of units at the end of the period used in computing the NAV per Unit comprises 631.3 million Units in issue as at 30 September 2018 as well as (a) approximately 186.2 million new Units issued under the Rights Issue and (b) approximately US$1.7 million acquisition fee paid in Acquisition Fee Units at the TERP of US$0.666 per Unit.

Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial aggregate leverage of Keppel-KBS US REIT for the financial period from the Listing Date to 30 September 2018, assuming that the Westpark Portfolio Acquisition, issuance of Rights Units, issuance of Acquisition Fee Units and drawdown of loan facilities were completed on 30 September 2018, are as follows:

	***Pro forma* Financial Effects as at 30 September 2018**	
	Before the Westpark Portfolio Acquisition	**After the Westpark Portfolio Acquisition**
Aggregate Leverage (*pro forma* as at 30 September 2018)	33.3%	35.1%

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*This section should be read together with the selected financial data from the Unaudited Financial Statements which are set out in **Appendix A** of this Offer Information Statement. Such selected financial data should be read together with the relevant notes to the Unaudited Financial Statements, where applicable, which are available on the website of Keppel-KBS US REIT at http://www.kepkbsusreit.com and are also available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement[1].*

Save for the Unaudited Financial Statements which are deemed incorporated into this Offer Information Statement by reference, the information contained in the website of Keppel-KBS US REIT does not constitute part of this Offer Information Statement.

OPERATING REVIEW

Statements of Total Return and Distribution Statements

Selected financial data from the Unaudited Financial Statements is set out in **Appendix A** of this Offer Information Statement. Financial data relating to (i) DPU, (ii) EPU and (iii) EPU after adjustment to reflect the issuance of the Rights Units, among others, are also set out in **Appendix A** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the Unaudited Financial Statements where applicable.

Balance Sheets and Cash Flow Statements

Selected financial data from the Unaudited Financial Statements, including the line items in the consolidated balance sheets and cash flow statements of Keppel-KBS US REIT, as well as the number of Units after any adjustment to reflect the issuance of the Rights Units, NAV per Unit, and NAV per Unit after any adjustment to reflect the issuance of the Rights Units are also set out in **Appendix A** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the Unaudited Financial Statements.

Liquidity and Capital Resources

Based on the Unaudited Financial Statements, the cash and cash equivalents were US$32.5 million as at 30 September 2018. The cash generated from operating activities was US$54.2 million, largely due to the net property income received and the net positive working capital changes. The cash used in investing activities of US$810.4 million was used to acquire the initial portfolio of properties at the initial public offering of Keppel-KBS US REIT on 9 November 2017 (the "**IPO**"). The cash generated from financing activities was US$788.7 million. Proceeds from the issuance of new IPO units during the IPO were US$553.1 million and proceeds from IPO loans from external banks amounted to US$289.4 million. In the third quarter of 2018, Keppel-KBS US REIT made its first distribution to Unitholders amounting to US$24.1 million in relation to distributable income for the financial period from 9 November 2017 to 30 June 2018. Keppel-KBS US REIT also has a committed three-year US$50.0 million revolving credit facility which remained unutilised as at 30 September 2018.

1 Prior appointment with the Manager will be appreciated.

FINANCIAL REVIEW

The following sets out the management's discussion and analysis on significant factors, including any unusual or infrequent event or new development, which materially affected income available for distribution to Unitholders after tax, including significant components of revenue or expenditure relating to distribution to Unitholders after tax for the financial periods referred to below.

Management's Discussion and Analysis of Financial Condition and Results of Operations[1]

Based on the Unaudited Financial Statements, Keppel-KBS US REIT's distributable income of US$33.5 million and DPU of 5.32 US cents outperformed the forecast made at the IPO by 0.1% and 0.6% respectively.

The gross revenue of US$81.4 million was 0.4% or US$0.4 million below the forecast made at the time of IPO largely due to lower recoveries income but this was partially offset by higher rental income. Recoveries income is recognised from charging tenants for reimbursements of certain property expenses. The lower-than-forecasted recoveries income was in line with the lower property expenses for the period.

Property expenses were also lower than forecast by 5.0% or US$1.7 million, arising from lower net property management fees and lower actual property expenses. In addition, year to date IPO forecast included certain expenses, such as utilities, that are projected to be higher in the fourth quarter of 2018 but was straight-lined for the purpose of presenting IPO forecast comparatives.

Accordingly, net property income of US$49.7 million was higher than the forecast by US$1.3 million or 2.7%.

During the period from 1 January 2018 to 30 September 2018, derivative gain from mark-to-market of interest rate swaps amounted to US$6.1 million as interest rates increased. Derivative gain for the period from 9 November 2017 to 31 December 2017 was US$1.0 million.

Finance expenses of US$9.1 million were 1.7% lower than the forecast as the revolving credit facility had yet to be drawn down. The other remaining trust expenses were generally in line with forecast.

Consequently, profit before tax of US$42.0 million was above forecast by 23.0%.

Tax expense of US$3.2 million, mainly relating to deferred tax expenses, was below forecast as the US corporate tax rate in relation to distribution of capital gains was reduced from 35% to 21%. This was partially offset by higher current tax expense from tax provision for the Barbados entities as a result of the tax restructuring.

Net income for the period from 9 November 2017 to 30 September 2018 of US$38.8 million was higher than forecast by 31.0%.

As at 30 September 2018, Keppel-KBS US REIT's NAV per Unit was US$0.87. The Aggregate Leverage was 33.3%, which was well below both the regulatory limit of 45.0% under the Property Funds Appendix.

Keppel-KBS US REIT's internal resources and its available loan facilities have been sufficient for its working capital requirements for the period from the Listing Date to 30 September 2018.

---

1 The forecast results for 1 January 2018 to 30 September 2018 were derived by pro-rating the forecast figures from 1 January 2018 to 31 December 2018 as disclosed in the Prospectus ("**FY2018 Forecast**"). There was no forecast figure for the period from Listing Date to 31 December 2017. Hence, forecast results for the period from Listing Date to 30 September 2018 comprise actual figures from Listing Date to 31 December 2017 and nine months of the FY2018 Forecast.

BUSINESS PROSPECTS AND TREND INFORMATION

Business and Financial Prospects of Keppel-KBS US REIT and Significant Trends and Conditions of the Market

In the October 2018 World Economic Outlook, the International Monetary Fund (IMF) reported that the momentum in the US economy is expected to remain strong for the rest of 2018 and 2019[1]. The IMF expects growth for 2018 and 2019 at 2.9% and 2.5% respectively. At the same time, strong domestic demand is projected to push the economy above full employment, as well as raise imports and the current account deficit. Notwithstanding the US economy is above full employment, market expectations of increases in interest rate is less steep than that projected by the US Federal Reserve.

Keppel-KBS US REIT, with assets located in key growth markets in the West Coast, Central, and East Coast, is well-placed to benefit from organic growth, largely from improved occupancies and built-in rental escalations in its portfolio. Office demand in these markets is underpinned by strong and defensive sectors such as technology, education and healthcare.

To capture value and further upsides, the Manager is actively pursuing accretive acquisitions in key growth markets where Keppel-KBS US REIT has a presence in, as well as other US cities with similar growth characteristics. The Manager remains committed to deliver sustainable distributions and strong total returns to Unitholders.

1 **International Monetary Fund**. International Monetary Fund has not provided its consent, for purposes of Section 249 of the SFA (read with Sections 302 and 305B of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Sections 302 and 305B of the SFA). While the Manager has taken reasonable actions to ensure that the information from the relevant report published by International Monetary Fund is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Manager, the Joint Lead Managers and the Joint Underwriters or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

RISK FACTORS

*The risks described below should be carefully considered before making an investment decision in relation to the Rights Entitlements, the Rights Units or the Units. The risks described below are not the only ones relevant to Keppel-KBS US REIT, the Manager, the Trustee, the Rights Entitlements, the Rights Units or the Units. These risk factors are not intended to be exhaustive and, in particular, are not intended to repeat the risk factors set out in the prospectus dated 2 November 2017 in connection with the listing of Keppel-KBS US REIT on the SGX-ST (the "**Prospectus**"), certain of which may continue to be applicable to Keppel-KBS US REIT. Details of some of the risk factors relating to the Existing Portfolio which continue to be applicable to Keppel-KBS US REIT can be found in the Prospectus. Additional risks not described below or not presently known to the Manager and/or the Trustee or that it/they currently deem(s) immaterial may later become material and may also impair the business operations of Keppel-KBS US REIT. The business, financial condition or results of operations of Keppel-KBS US REIT could be materially and adversely affected by any of these risks.*

RISKS RELATING TO THE STRUCTURE OF KEPPEL-KBS US REIT

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 the US 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 Group and/or the distribution paid by Keppel-KBS US REIT.

In addition, any such tax changes could adversely affect the value of the Group's investments, and/or increase the US and non-US tax liabilities of Keppel-KBS US REIT and/or affect the Group's ability to achieve its investment objectives. Such changes could have a significant negative impact on Keppel-KBS US REIT and its Unitholders.

For example, the US tax legislation modifying the IRC enacted in late 2017 ("**2017 Tax Legislation**") impacted the deductibility of certain interest expense for taxable years beginning after 31 December 2017. As a result, Keppel-KBS US REIT restructured certain subsidiaries, and established the Barbados Limited Partnership ("**BLP**") which holds the intercompany loan extended to the Parent US REIT (the "**Barbados Restructuring**"), which resulted in certain costs being incurred. In this regard, although the Manager believes that the Barbados Restructuring is responsive to the relevant provisions in the 2017 Tax Legislation, the Manager cannot predict whether such restructuring will remain viable in either the near or long term. The IRS has indicated that certain guidance with respect to the international provisions of the 2017 Tax Legislation in general and Sections 267A and 163(j) specifically, is imminent. The Manager cannot predict when such regulations or other administrative guidance will be released, whether any such regulations or administrative guidance will adversely affect the deductibility of interest by Keppel-KBS US REIT's US subsidiaries or in any other way, or whether any such regulations or administrative guidance will have retroactive effect, although the IRS has indicated that retroactivity is likely.

If regulations or administrative guidance result in the non-deductibility of any interest payments by Keppel-KBS US REIT's subsidiaries, the Group may face material US and/or non-US tax payments and other costs, and may be required to engage in further restructuring at significant additional costs (including costs incurred on an on-going basis). Such regulations and/or administrative guidance may also potentially render restructuring to preserve the deductibility of interest payments by Keppel-KBS US REIT's subsidiaries impossible, resulting in significant economic impairment to the structure. All such additional tax and/or costs would potentially have a material adverse effect on Keppel-KBS US REIT's financial condition, cash flows and results of operations.

Recent US tax legislation may adversely affect the deductibility of interest payments by Parent US REIT to BLP.

With respect to the recent and significant US tax legislation effective, in pertinent part, as of 1 January 2018, the new Section 267A of the IRC disallows a deduction for any "disqualified related party amount" paid or accrued pursuant to a hybrid transaction or by, or to, a hybrid entity. The term "disqualified related party amount" is any interest paid or accrued to a related party to the extent that: (1) such amount is not included in the income of such related party under the tax law of the country of which such related party is a resident for tax purposes or is subject to tax, or (2) such related party is allowed a deduction with respect to such amount under the tax law of such country. A "hybrid transaction" includes payments which are treated as interest under US tax law but are not so treated under the tax law of the foreign country of which the recipient of such payment is resident for tax purposes or is subject to tax. A "hybrid entity" includes an entity that is treated as fiscally transparent under US tax law but not so treated under the local tax laws of the country of which the recipient of the interest is a resident, or vice versa.

BLP is a related party of Parent US REIT for purposes of Section 267A of the IRC.

Taxpayers currently have only the statutory language of Section 267A of the IRC itself for guidance and the statute provides the US Treasury with an extremely broad grant of regulatory authority. As of the date hereof, the scope and substance of such regulations are unknown, as well as whether the effective dates of such regulations will be retroactive or prospective, although the IRS has indicated that retroactivity is likely. The IRS has indicated that certain guidance with respect to the international provisions of the 2017 Tax Legislation in general and Sections 267A and 163(j) specifically is imminent.

Expected Section 267A regulations and/or other guidance may operate to disallow some or all interest deductions at the Parent US REIT level, resulting in serious impairment to the US federal income tax efficiency of the structure, potentially negatively impacting the Keppel-KBS US REIT, its Unitholders, and its Manager (and the Manager's owners). Further, expected guidance may result in significant US withholding tax imposed on any interest payments from Parent US REIT. The issuance of such regulations or other guidance may occur at any time and may result in the need to restructure Keppel-KBS US REIT at significant costs. The substance of any such regulations may make restructuring costly or even impossible. In addition, any final regulations or other guidance may not be in the same form as proposed and/or temporary regulations, which may result in a further need to restructure Keppel-KBS US REIT, at potentially significant cost (if such restructuring is even viable under such final regulations). Given the unknown nature of the regulatory guidance with respect to Section 267A of the IRC, the Unitholders' economic and tax risks are significant.

In the event that interest payment from BLP is considered as a "disqualified related party amount" paid or accrued pursuant to a hybrid transaction or by, or to, a hybrid entity, this would result in such interest payment being subject to US withholding tax at the rate of 30%, which would reduce the income available for distribution by 30%.

All additional taxes and/or costs described above would potentially have a material adverse effect on Keppel-KBS US REIT's financial condition, cash flows and results of operations.

BLP's classification as a Partnership for US Federal Income Tax Purposes may not be respected and/or otherwise recast for purposes of Section 267A of the IRC.

BLP is a Barbados limited partnership that is expected to be treated as a partnership for US federal income tax purposes. BLP is also treated as a partnership for Barbados tax purposes. In this respect, under current law, the IRS should not view the BLP as a hybrid entity for US federal income tax purposes, generally, and for purposes of Section 267A of the IRC, specifically. This classification as a non-hybrid entity is central to the position that Section 267A of the IRC does not currently apply to disallow the interest deductions at the Parent US REIT level, which is not free from doubt and which is subject to future guidance under Section 267A of the IRC. (See "Risk Factors – Recent US tax legislation may adversely affect the deductibility of interest payments by Parent US REIT to BLP" for further details.) Notwithstanding the foregoing, Section 267A of the IRC may operate to deny the Parent US REIT's interest deductions on the intercompany loan. This would increase Parent US REIT's taxable income, which would decrease the ordinary dividend amounts to Singapore Sub 1. Such ordinary dividends attract a 30.0% US federal income tax withholding rate. As a result, there may be a material adverse impact on distributions to be made by Keppel-KBS US REIT.

The rate of tax of the ISRLs (as defined herein) may be determined to be inadequate for new Section 267A of the IRC.

Each of Barbados Holdco and Barbados GP will be taxable in Barbados on their allocable shares of the interest income paid by Parent US REIT to BLP. For purposes of Section 267A of the IRC, as Barbados Holdco and Barbados GP each take such income into account in Barbados (where both are resident) and are taxable on such income, the interest is not currently expected to be a "disqualified related party amount", pending regulations or other guidance. Without a "disqualified related party amount," Section 267A of the IRC should not apply on its face, pending additional guidance.

As ISRLs, each of Barbados GP and Barbados Holdco is expected to be subject to tax at the following current rates,

(i) 2.5% on income received up to US$5.0 million;

(ii) 2.0% on income received in excess of US$5.0 million up to US$10.0 million;

(iii) 1.5% on income received in excess of US$10.0 million up to US$15.0 million; and

(iv) 0.25% for income received in excess of US$15.0 million.

Future regulations and/or other guidance under Section 267A of the IRC may operate to treat interest payments subject to a low rate of tax (such as the ISRL tax rates) as failing in whole or in part to escape the definition of "disqualified related party amount", which would result in the loss of interest deductions at the Parent US REIT and which would severely impact Keppel-KBS US REIT's financial condition, cash flows and results of operations, with potentially negative impacts on the Keppel-KBS US REIT Unitholders.

Future guidance in relation to the new Section 163(j) of the US Internal Revenue Code may limit Parent US REIT's interest deductions.

Section 163(j) of the IRC, which came into effect on 1 January 2018, limits business interest deductions to 30% of adjusted taxable income. There is an exception to this limitation for an "electing real property trade or business". Eligible businesses include real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trades or businesses. Parent US REIT intends to be an electing real property trade or business. Future guidance may affect Parent US REIT's ability to make this election and may limit Parent US REIT's ability to take interest deductions. Such a limitation would decrease the amount of dividends paid to Singapore Sub 1 by Parent US REIT, with such dividends subject to a 30.0% US federal withholding tax. As a result, there may be a material adverse impact on distributions to be made by Keppel-KBS US REIT.

There are limitations on the ownership of units in Keppel-KBS US REIT.

Unitholders are subject to the Unit Ownership Limit, that is, they are prohibited from directly or indirectly owning in excess of 9.8% of the outstanding Units. This limitation is to ensure that the Parent US REIT maintains its status as a US REIT. Specifically, a US REIT is not permitted to be more than 50% owned, directly or indirectly, by five or fewer individuals. To help comply with this requirement, this limitation restricts transfers of Units that would otherwise result in concentrated ownership positions. Further, such restriction is necessary to ensure that the interest paid to Singapore Sub 2 by the Parent US REIT pursuant to intercompany loans from Singapore Sub 2 to the Parent US REIT qualifies for favourable tax treatment under the US Portfolio Interest Exemption.

Absent any exemption or waiver from the Unit Ownership Limit (which can be granted by the Trustee, acting in accordance with the recommendation of the Manager, if such ownership would not impact

Parent US REIT's qualification as a US REIT), Units acquired or held in excess of the Unit Ownership Limit will be subject to Automatic Forfeiture, and the Unitholder's rights to distributions and to vote would terminate. The Trustee (on the recommendation of the Manager) has the right and power to dispose of such Units (the "**Excess Units**"). The Unitholder whose Excess Units have been forfeited is entitled to receive the proceeds (net of any commissions and expenses) from the disposition, but not in excess of (a) the price paid by such Unitholder for the forfeited Units or (b) if such Unitholder did not give value for the forfeited Units in connection with the event causing the Units to be forfeited (e.g. in the case of a gift, a non-*pro rata* Unit buy-back, a non-*pro rata* Unit consolidation or other corporate action where no acquisition or transfer of Units by a Unitholder takes place but has the result of increasing a Unitholder's proportionate Unitholdings), the market price of the Units on the day of the event causing the Automatic Forfeiture, in each case less certain distributions received by the Unitholder. Any distribution received by the Trustee on account of the Excess Units shall be deemed for all purposes as part of the proceeds received from the sale of the Excess Units. (See "Important Notice Regarding the Ownership of Units – Restriction on ownership of Units in excess of 9.8% of the outstanding Units" for further details.)

This limitation on ownership of Units could delay, discourage or, as the case may be, prevent a transfer of Units or the ability to acquire control of Keppel-KBS US REIT and, as a result, may adversely affect the ability to realise any potential change of control premium.

Investors should note that the Unit Ownership Limit is computed pursuant to the rules of the IRC which includes rules relating to Beneficial Ownership (through the application of Section 544 of the IRC, as modified by Section 856(h) of the IRC) and Constructive Ownership (through the application of Section 318(a) of the IRC, as modified by Section 856(d)(5) of the IRC) which could be different from interests in Units as determined pursuant to the SFA. Unitholders should consult their own legal and tax advisers regarding the application of the rules of the IRC in relation to the restriction on ownership of Units in 9.8% of the outstanding Units.

The Parent US REIT may lose its status as a US REIT.

Qualification for taxation as a US REIT depends on satisfying complex statutory requirements for which there are only limited judicial and administrative interpretations. The determination of whether the Parent US REIT continues to qualify for taxation as a US REIT requires ongoing satisfaction of certain tests concerning, among other things, the nature of its assets, the sources of its income, and the amount it distributes to its shareholders. While the Manager has taken and will continue to take measures to ensure that the Parent US REIT qualifies for taxation as a US REIT, some matters may not be totally within its control. For example, a US REIT cannot be closely held, *i.e.* no more than 50% of its outstanding shares can be owned by five or fewer individuals, regardless of whether such interest is held directly or indirectly. Further, to qualify as a US REIT, at least 95% of the entity's gross income must be derived from qualifying sources such as rents from real property. In order to qualify as rents from real property, the amount of rent received generally must not be based on the income or profits of any person, but may be based on a fixed percentage or percentages of receipts or sales.

Further, amounts otherwise qualifying as rents from real property will not qualify if the tenant is related to the US REIT. The Manager believes that the measures it takes to ensure that such disqualified rents (together with any other disqualified income) will not exceed 5% of the entity's gross income for the applicable year are reasonable. Such measures, in large part, consist of enforcing the Unit Ownership Limit and, in the event an exemption or waiver from the Unit Ownership Limit is granted, ensuring that such persons granted the waiver or exemption and directly or indirectly owning in excess of the Unit Ownership Limit are not tenants of the Properties (as defined below) (or otherwise cause the US REIT to be deemed to own tenants of the Properties due to the application of the US constructive ownership rules).

Technical or inadvertent breaches may jeopardise the US REIT status of the Parent US REIT. Furthermore, the US Congress or the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for the Parent US REIT to remain qualified as a US REIT. In the event of the loss of US REIT status, the Parent US REIT will be subject to US federal and state income tax at regular corporate rates. Also, absent an applicable relief provision, the disqualified entity will generally be unable to qualify as a US REIT for the four taxable years following the taxable year in which the termination was effective. If the Parent US REIT fails to qualify for taxation as a US REIT, it would have to pay significant income taxes, in amounts that cannot be calculated at this time, and would therefore have less money available for investments or to pay dividends and distributions to upstream shareholders. Finally, even if the Parent US REIT is able to utilise relief provisions and thereby avoid disqualification for taxation as a US REIT, relief provisions typically involve paying a penalty tax in proportion to the severity and duration of the non-compliance with US REIT requirements, and these penalty taxes could be significant. Thus, whether or not a relief provision is applicable, failure to satisfy the various statutory tests could have a material adverse effect on Keppel-KBS US REIT's financial condition, cash flows and results of operations and consequentially may have a material adverse effect on Keppel-KBS US REIT's ability to make distributions to Unitholders and the value of the Units.

US REITs are required to distribute at least 90% of their annual real estate investment trust taxable income (excluding capital gains) and are dependent on their ability to raise capital necessary to repay their debts, invest in properties or fund acquisitions.

To qualify for taxation as a US REIT, the Parent US REIT is generally required to distribute at least 90% of its annual US real estate investment trust taxable income (excluding capital gains) and satisfy a number of organisational and operational requirements to which US REITs are subject. In addition, it will be subject to a 4% non-deductible excise tax if the actual amount that it distributes in a calendar year is less than a minimum amount specified under US federal tax laws. Accordingly, it generally may not be able to retain sufficient cash from operations to repay debts, invest in properties or fund acquisitions. Its business and growth strategies depend, in part, upon the ability to raise additional capital at reasonable costs to repay its debts, invest in properties and fund acquisitions. Because of the volatility in the availability of capital to businesses on a global basis and the increased volatility in most debt and equity markets generally, the ability of Keppel-KBS US REIT to raise reasonably priced capital is not guaranteed. If Keppel-KBS US REIT is unable to raise reasonably priced capital, its business and growth strategies may fail and the Parent US REIT may be unable to retain its qualification for taxation as a US REIT.

Even if the Parent US REIT qualifies and remains qualified for taxation as a US REIT, it may face other tax liabilities that reduce cash flow.

Even if the Parent US REIT qualifies and remains qualified for taxation as a US REIT, it may be subject to certain US federal, state and local taxes on its income and assets, including taxes on any undistributed income, excise taxes, state or local income, property and transfer taxes. Any of these taxes could have a material adverse effect on the business, financial condition, cash flows and results of operations of the Group and consequentially may have a material adverse impact on distributions to be made by Keppel-KBS US REIT.

Keppel-KBS US REIT may be treated as engaging in a US trade or business and Unitholders may become subject to US taxation.

Keppel-KBS US REIT is organised under the laws of Singapore and intends to operate in a manner that will not cause it to be treated as engaging in a United States trade or business or cause Unitholders to be subject to United States federal income taxation on its net income. However, because there are no definitive standards provided by the IRC, United States Treasury regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, there can be no assurance that the IRS will not successfully assert that Keppel-KBS US REIT is engaged in a trade or business in the United States. Further, the IRS will not issue private rulings on whether an entity is engaged in the conduct of a trade or business within the United States. If Keppel-KBS US REIT is treated as engaging in a US trade or business, each Unitholder will be treated under the IRC as being engaged in that trade or business. In such case, Unitholders may have an obligation to file a US federal income tax return and may be subject to US taxation on distributions attributable to interest payments from the Parent US REIT to Singapore Sub 2.

United States Tax Exempt Investors may be subject to United States Taxation on their investment in Units.

Keppel-KBS US REIT may incur debt in connection with its investments, which debt may be treated as acquisition indebtedness under the IRC. Thus, Keppel-KBS US REIT may generate income that is taxable as unrelated business taxable income ("**UBTI**") to United States tax-exempt investors who acquire or own Units (directly or indirectly). In addition, a United States tax-exempt investor may recognise UBTI if it incurs indebtedness to finance its investment in Units. United States tax-exempt organizations and tax-qualified retirement plans will generally be required to pay income taxes, make estimated income tax payments, and file income tax returns for any taxable years in which they have UBTI. Prospective investors that are United States tax-exempt investors are urged to consult their own tax advisers with respect to the tax consequences of investing in, and receiving UBTI from, Keppel-KBS US REIT.

Interest payments from the Parent US REIT to the BLP may be subject to US withholding tax.

Interest payments from the Parent US REIT to the BLP attributable to the loans from the BLP are expected to qualify as "portfolio interest" and thus not be subject to US federal income tax or withholding tax. However, in order for a Unitholder's proportional share of interest payments to qualify as "portfolio interest" for US federal income tax purposes, that Unitholder must meet specified requirements, including providing a properly completed and validly executed applicable IRS Form W-8, the certificates and such other certificates as may be requested from time to time.

Further, the IRS has broad authority to re-characterise or adjust interest payments between related persons. If interest does not qualify as portfolio interest, is re-characterised or adjusted by the IRS, or if the US federal income tax law changes with regard to "portfolio interest", additional US withholding taxes may apply, which would adversely impact cash available for distribution to Unitholders.

If the IRS makes audit adjustments to Keppel-KBS US REIT's informational or income tax returns (if any), the IRS may collect any resulting taxes (including any applicable penalties and interest) directly from Keppel-KBS US REIT, in which case, cash available for distribution to Unitholders might be reduced.

Keppel-KBS US REIT intends to elect to adopt newly issued audit procedures effective as of its date of formation, which procedures would otherwise be effective only for its taxable years beginning after 31 December 2017. As such procedures are new, the practical application of these rules is unknown. If the IRS makes audit adjustments to Keppel-KBS US REIT's informational or income tax returns (if any), it may collect any resulting taxes (including any applicable penalties and interest) directly from Keppel-KBS US REIT, in which case Keppel-KBS US REIT's cash available for distribution to Unitholders might be reduced. Keppel-KBS US REIT will generally have the ability to shift any such tax liability to the Unitholders in accordance with their Unitholdings during the year under audit, but there can be no assurance that Keppel-KBS US REIT will be able to do so under all circumstances. If Keppel-KBS US REIT is required to make payments of taxes, penalties and interest resulting from audit adjustments, cash available for distribution to Unitholders might be reduced.

RISKS RELATING TO THE PROPERTIES

Keppel-KBS US REIT may be adversely affected by economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in the United States.

The properties comprising Keppel-KBS US REIT's Enlarged Portfolio (the "**Properties**") are located in the United States. As a result, Keppel-KBS US REIT's revenue and results of operations depend upon the performance of the US economy. An economic decline in the United States could adversely affect Keppel-KBS US REIT's results of operations and future growth.

In addition, the US economy is affected by global economic conditions. Global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These events could adversely affect Keppel-KBS US REIT insofar as they result in:

- an increase in the unemployment rate in the United States;

- a negative impact on the ability of tenants to pay their rents in a timely manner or continue their leases, thus reducing Keppel-KBS US REIT's cash flow;

- a decline in the demand for leased office space across the United States and the rents that can be charged when leases are renewed or new leases entered into, as compared to rents that are currently charged;

- a decline in the market values of the Properties;

- access to capital markets becoming more difficult, expensive or impossible resulting in a material adverse effect on Keppel-KBS US REIT's ability to obtain debt or equity capital to fund its operations, meet its obligations, purchase additional properties or otherwise conduct its business;

- an increase in counterparty risk (being the risk of monetary loss which Keppel-KBS US REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transaction); and/or

- an increased likelihood that one or more of (i) Keppel-KBS US REIT's banking syndicates (if any) or (ii) Keppel-KBS US REIT's insurers, may be unable to honour their commitments to Keppel-KBS US REIT.

It is uncertain as to whether the US economy will continue to improve or if it will decline. There is also uncertainty as to the strength of the global economy, consumer demand and the impact of the global downturn on the US economy.

Further, Keppel-KBS US REIT and the Properties will be subject to US real estate laws, regulations and policies. In addition, the US real estate market may be adversely affected due to interest rate hikes by the Federal Reserve, which would cause the cost of borrowing to rise. This may in turn lead to a fall in property prices. While there are no current exchange control restrictions or limitations on foreign investment in most types of commercial office properties in the United States, there can be no assurance that regulatory, fiscal, monetary or governmental policies in the United States will not change.

Keppel-KBS US REIT is dependent upon the economic climates of the markets in which the Properties are located.

Keppel-KBS US REIT's revenue is currently derived from the Properties, which are located in six states in the US: Washington, California, Colorado, Texas, Georgia and Florida. A downturn in the economies of any of these markets, or the negative impact that a downturn in the overall global or national economy may have upon these economies, could result in reduced demand for office space. Additionally, as the Existing Portfolio comprises, and future properties will be, office buildings (as compared to a more diversified real estate portfolio across multiple asset classes), a decrease in demand for office space may in turn adversely affect Keppel-KBS US REIT's results of operations and its ability to make regular distributions to Unitholders.

The Properties might be adversely affected if the Manager, the US Asset Manager, each of the Property Managers or the Leasing Agents or any other person appointed to manage a Property does not provide adequate management and maintenance.

If the Manager, the US Asset Manager, each of the Property Managers or the Leasing Agents or any other person appointed to manage a Property fails to provide adequate management and maintenance, the value of the Property may be adversely affected which may result in a loss of tenants, and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected.

Keppel-KBS US REIT is subject to the risk of non-renewal and non-replacement of leases, and decreased demand for office space.

Any downturn in the businesses, bankruptcy or insolvency of a tenant of Keppel-KBS US REIT may result in such tenant deciding not to renew its lease at the end of a lease cycle or to terminate the lease before it expires. Factors that affect the ability of tenants to meet their obligations under the leases include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of tenants to compete with their competitors;
- in the instance where tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

Additionally, the demand for office space may be reduced by tenants seeking to reduce their leased space at renewal or during the term of the lease by reducing the amount of square footage per employee at leased properties. A high percentage of leases in The Plaza Buildings and 1800 West Loop South are expiring in 2019. The Manager is working with the US Asset Manager, the relevant Property Manager and Leasing Agent to renew the existing leases or procure new tenants. If replacement tenants cannot be found in a timely manner or on terms acceptable to the Manager upon a tenant's default, non-renewal or reduction in space, the revenue and financial condition of the relevant Property will be adversely affected, and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected.

Keppel-KBS US REIT's ability to make distributions to Unitholders may be adversely affected by increases in direct expenses and other operating expenses.

Keppel-KBS US REIT's ability to make regular distributions to Unitholders could be adversely affected if direct expenses and other operating expenses for which tenants are not responsible pursuant to the lease agreements increase. Such operating expenses include, but are not limited to:

- compliance with laws, regulations or policies;
- direct or indirect tax policies, laws or regulations;
- sub-contracted service costs;
- labour costs; and
- repair and maintenance costs.

Amenities and transportation infrastructure near the Properties may not be completed or implemented as planned, or may be closed, relocated, terminated or delayed.

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be completed or implemented as planned, or will not be closed, relocated, terminated or delayed. If such an event were to occur, it could adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants which may in turn have an adverse impact on the demand and rental rates for the relevant Property, and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected.

The Properties may require significant periodic capital expenditures beyond the Manager's estimates at the time of acquisition and Keppel-KBS US REIT may not be able to fund such capital expenditures.

In order to remain competitive, the Properties and future properties may require periodic capital expenditures beyond the Manager's estimates at the time of acquisition for refurbishment, renovation for improvements and development of the Properties. Keppel-KBS US REIT may not be able to fund such capital expenditures solely from cash provided from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If Keppel-KBS US REIT is not able to fund such capital expenditures, the attractiveness, marketability and operating efficiency of the Properties may be adversely affected.

Keppel-KBS US REIT may not be able to put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties or may suffer material losses in excess of insurance proceeds.

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters like earthquakes or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties. Certain risks, such as floods and losses caused by the outbreak of contagious diseases, contamination or other environmental impairment, may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, Keppel-KBS US REIT's property and casualty insurance policies for the Properties do not cover acts of war, intentional or dishonest acts, nuclear reaction or radio-active contamination, asbestos contamination or other long-term environmental impairments. Keppel-KBS US REIT may also not have any insurance designed to limit any losses it may incur as a result of known or unknown environmental conditions. (See "Risk Factors – Risks relating to the Properties – Keppel-KBS US REIT could incur significant costs or liability related to environmental matters" for further details.)

Further, should an uninsured loss or a loss in excess of insured limits occur, Keppel-KBS US REIT could be required to pay compensation and/or lose capital invested in the affected Property as well as anticipated future revenue from that Property as it may not be able to rent out or sell the affected Property and any financial obligations secured by such Property may be accelerated. There is no assurance that material losses in excess of insurance proceeds will not occur.

Renovation or redevelopment works or physical damage to the Properties may disrupt operations and collection of rental income or otherwise result in adverse impact on the financial condition of Keppel-KBS US REIT.

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, a Property. Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining office properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as buildings age. The business and operations of a Property may suffer some disruption, and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment work.

In addition, physical damage to a Property resulting from fire or other causes may lead to a significant disruption to the business and operation of such Property and, together with the foregoing, may impose unbudgeted costs on Keppel-KBS US REIT and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected.

Keppel-KBS US REIT could incur significant costs or liability related to environmental matters.

While Keppel-KBS US REIT has not, to the Manager's knowledge, incurred significant costs or liability related to environmental matters, such costs or liabilities may be incurred in the future. Keppel-KBS US REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage and handling of dangerous goods. Under these laws, an owner or occupier of real property may be subject to liability, including a fine or imprisonment for breach of these laws, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that Property. In addition, Keppel-KBS US REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate or make good contamination, air pollution, noise pollution or water pollution may expose Keppel-KBS US REIT to liability or materially adversely affect its ability to sell or lease the Properties or to borrow using the Properties as collateral. The Properties and other assets acquired in the future by Keppel-KBS US REIT may be affected by contamination or other environmental issues which may not previously have been identified and/or rectified at the time of acquisition or which may subsequently occur after acquisition.

This gives rise to a number of risks, including:

- the risk of prosecution by environmental authorities;
- the requirement for unbudgeted additional expenditure to remedy such issues;
- the adverse impact on the operations of the affected Property which may in turn adversely affect the revenue of Keppel-KBS US REIT; and
- the adverse impact on the value of the affected Property.

Further, asbestos-containing materials have been found on the premises of 1800 West Loop South and The Plaza Buildings.

Under the various United States federal and state environmental laws, building owners have an obligation to ensure that exposure of a person at the workplace to airborne asbestos should be eliminated so far as is reasonably practicable, and if it not reasonably practicable to eliminate exposure to airborne asbestos, exposure should be minimised so far as is reasonably practicable.

Keppel-KBS US REIT will seek to be compliant with the relevant regulations in relation to management of asbestos in the buildings. Keppel-KBS US REIT is currently in compliance with the relevant regulations in relation to management of asbestos in 1800 West Loop South. An Asbestos Operations and Maintenance Programme is currently in place to manage the asbestos at 1800 West Loop South. If Keppel-KBS US REIT removes the asbestos or renovates or demolishes the buildings, certain environmental regulations govern the manner in which the asbestos must be handled and removed, and Keppel-KBS US REIT could incur substantial costs complying with such regulations. Keppel-KBS US REIT is unable to quantify such costs, which may vary if the relevant environmental regulations change. Keppel-KBS US REIT currently has no plans to remove the asbestos or renovate or demolish the relevant buildings.

The Plaza Buildings is in compliance with the relevant regulations. The Plaza Buildings has also implemented an asbestos remediation plan to direct how asbestos-containing materials will be handled if they are actually encountered as part of future improvements. However, no friable asbestos-containing materials were found in the building. Rather, the asbestos remediation plan was recommended as part of the environmental review process purely due to the age of the building.

In addition, Keppel-KBS US REIT may be required to incur expenses and make capital expenditures to comply with these environmental laws. The discharge, release or disposal of air or water pollutants without a valid permit or the improper use, storage or handling of hazardous or toxic materials or substances at any of the Properties may expose Keppel-KBS US REIT to liability or materially adversely affect its ability to sell or lease a Property or to borrow using a Property as collateral. Accordingly, in such cases, Keppel-KBS US REIT risks enforcement by environmental authorities and may be required to incur unbudgeted capital expenditures to remedy such issues and the financial position of tenants which are in violation may be adversely impacted, affecting their ability to conduct business and to meet their tenancy obligations.

Keppel-KBS US REIT may not have any insurance designated to limit any losses that it may incur as a result of known or unknown environmental conditions. While Keppel-KBS US REIT does not believe that there are environmental conditions at any of the Properties that will materially and adversely affect it and the Manager is not aware of any such environmental condition, there can be no assurance that environmental conditions present at the Properties, now or in the future, or costs that may be required to be incurred in the future to address environmental contamination will not materially and adversely affect it.

In general, a seller's representation as to asbestos is not normally obtained in the United States. The scope of a seller's representations and warranties in commercial real estate transactions in the United States is a point of negotiation. However, in general, most sellers in the United States will not agree to make a representation to a buyer with respect to asbestos, or the absence thereof. The general understanding between buyers and sellers is that it is a matter for the buyer's due diligence, and that no adjustments to the purchase price will be made due to the presence of asbestos in the buildings. In the United States, a property owner is typically required to disclose its knowledge of the presence of asbestos in a building, but the property owner is generally not required to take remedial action unless the asbestos has become "friable" (i.e., released into the air). Asbestos used in building materials in the United States does not typically become friable unless it is disturbed, as in the case where a building is being remodelled, and in such circumstances the property owner is only required to remediate the specific areas/materials in which asbestos has become friable. This means that, for example, if a property owner were renovating one storey of a building, it would be required to remediate any asbestos present on that particular storey, but would not be required to address asbestos present in other storeys of the building that are not the subject of such renovation. As a result, asbestos can remain present (in unfriable form) in a building for many years without issue; it is only when the property owner commences a renovation or otherwise causes the asbestos to become friable that the property owner is required to take remedial action. A property owner will typically factor the remediation of asbestos into the budgeting for any renovation or remodelling. In addition, buildings which were constructed before 1981 and in which asbestos-containing materials are detected must implement an "asbestos remediation plan" to direct how asbestos-containing materials will be handled if they are encountered in the course of future improvements, but the owner is not typically required to take affirmative remediation steps unless and until asbestos-containing materials are actually encountered during the course of such improvements. The presence of asbestos is not uncommon in older buildings and in general would not prevent or delay the sale of a building.

Inquiries about indoor air quality may necessitate special investigation and, depending on the results, remediation beyond Keppel-KBS US REIT's regular indoor air quality maintenance programmes. Indoor air quality issues can stem from inadequate ventilation, chemical contaminants from indoor or outdoor sources, and biological contaminants such as moulds, pollen, viruses and bacteria. Indoor exposure to chemical or biological contaminants above certain levels can be alleged to be connected to allergic reactions or other health effects and symptoms in susceptible individuals. If these conditions were to occur at one of the Properties, it may need to undertake a targeted remediation program, including without limitation, steps to increase indoor ventilation rates and eliminate sources of contaminants. Such remediation programs could be costly, necessitate the temporary relocation of some or all of the Property's tenants or require rehabilitation of the affected Property.

The current political debate about climate change has resulted in various treaties, laws and regulations which are intended to limit carbon emissions. Such laws being enacted or proposed may cause energy costs at the Properties to increase in the future. Laws enacted to mitigate climate change may make some of the Properties obsolete, or require or cause Keppel-KBS US REIT to make material investments in the Properties which could materially and adversely affect Keppel-KBS US REIT's financial condition and results of operations.

Occurrence of any acts of God, natural disasters, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.

Acts of God, such as natural disasters like earthquakes, floods, war and terrorist attacks are beyond the control of Keppel-KBS US REIT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. Keppel-KBS US REIT's business and income available for distribution may be adversely affected should such acts of God, war or terrorist attacks occur.

Keppel-KBS US REIT may have significant investments in large metropolitan markets that have been or may in the future be the targets of actual or threatened terrorist attacks, including Washington, California, Colorado, Texas, Georgia and Florida. As a result, some tenants in these markets may choose to relocate their businesses to other markets or to lower-profile office buildings within these markets that may be perceived to be less likely targets of future terrorist activity. This could result in an overall decrease in the demand for office space in these markets generally or in the Properties in particular, which could increase vacancies in the Properties or necessitate that the Properties are leased on less favourable terms or both. In addition, future terrorist attacks in these markets could directly or indirectly damage the Properties, both physically and financially, or cause losses that materially exceed insurance coverage. As a result of the foregoing, Keppel-KBS US REIT's ability to generate revenues and the value of its properties could decline materially.

Physical damage to the Properties resulting from fire, earthquakes or other acts of God or acts of war, civil unrest, political disruption, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, may directly or indirectly lead to a significant disruption to the business and operation of the Properties. This may result in the loss of invested capital in affected Properties as well as anticipated future revenues as it may not be able to rent out or sell the affected Properties and any financial obligations secured by such Properties may be accelerated.

The due diligence exercise on the Properties, tenancies, building and equipment may not have identified all defects, breaches of laws and regulations and other deficiencies.

The Manager believes that reasonable due diligence investigations with respect to the Properties were, and with respect to future acquisitions will be, conducted prior to their acquisition. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair, maintenance or replacement (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair, maintenance expenses, the payment of damages or to other obligations to third parties) or be affected by breaches of laws and regulations.

Statutory or contractual representations, warranties and indemnities given by any seller of properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Costs or liabilities arising from such defects or deficiencies may require significant capital expenditures or obligations to third parties and may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on Keppel-KBS US REIT's earnings and cash flows.

Certain of the Properties are subject to non-compete clauses in favour of the tenants.

Certain lease agreements in relation to the Properties contain non-compete clauses which prevent the landlord from leasing premises to tenants which are in competition with existing tenants without the existing tenant's consent. This limitation may cause competing properties to be more successful in attracting and retaining tenants. This may reduce the income from the Properties, thereby adversely affecting the amount of funds available for distribution to Unitholders.

Although the Manager is not aware of the abovementioned risks at the Properties having resulted in a material adverse impact on the relevant vendor's financials and/or operations, there is no assurance that the business, financial condition, results of operations and prospects of Keppel-KBS US REIT will not be adversely affected arising from the abovementioned risks materialising at the relevant Properties.

The Properties may face increased competition from other properties.

The Properties are, and Keppel-KBS US REIT expects that subsequently acquired properties will be, located in areas where other competing properties are present and new properties may be developed which may compete with the Properties. Some competing properties may be newer, be better located, have more attractive features, floor plans or amenities or otherwise be more attractive to tenants. Competing properties may also have lower rates of occupancy or operating costs than the Properties, which may result in competing owners offering available space at lower rents than offered at the Properties.

The income from, and the market value of, the Properties will be dependent on the ability of such Properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, or similar properties in their vicinity are substantially upgraded and refurbished, the income from the Properties could be reduced, and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected.

The appraisals of the Properties are based on various assumptions and the price at which Keppel-KBS US REIT is able to sell such Properties in the future may be different from the initial acquisition value or current appraised values.

There can be no assurance that the assumptions on which the appraisals of the Properties are, or will be, based are accurate measures of the market, and the values may be evaluated inaccurately. The appraisals of the Properties, including the appraisals of the Westpark Portfolio by the Independent Valuers, may have included a subjective determination of certain factors relating to a Property such as its relative market position, financial and competitive strengths, and physical condition and, accordingly, the valuation of a Property (which affects the NAV per Unit) may be subjective and prove incorrect.

The valuation of any Property does not guarantee a sale price at that value at present or in the future. The price at which Keppel-KBS US REIT may sell a Property may be lower than its purchase price or the anticipated sale price projected at the time of acquisition.

There can also be no assurance that there will be no downward revaluation of the Properties in the future. In addition, Keppel-KBS US REIT is required to measure investment properties at fair value at each financial year and any change in the fair value of the investment properties is recognised in the statement of comprehensive income. The changes in fair value may have an adverse effect on Keppel-KBS US REIT's financial results as revaluation losses will be charged to Keppel-KBS US REIT's statement of comprehensive income in the financial years where there is a significant decrease in the valuation of any of the Properties. A downward revaluation of any of the Properties may also result in an increase in Keppel-KBS US REIT's Aggregate Leverage.

RISKS RELATING TO KEPPEL-KBS US REIT'S OPERATIONS

The Manager may not be able to successfully implement its investment strategy for Keppel-KBS US REIT.

The Manager may not be able to successfully implement its investment strategy, expand Keppel-KBS US REIT's portfolio at any specified rate or to any specified size, or make acquisitions or investments on favourable terms or within a desired time frame.

Keppel-KBS US REIT faces active competition in acquiring suitable and attractive properties from other property investors, including other REITs, office property development companies and private investment funds. There is no assurance that Keppel-KBS US REIT will be able to compete effectively against such entities and its ability to make acquisitions under its acquisition growth strategy or acquisitions that are accretive may be adversely affected. Even if Keppel-KBS US REIT successfully acquires properties or other investments, there is no assurance that Keppel-KBS US REIT will achieve its intended return on such acquisitions or investments.

The real estate industry in which Keppel-KBS US REIT operates is capital intensive and Keppel-KBS US REIT may from time to time require significant amounts of capital for purposes such as acquisitions or redevelopment. Since the amount of borrowings that Keppel-KBS US REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on Keppel-KBS US REIT's ability to raise equity capital. This may result in a dilution of Unitholders' holdings. Potential vendors of properties to be acquired may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

In addition, the Manager is dependent on support from KCI pursuant to the Keppel Management Agreement under which KCI will provide certain REIT management support services for the Manager, including investor relations, financial reporting, capital management, human resource, legal and corporate secretarial and compliance support in Singapore. There can be no assurance that there will not be any disagreements between the Manager and KCI or that the Keppel Management Agreement will be renewed or will not be terminated. While the Manager and KCI are obliged to work in in good faith to resolve any such disagreements and the ultimate decision in any of such management support function lies with the Manager, the Manager may not be able to fully leverage the support and experience of KCI's REIT management support functions in the event of such disagreement.

In addition, the Manager is dependent on support from the US Asset Manager pursuant to the KBS Management Agreement under which the US Asset Manager, through GKP, will perform certain operational duties in respect of the Parent US REIT and the US Subsidiaries, including supporting the execution, through the Parent US REIT and/or the US Subsidiaries of the investment strategy of Keppel-KBS US REIT and debt financing plans for any debt taken up by the Parent US REIT and/or the US Subsidiaries, in each case subject to the duties and responsibilities of the respective boards of directors of the Parent US REIT and the US Subsidiaries. There can be no assurance that there will not be any disagreements between the Manager and the US Asset Manager or that the KBS Management Agreement will be renewed or will not be terminated. While the Manager and the US Asset Manager are obliged to work in good faith to resolve any such disagreements and the ultimate investment decision lies with the Manager, the Manager may not be able to fully leverage the support and experience of the US Asset Manager in pursuing its investment strategy in the event of such disagreement.

The amount Keppel-KBS US REIT may borrow is limited, which may affect the operations of Keppel-KBS US REIT.

Under the Property Funds Appendix, Keppel-KBS US REIT is permitted to borrow up to 45.0% of the value of the Deposited Property. As at 30 September 2018, Keppel-KBS US REIT has an Aggregate Leverage of approximately 33.3%.

Keppel-KBS US REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that Keppel-KBS US REIT decides to incur additional borrowings in the future, Keppel-KBS US REIT may face adverse consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements of Keppel-KBS US REIT's existing asset portfolio or for future acquisitions to expand its portfolio;

- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting Keppel-KBS US REIT's ability to make further borrowings; and

- cash flow shortages (including with respect to distributions) which Keppel-KBS US REIT might otherwise be able to resolve by borrowing funds.

Keppel-KBS US REIT may face risks associated with debt financing.

Keppel-KBS US REIT is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet required payments of principal and interest under such financing, and to make distributions to Unitholders.

Keppel-KBS US REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all. If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, Keppel-KBS US REIT will not be able to pay distributions at expected levels to Unitholders or to repay all maturing debt.

Keppel-KBS US REIT will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, Keppel-KBS US REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and Keppel-KBS US REIT's ability to make distributions to Unitholders. Such covenants may also restrict Keppel-KBS US REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase.

Keppel-KBS US REIT may experience limited availability of funds.

The securities markets are influenced by economic developments and volatility in securities markets. Investor reaction to developments in one country may have an adverse effect on the market price of securities of companies located in other countries. The slowdown of the global economy may adversely affect market prices in the world's securities markets. Financial markets in the United States and Asia have also, in the past, experienced extreme disruption including, among others, volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others.

Keppel-KBS US REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to Keppel-KBS US REIT. Factors that could affect Keppel-KBS US REIT's ability to procure financing include the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources (including the willingness of an existing lender to maintain exposure to Keppel-KBS US REIT at its current level).

If the Manager's capital markets services licence for REIT management ("CMS Licence") is cancelled or the authorisation of Keppel-KBS US REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of Keppel-KBS US REIT will be adversely affected.

The CMS Licence issued to the Manager is subject to conditions unless otherwise cancelled. If the CMS Licence of the Manager is cancelled by the MAS, the operations of Keppel-KBS US REIT will be adversely affected, as the Manager would no longer be able to act as the manager of Keppel-KBS US REIT.

Keppel-KBS US REIT was authorised as a collective investment scheme on 2 November 2017 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of Keppel-KBS US REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

Acquisitions may not yield the returns expected and may result in disruptions to Keppel-KBS US REIT's business and strain of management resources.

Acquisitions, including the Westpark Portfolio Acquisition, may cause disruptions to Keppel-KBS US REIT's operations and divert management's attention away from day-to-day operations.

Newly acquired properties may require significant management attention that would otherwise be devoted to Keppel-KBS US REIT's ongoing business. Notwithstanding pre-acquisition due diligence, Keppel-KBS US REIT does not believe that it is possible to fully understand a property before it is owned and operated for an extended period of time. For these reasons, among others, Keppel-KBS US REIT's business plan to acquire additional properties may not succeed or may result in losses.

Keppel-KBS US REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

Keppel-KBS US REIT's performance depends, in part, upon the continued service and performance of the executive officers of the Manager, the US Asset Manager, the Property Managers and the Leasing Agents. These key personnel may leave the employment of the Manager, the US Asset Manager, the Property Managers and/or the Leasing Agents. If any of the above were to occur, time will need to be spent searching for a replacement and the duties for which such executive officers are responsible may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of Keppel-KBS US REIT.

Keppel-KBS US REIT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against Keppel-KBS US REIT and/or its subsidiaries relating to property management, disputes over tenancies or other matters may arise from time to time. There can be no assurance that Keppel-KBS US REIT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operation or cash flow of Keppel-KBS US REIT.

Keppel-KBS US REIT may engage in interest rate hedging transactions, which can limit gains and increase costs.

Keppel-KBS US REIT may enter into hedging transactions to protect itself from the effects of interest rate fluctuation on floating rate debt and also to protect its portfolio from interest rate and prepayment fluctuations. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements. However, it may not always be possible for Keppel-KBS US REIT to enter into hedging activities and hedging may not always have the desired beneficial impact on the operations or financial condition of Keppel-KBS US REIT. Interest rate hedging could fail to protect Keppel-KBS US REIT or adversely affect Keppel-KBS US REIT because, among others:

- available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;
- the counterparty in the hedging transaction may default on its obligation to pay;
- the credit quality of the counterparty on the hedge may be downgraded to such an extent that it impairs Keppel-KBS US REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes, although unrealised, would reduce the NAV of Keppel-KBS US REIT if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to Unitholders.

Keppel-KBS US REIT's investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments.

Keppel-KBS US REIT's investment strategy principally to invest indirectly through certain US Subsidiaries, in stabilised income-producing commercial assets in the United States, as well as real estate-related assets, will subject Keppel-KBS US REIT to risks inherent in concentrating in real estate.

The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

A concentration of investments in real estate located in the United States and used primarily for office purposes exposes Keppel-KBS US REIT to the risk of a downturn in the US commercial office market and in the United States in general. Any economic slowdown in the United States could negatively affect the performance of the US commercial office market. The renewal of leases in Keppel-KBS US REIT's Properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available space for properties used for office purposes. There can be no assurance that the tenants of Keppel-KBS US REIT's Properties will renew their leases or that the new lease terms will be as favourable as the existing leases. In the event that a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject Keppel-KBS US REIT's Properties to periods of vacancy and/or costly refittings, during which periods Keppel-KBS US REIT could experience reductions in rental income.

Such downturns may lead to a decline in occupancy for properties or real estate-related assets in Keppel-KBS US REIT's portfolio. This will affect Keppel-KBS US REIT's rental income from the Properties, and/or lead to a decline in the capital value of Keppel-KBS US REIT's portfolio, and/or on the results of operations and the financial condition of Keppel-KBS US REIT and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected.

Keppel-KBS US REIT may be adversely affected by the illiquidity of real estate investments.

Keppel-KBS US REIT's investment strategy involves a higher level of risk, as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect Keppel-KBS US REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. Keppel-KBS US REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. These factors could have an adverse effect on Keppel-KBS US REIT's financial condition and results of operations, and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders.

Keppel-KBS US REIT relies on information technology in its operations, and any material failure, inadequacy, interruption or security failure of that technology could harm its business.

Keppel-KBS US REIT relies on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of its business processes, including financial transactions and maintenance of records, which may include personally identifiable information of tenants and lease data. Keppel-KBS US REIT relies on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Although Keppel-KBS US REIT has taken steps to protect the security of the data maintained in its information systems, it is possible that such security measures will not be able to prevent the systems' improper functioning, or the improper disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorised disclosure of confidential information. Any failure to maintain proper function, security and availability of Keppel-KBS US REIT's information systems could interrupt its operations, damage its reputation, subject Keppel-KBS US REIT to liability claims or regulatory penalties and could materially and adversely affect it.

RISKS RELATING TO THE UNITED STATES

Keppel-KBS US REIT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

The revenue received from the Properties is in US dollars. A portion of these US dollars will have to be converted into Singapore dollars to settle expenses in Singapore dollars at Keppel-KBS US REIT's level and for the distribution payments from Keppel-KBS US REIT to Unitholders, except those Unitholders who elect to receive their distributions in US dollars. Accordingly, Keppel-KBS US REIT is exposed to risks associated with exchange rate fluctuations which may adversely affect Keppel-KBS US REIT's results of operations.

The value of US dollars against foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors.

The value of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between US dollars, the Singapore dollar and any other currencies which may be adopted from time to time.

As the Units will be listed and quoted on the SGX-ST and traded in US dollars, Unitholders will have to convert Singapore dollars or other foreign currencies into US dollars before purchasing any Units. The value of US dollars against other foreign currencies fluctuates and if there is a drop in the value of US dollars, the amount of Singapore dollars or other foreign currencies which a Unitholder may receive after converting the proceeds of a sale of Units may be adversely affected.

Keppel-KBS US REIT faces risks associated with its tenants being designated "Prohibited Persons" by the Office of Foreign Assets Control.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury ("**OFAC**") maintains a list of persons designated as terrorists or who are otherwise blocked or banned ("**Prohibited Persons**"). OFAC regulations and other laws prohibit conducting business or engaging in transactions with Prohibited Persons (the "**OFAC Requirements**"). Keppel-KBS US REIT has established a compliance program whereby tenants and others with whom they conduct business are checked against the OFAC list of Prohibited Persons prior to entering into any agreement and on a periodic basis thereafter. Keppel-KBS US REIT's leases and other agreements, in general, require the other party to comply with the OFAC Requirements. If a tenant or other party with whom Keppel-KBS US REIT contracts is placed on the list of Prohibited Persons, Keppel-KBS US REIT may be required by the OFAC Requirements to terminate the lease or other agreement. Any such termination could result in a loss of revenue or a damage claim by the other party that the termination was wrongful.

Keppel-KBS US REIT may be exposed to risks associated with governmental reviews on foreign investment in the United States.

The Committee on Foreign Investment in the United States ("**CFIUS**") is charged with the responsibility of reviewing potential national security concerns involved with foreign investments in US assets. CFIUS relies on a system of voluntary reporting, but has the authority to review transactions whether or not voluntarily submitted for review. Whether an acquisition of foreign control of US assets involves national security concerns is determined by CFIUS on a case by case basis, and includes consideration of a number of factors, including the nature of the US business, the nature of the foreign person and the potential national security effects on US critical technologies or critical infrastructure. If an acquisition is not pre-cleared by CFIUS, the acquisition may be reopened for review by CFIUS at any time. If CFIUS determines on review of an acquisition that a national security concern exists, CFIUS may request that the foreign investor put in place restrictions or limitations that mitigate the concern or may request that the President of the United States block or unwind the transaction. While historically acquisitions of commercial office real estate in the United States (absent some other "red flag") have not been considered to raise national security concerns, there is currently heightened scrutiny in the United States on foreign investment in the United States, the adequacy of the CFIUS review process and whether to expand the scope of transactions which CFIUS may, or is required to, review. Keppel-KBS US REIT has not submitted its acquisitions of the Properties to voluntary CFIUS review but may be required to do so in the future. Keppel-KBS US REIT may incur additional costs and delays in connection with its acquisitions if Keppel-KBS US REIT is required to submit its acquisitions to CFIUS or other US governmental review. In addition, the increased focus on foreign investment in the United States may limit the types of properties that Keppel-KBS US REIT considers for acquisition in the United States, may limit the types of tenants that Keppel-KBS US REIT considers acceptable at its Properties or may limit the number of potential buyers of the Properties in the future.

Leasing the Properties to US government tenants increases compliance risks.

Certain tenants of the Existing Portfolio/Properties are federal government agencies. In addition to the increased risk of potential governmental scrutiny, lease agreements with federal government agencies contain certain provisions required by federal law, which require, among other things, that the contractor (which is the lessor or the owner of the property) agree to comply with certain rules and regulations, including but not limited to, rules and regulations related to anti-kickback procedures, examination of records, audits and records, equal opportunity provisions, prohibitions against segregated facilities, certain executive orders, subcontractor costs or pricing data, and certain provisions intending to assist small businesses. While Keppel-KBS US REIT has relevant procedures in place to comply with such federal requirements, leasing the Properties to federal government agencies subjects Keppel-KBS US REIT to additional risks associated with compliance with all such federal rules and regulations.

The Properties or a part of them may be acquired compulsorily by US federal, state and local governments.

In the US, federal, state and local governments and other public bodies, as well as certain quasi-public entities (such as railroads and public utility corporations), have the right to acquire real estate for public use upon payment of just compensation to the affected owner through the exercise of the power of eminent domain. A compulsory acquisition of all or a portion of a Property, even if adequate consideration is paid, could have an adverse effect on the revenue of Keppel-KBS US REIT and the value of its asset portfolio.

RISKS ASSOCIATED WITH THE RIGHTS ISSUE

An active trading market may not develop for the Rights Entitlements and, if a market does develop, the Rights Entitlements may be subject to greater price volatility than the Unit.

A trading period for the Rights Entitlements has been fixed for 2 November 2018 to 13 November 2018. There is no assurance that an active trading market for the Rights Entitlements on the SGX-ST will develop during the Rights Entitlements trading period or that any over-the-counter trading market in the Rights Entitlements will develop. Even if active markets develop, the trading price of the Rights Entitlements, which depends on the trading price of the Units, may be volatile. As the Manager may arrange for the sales of the Rights Entitlements of the Ineligible Unitholders, the sales may give pressure to the trading price of the Rights Entitlements. In addition, the market price of the Rights Entitlements may not reflect their actual value.

Unitholders who do not or are not able to accept their provisional allotments of Rights Units will experience a dilution in their interest in Keppel-KBS US REIT.

If Unitholders do not or are not able to accept their provisional allotments of Rights Units, their proportionate interest in Keppel-KBS US REIT will be reduced. They may also experience a dilution in the value of their Units. Even if a Unitholder sells his Rights Entitlements, or such Rights Entitlements are sold on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in Keppel-KBS US REIT as a result of the Rights Issue.

The Issue Price is not an indication of the underlying value of the Units.

The Issue Price was determined based on the last traded price of the Units on the SGX-ST on 22 October 2018, being the last trading day of the Units on the SGX-ST prior to the release of the announcement of the Rights Issue on 22 October 2018. The Issue Price was set at a discount to the Closing Price and to the TERP at that time. The Issue Price does not bear a direct relationship to the book value of Keppel-KBS US REIT's assets, past operations, cash flow, earnings, financial condition or any other established criteria for value, and Unitholders should not consider the Issue Price to be any indication of the Units' underlying value. The Units may trade at prices lower than the Issue Price in the future.

The Rights Issue may cause the price of the Units to decrease, and this decrease may continue.

The Issue Price represents a discount of approximately 30.1% to the Closing Price of US$0.715 per Unit and approximately 24.9% to the TERP of US$0.666 per Unit. This discount, along with the number of Rights Units, may result in a decrease in the trading price of the Units and this decrease may continue after the completion of the Rights Issue.

Unitholders need to act promptly and follow subscription instructions, otherwise their exercise of Rights Entitlements may be rejected and their Rights Entitlements may expire without value and without any compensation.

Unitholders who desire to accept their Rights Entitlements or apply for Excess Rights Units in the Rights Issue must act promptly to ensure that all required forms, letters and payments are actually received by the relevant agents prior to the respective expiration dates and times as set forth under **Appendix D** and in **Appendix E** of this Offer Information Statement. Failure to complete and sign the required acceptance forms or letters, the sending of an incorrect payment amount, or otherwise failure to follow the procedures that apply to a Unitholder's desired transaction may lead to rejection of the Unitholder's acceptance of the Rights Entitlements and any Rights Entitlements not accepted will expire without value and without any compensation.

None of the Manager, the Unit Registrar, CDP, or the Joint Lead Managers and the Joint Underwriters undertakes to contact the Unitholder concerning, or attempt to correct, an incomplete or incorrect acceptance form, letter or payment. The Manager has sole discretion to determine whether an acceptance of Rights Entitlements and acceptance of or subscription for Rights Units properly follows the appropriate procedures. Unitholders who hold Units through a securities sub-account, brokerage account or other similar custodial account with a depository agent, broker, custodian or nominee other than CDP are urged to consult their depository agent, broker, custodian or nominee without delay regarding the procedures that they need to follow for the subscription and payment for the Rights Units.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE UNITS

Keppel-KBS US REIT's ability to make distributions is dependent on the financial position of the Parent US REIT, the US Subsidiaries, BLP, Singapore Sub 1 and Singapore Sub 2. Keppel-KBS US REIT may not be able to make distributions to Unitholders or the level of distributions may fall.

In order for the Trustee to make distributions from the income of the Properties, Keppel-KBS US REIT has to rely on the receipt of dividends, interest or repayments of loans (where applicable) from the Parent US REIT, the US Subsidiaries, BLP, Singapore Sub 1 and Singapore Sub 2. There can be no assurance that these entities will have sufficient revenue and cash flows in any future period to pay dividends, pay interest or make repayments of loans.

The level of revenue, distributable profits or reserves of the Parent US REIT, the US Subsidiaries, BLP, Singapore Sub 1 and Singapore Sub 2 available to pay dividends, pay interest or make repayments of loans may be affected by a number of factors including, among other things:

- their respective business and financial positions;
- the availability of distributable profits;
- sufficiency of cash flows received from the Properties;
- applicable laws and regulations which may restrict the payment of dividends by them;
- operating losses incurred by them in any financial year;
- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which distribution may be made;

- changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations in respect of statutory reserves required to be maintained) in Singapore and the United States;

- potential tax and/or legal liabilities;

- the extent of rent abatements and tenant improvement allowances given to tenants to attract new tenants and/or retain existing tenants, if any; and

- the terms of agreements to which they are, or may become, a party to.

Notwithstanding that there are, in general, currently no laws or regulations which restrict the payment of dividends by the Parent US REIT, the US Subsidiaries, BLP, Singapore Sub 1 and Singapore Sub 2, save that dividends are only payable out of profits or surplus, there can be no assurance that these entities will have sufficient revenue and cash flows in any future period to pay dividends, pay interest or make repayments of loans. In addition, no assurance can be given as to Keppel-KBS US REIT's ability to pay or maintain distributions or that the level of distributions will increase over time.

Keppel-KBS US REIT may not be able to comply with the terms of tax rulings obtained, or such tax rulings may be revoked or amended.

The Sponsors have obtained certain tax rulings from the IRAS in relation to certain Singapore income tax treatment of the income of Singapore Sub 1 and Keppel-KBS US REIT.

The tax rulings were made based on the IRAS' understanding that the steps to be taken in the proposed arrangements by Keppel-KBS US REIT will be in compliance with applicable laws and regulations in the US.

The tax rulings will remain valid for the period Keppel-KBS US REIT is listed on the SGX-ST so long as there are no changes as to what was represented to IRAS.

The tax rulings were made based on the facts presented to IRAS and IRAS' current interpretation and application of the existing tax law, and may cease to apply if:

(a) the arrangement is materially different from the arrangement identified in the application for the tax rulings;

(b) there was a material omission or misrepresentation in, or in connection with the application for the tax rulings;

(c) the IRAS makes an assumption about a future event or another matter that is material to the tax rulings, stated either in the tax rulings or the application for the tax rulings, and the assumption subsequently proves to be incorrect; or

(d) the IRAS stipulates a condition that is not satisfied.

As a result of the Barbados Restructuring, there were certain changes made to the structure represented to IRAS, and as a result there is a risk that the interest income from the Parent US REIT or distributions by the Barbados GP and/or Barbados LP may be taxable in Singapore.

Such tax rulings do not shelter Keppel-KBS US REIT from any future changes in the tax laws that may have a direct impact on the tax rulings and where there is a change in the interpretation of any of the tax laws which affects the tax rulings, the IRAS may withdraw the tax rulings by notifying Keppel-KBS US REIT of the withdrawal and reasons thereof.

If the tax rulings are withdrawn or amended, or if the tax rulings cease to apply for any reason, for example, because the facts on which the tax rulings were issued are no longer applicable or if Keppel-KBS US REIT is unable to comply with the stipulated conditions, Keppel-KBS US REIT may suffer increased Singapore tax liability, which in turn could affect the amount of distributions made to Unitholders.

Keppel-KBS US REIT, CDP, and CDP depository agents are subject to compliance with US reporting and withholding requirements.

Unitholders are required to comply with certain documentation requirements or will be subject to US withholding tax under the IRC, including under FATCA. Specifically, Unitholders must establish their status for FATCA purposes and their eligibility for the US Portfolio Interest Exemption by providing to Keppel-KBS US REIT (and updating as required) an applicable IRS Form W-8, or such other certification or other information related to FATCA that is requested by Keppel-KBS US REIT, CDP, or their CDP depository agent from time to time. Unitholders must also immediately update Keppel-KBS US REIT, CDP, or their CDP depository agent, as applicable, of any changes to their status for FATCA purposes including information relating to the Unitholder's name, address, citizenship, personal identification number or tax identification number, tax residencies, tax status, etc. Keppel-KBS US REIT, CDP, and CDP depository agents, may be under the obligation to disclose and report such information to the IRS, the IRAS or other applicable tax or regulatory authorities for the purpose of compliance with FATCA and other provisions of US tax law. Where a Unitholder fails to provide or to update Keppel-KBS US REIT, CDP or their CDP depository agent with relevant information necessary for compliance with US tax withholding requirements, including FATCA, or provides to Keppel-KBS US REIT, CDP, or their CDP depository agent inaccurate, incomplete or false information, the applicable withholding agent may deduct from or withhold part of any amounts payable by Keppel-KBS US REIT to such Unitholder and in accordance with US tax withholding requirements, including FATCA, and any intergovernmental agreements. Subject to specified limitations, the amount of any tax withheld generally will be creditable against the US federal income tax liability of the beneficial owner of the Units, and such person generally may file for a refund from the IRS of any amount of withheld tax in excess of that tax liability, provided that the applicable withholding agent has properly deposited the withheld tax with the IRS. However, such withheld amounts may not be refunded by the IRAS or other applicable non-US tax or regulatory authorities.

The trading price of the Units may be volatile.

The trading price of the Units may be subject to large fluctuations. The trading price of the Units may increase or decrease in response to a number of events and factors, including:

- quarterly variations in operating results;
- changes in estimates and recommendations by securities analysts;
- the operating and stock price performance of companies in the real estate industry and other REITs;
- developments affecting Keppel-KBS US REIT, its tenants or its competitors;
- valuations of the properties held by Keppel-KBS US REIT;
- changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- changes in general economic conditions; and
- other events or factors described in this Offer Information Statement.

This volatility may adversely affect the trading price of the Units, including the Rights Units to be allotted and issued by the Manager, regardless of Keppel-KBS US REIT's operating performance.

A fall in the price of the Units could have a material adverse impact on the value of the Rights Units. There can be no assurance that investors will be able to sell the Rights Units at a price equal to or greater than the Issue Price of the Rights Units. Accordingly, holders of the Units who are existing Unitholders or have acquired Rights Entitlements in the secondary market and/or subscribed to the Rights Units, whether existing Unitholders or not, may suffer a loss.

Investors may experience future dilution in the value of their Units.

The Manager may need to raise additional funds in the future to finance the repayment of borrowings, expansion of new developments relating to Keppel-KBS US REIT's existing operations and/or to finance future investments and acquisitions. If additional funds are raised through the issuance by the Manager of new Units other than on a *pro rata* basis to existing Unitholders, the percentage ownership of existing Unitholders may be reduced and existing Unitholders may experience dilution in the value of their Units.

The Take-over Code may discourage or prevent certain types of transactions.

The SFA and the Take-over Code contains certain provisions that may delay, deter or prevent a future take-over or change in control of Keppel-KBS US REIT. Any person acquiring an interest (either on his or her own or together with parties acting in concert with him or her) in:

(i) 30.0% or more of the total Units; or

(ii) when holding not less than 30.0% but not more than 50.0% of the total Units, more than 1.0% of the total Units in any six-month period,

will be required to make a general offer for the remaining Units. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of Keppel-KBS US REIT. Some of the Unitholders may, therefore, be disadvantaged as a transaction of that kind might have allowed the sale of Units at a price above the prevailing market price.

GENERAL INFORMATION

LEGAL AND ARBITRATION PROCEEDINGS

To the best of the Manager's knowledge and belief, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Manager, may have or have had in the last 12 months before the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of Keppel-KBS US REIT.

MATERIAL CONTRACTS

There were no material contracts entered into by the Trustee or the Manager, other than contracts entered into in connection with the initial public offering and listing of Keppel-KBS US REIT and in Keppel-KBS US REIT's ordinary course of business, for the period two years before the date of lodgement of this Offer Information Statement, save for:

(i) the Underwriting Agreement dated 22 October 2018 entered into between the Manager and the Joint Underwriters in relation to the Rights Issue; and

(ii) the Irrevocable Undertakings dated 23 September 2018 provided by KCIH and KBS SORP to the Manager pursuant to which KCIH and KBS SORP will accept, subscribe and pay in full for and/or will procure that the Relevant Entities accept, subscribe and pay in full for, their or the Relevant Entities' total provisional allotment of Rights Units.

BREACH OF TERMS AND CONDITIONS OR COVENANTS OF CREDIT ARRANGEMENT OR BANK LOAN

To the best of the Manager's knowledge and belief, Keppel-KBS US REIT is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect Keppel-KBS US REIT's financial position and results or business operations, or the investments by Unitholders.

SIGNIFICANT CHANGES

Save as disclosed in this Offer Information Statement, to the best of the Manager's knowledge and belief, no event has occurred from 30 September 2018, being the last day of the period covered by the Unaudited Financial Statements to the Latest Practicable Date, which may have a material effect on the financial position and results of Keppel-KBS US REIT.

TRADING OF UNITS

The Manager is not aware of any significant trading suspension on the SGX-ST for the period from the Listing Date to the day immediately preceding the Latest Practicable Date.

The Manager believes that Units are regularly traded on the SGX-ST.

STATEMENTS BY EXPERTS

The valuations as at 31 July 2018 as set out in the valuation certificates in **Appendix B** of this Offer Information Statement and any other statements attributed to the Independent Valuers in this Offer Information Statement were prepared by the Independent Valuers for the purpose of, among others, incorporation in this Offer Information Statement. The Independent Valuers have given, and have not, before the lodgement of this Offer Information Statement, withdrawn their written consent to the issue of this Offer Information Statement with the inclusion of their names as the Independent Valuers, the valuation certificates as set out in **Appendix B** of this Offer Information Statement and all references thereto in the form and context in which they are included in this Offer Information Statement.

The Independent Market Research Report as at 30 June 2018 in **Appendix C** of this Offer Information Statement was prepared by the Independent Market Research Consultant for the purpose of, among others, incorporation in this Offer Information Statement. The Independent Market Research Consultant has given, and has not, before the lodgement of this Offer Information Statement, withdrawn its written consent to the issue of this Offer Information Statement with the inclusion of its name as the Independent Market Research Consultant, the independent market research report as set out in **Appendix C** of this Offer Information Statement, and all references thereto, in the form and context in which they are included in this Offer Information Statement.

CONSENTS FROM THE JOINT LEAD MANAGERS AND THE JOINT UNDERWRITERS

Each of DBS Bank Ltd. and United Overseas Bank Limited has given, and has not, before the lodgement of this Offer Information Statement, withdrawn its written consent to being named in this Offer Information Statement as one of the Joint Lead Managers to the Rights Issue.

Each of DBS Bank Ltd., United Overseas Bank Limited and Credit Suisse (Singapore) Limited has given, and has not, before the lodgement of this Offer Information Statement, withdrawn its written consent to being named in this Offer Information Statement as one of the Joint Underwriters to the Rights Issue.

AUTHORITY TO ISSUE RIGHTS UNITS

The Manager's authority to issue the Rights Units is pursuant to a general mandate given to the Manager at the time of the initial public offering of Keppel-KBS US REIT, pursuant to which the Manager may, during the period from the Listing Date to the conclusion of the first annual general meeting of Keppel-KBS US REIT or the date by which the first AGM of Keppel-KBS US REIT is required by applicable laws or regulations to be held, whichever is earlier, issue new Units such that the number of new Units issued on a *pro rata* basis does not exceed 50.0% of the total number of Units in issue as at the Listing Date.

MISCELLANEOUS

Keppel-KBS US REIT is subject to the Code on Collective Investment Schemes issued by the Authority. The Code on Collective Investment Schemes can be found on the website of the Authority at http://www.mas.gov.sg.

Save as disclosed in this Offer Information Statement, including the Appendices to this Offer Information Statement, the Manager is not aware of any other matters which could materially affect, directly or indirectly, the operations or financial position or results of Keppel-KBS US REIT or investments by Unitholders.

Statements contained in this Offer Information Statement which do not state historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasts. See the section entitled "Risk Factors" of this Offer Information Statement for further details. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person or that these results will be achieved or are likely to be achieved.

Other than the Rights Entitlements under the Rights Issue, none of the Unitholders has pre-emptive rights to subscribe for or purchase the Rights Units.

As there may be prohibitions or restrictions against the offering of Rights Units in certain jurisdictions (other than Singapore), only Eligible Unitholders are eligible to participate in the Rights Issue. Please refer to the section entitled "Eligibility of Unitholders to Participate in the Rights Issue" of this Offer Information Statement for further information.

GLOSSARY

For the purpose of this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

Acquisition Fee Units	:	Acquisition fee of US$1.7 million payable in Units to the Manager in respect of the Westpark Portfolio Acquisition
Aggregate Leverage	:	The ratio of the value of total borrowings and deferred payments (if any) to the value of the Deposited Property
AGM	:	Annual general meeting
ARE	:	The application and acceptance form for Rights Units and Excess Rights Units issued to Eligible Unitholders in respect of their Rights Entitlements under the Rights Issue
ARS	:	The application and acceptance form for Rights Units to be issued to purchasers of the Rights Entitlements under the Rights Issue traded on the SGX-ST under the book-entry (scripless) settlement system
ATM	:	Automated teller machine
Automatic Forfeiture	:	The automatic forfeiture of Units held by any person in excess of the Unit Ownership Limit to the Trustee as provided in the Trust Deed
Authority or MAS	:	Monetary Authority of Singapore
Barbados GP	:	Keppel-KBS US REIT B1 SRL
Barbados Holdco	:	Keppel-KBS US REIT B2 SRL
Barbados Restructuring	:	The restructuring of certain of Keppel-KBS US REIT's subsidiaries as a result of the enactment of the 2017 Tax Legislation
BLP	:	Barbados Limited Partnership being, Keppel-KBS US REIT LP1
Board	:	The board of Directors of the Manager
Cash Rental Income or CRI	:	Rental income and recoveries income without straight-line adjustments and amortisation of tenant improvement allowance, leasing commission and free rent incentives
CBD	:	Central business district
CDP	:	The Central Depository (Pte) Limited
CFIUS	:	Committee on Foreign Investment in the United States

Closing Date	:	(i) 19 November 2018 at 5.00 p.m. (or such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Manager), being the last date and time for acceptance of and payment for the Rights Units (if acceptance is made through CDP); or (ii) 19 November 2018 at 9.30 p.m. (or such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Manager), being the last date and time for acceptance of and payment for the Rights Units (if acceptance is made through an ATM of a Participating Bank)
Closing Price	:	The closing price of US$0.715 per Unit on the SGX-ST on 22 October 2018, being the last trading day of the Units prior to the announcement of the Rights Issue
Companies Act	:	The Companies Act, Chapter 50 of Singapore
Cushman	:	Cushman & Wakefield of Washington, Inc., one of the Independent Valuers, appointed by the Manager in relation to the valuation of the Westpark Portfolio
Deposited Property	:	The value of Keppel-KBS US REIT's total assets based on the latest valuation
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
EGM	:	Extraordinary general meeting
Electronic Application	:	Acceptance of the Rights Units and (if applicable) application for Excess Rights Units under the Rights Issue made through an ATM of a Participating Bank in accordance with the terms and conditions of this Offer Information Statement
Eligible Unitholders	:	Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made
Enlarged Portfolio	:	The Existing Portfolio and the Westpark Portfolio
EPU	:	Earnings per Unit

Excess Rights Units	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the Rights Entitlements trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of the Rights Entitlements
Excess Units	:	Units acquired or held in excess of the Unit Ownership Limit
Existing Portfolio	:	The portfolio of properties currently held by Keppel-KBS US REIT, being The Plaza Buildings, Bellevue Technology Center, Iron Point, Westmoor Center, Great Hills Plaza, Westech 360, 1800 West Loop South, West Loop I & II, Powers Ferry Landing East, Northridge Center I & II and Maitland Promenade II
Existing Units	:	The existing Units as at the Rights Issue Books Closure Date
Facilities	:	The Term Loan Facilities and the Revolving Credit Facility
FATCA	:	United States Foreign Account Tax Compliance Act
Financial Adviser	:	DBS Bank Ltd., as financial adviser for the Rights Issue
Foreign Purchasers	:	Persons whose registered addresses with CDP are outside Singapore and who purchase the Rights Entitlements on the SGX-ST through the book-entry (scripless) settlement system
GKP	:	GKP Holding LLC
Group	:	Keppel-KBS US REIT and its subsidiaries
Independent Market Research Consultant	:	Cushman & Wakefield Western, Inc.
Independent Valuers	:	Cushman (appointed by the Manager in relation to the valuation of the Westpark Portfolio) and JLL (appointed by the Trustee in relation to the valuation of the Westpark Portfolio)
Ineligible Unitholders	:	Unitholders who are not Eligible Unitholders
Interested Party Transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
IPO	:	Initial public offering of Keppel-KBS US REIT
IRAS	:	The Inland Revenue Authority of Singapore

Irrevocable Undertakings	:	The irrevocable undertaking dated 23 September 2018 provided by each of KCIH and KBS SORP to the Manager pursuant to which, among others, KCIH and KBS SORP will accept, procure that the Relevant Entities accept, and/or subscribe and pay in full for, their or the Relevant Entities' total provisional allotment of Rights Units
IRC	:	United States Internal Revenue Code of 1986, as amended
IRS	:	United States Internal Revenue Service
ISRL	:	International Society with Restricted Liability, as regulated under the laws of Barbados
Issue Price	:	US$0.500, being the issue price per Rights Unit
JLL	:	JLL Valuation & Advisory Services, LLC, one of the Independent Valuers, appointed by the Manager in relation to the valuation of the Westpark Portfolio
Joint Lead Managers	:	DBS Bank Ltd. and United Overseas Bank Limited, as joint lead managers for the Rights Issue
Joint Underwriters	:	DBS Bank Ltd., United Overseas Bank Limited and Credit Suisse (Singapore) Limited, as joint underwriters for the Rights Issue
KBS	:	KBS Capital Advisors LLC
KBS Management Agreement	:	The outsourcing agreement entered into between the Manager, the Manager US Sub, GKP, the US Asset Manager, the Trustee, the Parent US REIT and US Subsidiaries
KBS SORP	:	KBS SOR Properties LLC
KBS SORP Initial Units	:	The 43,999,500 Units (representing approximately 6.97% of the issued Units) in which KBS SORP has interests as at 23 September 2018
KC	:	Keppel Capital Holdings Pte. Ltd.
KCI	:	Keppel Capital International Pte. Ltd.
KCIH	:	Keppel Capital Investment Holdings Pte. Ltd.
Keppel Management Agreement	;	The outsourcing agreement entered into between the Manager and KCI
Keppel-KBS US REIT	:	Keppel-KBS US REIT, a unit trust constituted in the Republic of Singapore pursuant to the Trust Deed
KORE Buyer LLC	:	Keppel-KBS Westpark, LLC
KPA	:	KBS Pacific Advisors Pte. Ltd.

Latest Practicable Date	:	24 October 2018, being the latest practicable date prior to the lodgement of this Offer Information Statement with the Authority
Leases	:	All of the Vendor's interest in all leases, tenancy agreements and other similar occupancy agreements affecting the Westpark Portfolio as at the date of closing of the Purchase and Sale Agreement
Leasing Agents	:	Jones Lang LaSalle, Inc., Cushman & Wakefield of California, Inc., CBRE, Inc., Transwestern Property Company SW GP, L.L.C. dba Transwestern, PM Realty Group, L.P. and Tavistock Realty Inc.
Listing Date	:	9 November 2017, being the date of listing of Keppel-KBS US REIT on the Main Board of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Keppel-KBS US REIT Management Pte. Ltd., as manager of Keppel-KBS US REIT
Manager US Sub	:	Keppel-KBS US REIT Management Inc.
Market Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
NAV	:	Net asset value
New Leases with Free Rent	:	The three leases entered into by Oculus in relation to the Westpark Portfolio
NLA	:	Net lettable area
Oculus	:	Oculus VR, Inc.
OFAC	:	Office of Foreign Assets Control of the United States Department of the Treasury
OFAC Requirements	:	Maintenance of a list of Prohibited Persons and other laws prohibiting conduct of business or engagement in transactions with Prohibited Persons
Offer Information Statement	:	This offer information statement to Unitholders dated 30 October 2018
Parent US REIT	:	Keppel-KBS US Parent REIT, Inc.
Participating Banks	:	The banks as set out in **Appendix F** of this Offer Information Statement
Participating Bank's Foreign Exchange Rate	:	The relevant foreign exchange rates used by each of the Participating Banks to determine the amount of Singapore Dollars payable

Prohibited Persons	:	A list of persons designated as terrorists or who are otherwise blocked or banned by the OFAC pursuant to Executive Order 13224 and other laws
Properties	:	The properties comprising Keppel-KBS US REIT's Enlarged Portfolio
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Authority
Property Managers	:	Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern; CBRE, Inc.; Transwestern Property Company SW GP, L.L.C. dba Transwestern; and PM Realty Group, L.P.
Prospectus	:	The prospectus dated 2 November 2017 in connection with the listing of Keppel-KBS US REIT on the SGX-ST
Purchase and Sale Agreement	:	The purchase and sale agreement entered into on 24 September 2018 between the KORE Buyer LLC and the Vendor in relation to the acquisition of the Westpark Portfolio
Purchase Consideration	:	The purchase consideration of the Westpark Portfolio of US$169.4 million
Purchaser	:	Purchaser and/or transferee of Rights Entitlements
Regulation S	:	Regulation S of the Securities Act
REIT	:	Real estate investment trust
Relevant Entities	:	Comprises the nominees(s) or custodian(s) of KCIH or KBS SORP
Rent Shortfall Amount	:	The amount of US$145,390 to be paid by the Vendor to the KORE Buyer LLC as compensation for the period prior to the commencement of the New Leases with Free Rent
Revolving Credit Facility	:	A three-year committed revolving credit facility for US$50.0 million
Rights Entitlements	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
Rights Issue	:	The issue of new Units on a renounceable basis to Eligible Unitholders on the basis of the Rights Ratio at the Issue Price
Rights Issue Books Closure Date	:	5.00 p.m. on 30 October 2018 being the time and date on which the Transfer Books and Register of Unitholders are closed to determine the Rights Entitlements of Eligible Unitholders under the Rights Issue
Rights Ratio	:	The rights ratio of 295 Rights Units for every 1,000 existing Units standing to the credit of an Eligible Unitholders' Securities Account as at the Rights Issue Books Closure Date

Rights Units	:	The new Units to be issued by the Manager pursuant to the Rights Issue
Seattle MSA	:	Seattle-Tacoma-Bellevue Metropolitan Statistical Area
Securities Account	:	A securities account maintained by a Depositor (as defined in Section 81SF of the SFA) with CDP (but does not include securities sub-accounts)
Securities Act	:	US Securities Act of 1933, as amended
SFA	:	Securities and Futures Act, Chapter 289 of Singapore
SGX-ST	:	Singapore Exchange Securities Trading Limited
Singapore Sub 1	:	Keppel-KBS US REIT S1 Pte. Ltd.
Singapore Sub 2	:	Keppel-KBS US REIT S2 Pte. Ltd.
Sponsors	:	KC and KPA
sq ft	:	Square feet
SRS	:	Supplementary Retirement Scheme
SRS Account	:	An account opened by a participant in the SRS from which money may be withdrawn for, *inter alia*, payment of the Issue Price of the Rights Units and/or, Excess Rights Units
Substantial Unitholders	:	Unitholders with interests in not less than 5.0% of all Units in issue
Take-over Code	:	Singapore Code on Take-overs and Mergers
TERP	:	The theoretical ex-rights price of US\$0.666 per Unit which is calculated as follows:

$$\text{TERP} = \frac{\begin{array}{c}\text{Market capitalisation of} \\ \text{Keppel-KBS US REIT based} \\ \text{on the Closing Price}\end{array} + \begin{array}{c}\text{Gross proceeds} \\ \text{from the} \\ \text{Rights Issue}\end{array}}{\begin{array}{c}\text{Units outstanding immediately after} \\ \text{the Rights Issue}\end{array}}$$

Term Loan Facilities	:	A four-year term loan facility of US\$144.7 million and two five-year term loan facilities of US\$144.7 million and US\$80.0 million respectively
Total Acquisition Cost	:	The total cost of the Westpark Portfolio Acquisition
Trust Deed	:	The trust deed dated 22 September 2017 constituting Keppel-KBS US REIT entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time

Trustee	:	Perpetual (Asia) Limited, as trustee of Keppel-KBS US REIT
UBTI	:	Unrelated business taxable income
Unaudited Financial Statements	:	The unaudited financial statements of Keppel-KBS US REIT for the financial period from 9 November 2017 to 30 September 2018
Underwriting Agreement	:	The management and underwriting agreement entered into between the Manager and the Joint Underwriters on 22 October 2018
Unit	:	A unit representing an undivided interest in Keppel-KBS US REIT
Unit Ownership Limit	:	9.8% of the outstanding Units as computed pursuant to the rules of the IRC
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
Unit Share Market	:	The ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit
United States or US	:	United States of America
Unitholder	:	A holder of Units
US Asset Manager	:	KBS
US Portfolio Interest Exemption	:	An exemption from 30% US withholding tax on distributions from Keppel-KBS US REIT to eligible Unitholders attributable to the interest payments from the Parent US REIT to the BLP pursuant to the loan from the BLP as provided in the IRC and subject to the conditions set forth therein
US REIT	:	An entity that is organised so as to qualify for taxation as a REIT for US federal income tax purposes
US Subsidiaries	:	Keppel-KBS US Properties REIT, Inc., Keppel-KBS Bellevue Technology Center, Inc., Keppel-KBS Plaza Buildings, Inc., Keppel-KBS Iron Point, Inc., Keppel-KBS Westmoor Center, Inc., Keppel-KBS Great Hills Plaza, Inc., Keppel-KBS Westech 360, Inc., Keppel-KBS 1800 West Loop, Inc., Keppel-KBS West Loop I and II, Inc., Keppel-KBS Powers Ferry Landing, Inc., Keppel-KBS Northridge Center, Inc. and Keppel-KBS Maitland Promenade, Inc.
Vendor	:	KBS SOR Westpark Portfolio, LLC
WALE	:	Weighted average lease expiry
Westpark Portfolio	:	The 21 buildings located at 8200 – 8644 154th Ave NE, Redmond, WA 98052, United States

Westpark Portfolio Acquisition	:	The acquisition of the Westpark Portfolio
2017 Tax Legislation	:	The US tax legislation modifying the IRC enacted in late 2017
%	:	Per centum or percentage

For the purpose of this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

The terms "Depositor" and "Depository Agent" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term "subsidiary" shall have the meaning ascribed to it in Section 5 of the Companies Act. Any references to the Manager shall refer to it acting in its capacity as manager of Keppel-KBS US REIT, unless the context of the statement otherwise requires.

Any reference in this Offer Information Statement, the ARE or the ARS to any enactment is a reference to that enactment for the time being amended or re-enacted. Any words defined in the Companies Act, the SFA, the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, the Code on Collective Investment Schemes issued by the Authority, the Property Funds Appendix, the Listing Manual or any modification thereof and used in this Offer Information Statement, the ARE or the ARS shall, where applicable, have the same meaning ascribed to it in the Companies Act, the SFA, the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, the Code on Collective Investment Schemes issued by the Authority, the Property Funds Appendix, the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to dates and to a time of day in this Offer Information Statement shall be a reference to Singapore dates and time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Figures and percentages are rounded to an appropriate number of decimal places, where applicable.

CERTAIN FINANCIAL INFORMATION RELATING TO KEPPEL-KBS US REIT

Selected financial data from the Unaudited Financial Statements including the line items in the statements of total return and distribution statements, consolidated balance sheets and cash flow statements of Keppel-KBS US REIT, is set out in this Appendix. Financial data relating to (i) DPU, (ii) EPU, (iii) EPU after adjustment for the issuance of the Rights Units, (iv) NAV per Unit and (v) NAV per Unit after any adjustment to reflect the issuance of the Rights Units is also set out below.

Such selected financial data should be read together with the relevant notes to the Unaudited Financial Statements, where applicable, which are available on the website of Keppel-KBS US REIT at http://www.kepkbsusreit.com and are also available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement[1].

Save for the Unaudited Financial Statements which are deemed incorporated into this Offer Information Statement by reference, the information contained on the website of Keppel-KBS US REIT does not constitute part of this Offer Information Statement.

	Listing Date to 30 September 2018 US$'000
Consolidated Statement of Comprehensive Income	
Gross Revenue	81,415
Property expenses	(31,699)
Net Property Income	**49,716**
Finance income	66
Finance expenses	(9,085)
Manager's base fee	(3,354)
Trustee's fee	(120)
Fair value change in derivatives	7,131
Other trust expenses	(2,316)
Net income for the period before tax	**42,038**
Tax expense	(3,246)
Net income for the period	**38,792**
Distribution Statement	
Net income for the period	**38,792**
Distribution adjustments	(5,254)
Income available for distribution to Unitholders	**33,538**

1 Prior appointment with the Manager will be appreciated.

	Listing Date to 30 September 2018 US$'000
Consolidated Statement of Comprehensive Income (continued)	
Distribution per unit ("DPU") (as previously reported) (US cents)	5.32
Adjusted DPU (US cents)(1)	4.11
Pro Forma DPU (as adjusted) (US cents)	
– After the Westpark Portfolio Acquisition(2)	4.96
EPU (US cents)	
– Basic and diluted	6.16
Adjusted EPU (US cents)	
– Basic and diluted(3)	4.76
Pro Forma EPU (as adjusted) (US cents)	
– After the Westpark Portfolio Acquisition(4) (basic and diluted)	5.50

Notes:

(1) Adjusted DPU Offer Rights Issue is shown based on:

(i) the average number of Units in issue during the financial period under review; and

(ii) the assumption that the Rights Issue was completed on 9 November 2017 (Listing Date) and without taking into account the use of proceeds from the Rights Issue on the distributions of Keppel-KBS US REIT.

(2) Pro Forma DPU after Rights Issue and the Westpark Portfolio Acquisition has been prepared based on the following assumptions:

(i) adjusted *pro forma* financial information based on the unaudited results for the period from 9 November 2017 (Listing Date) to 30 September 2018;

(ii) the Westpark Portfolio Acquisition and the Rights Issue were completed on 9 November 2017 (Listing Date); and

(iii) 186,236,224 Rights Units were issued at the Issue Price of US$0.500 per Unit.

(3) Adjusted EPU after Rights Issue is shown based on:

(i) the weighted average number of Units in issue during the financial period under review; and

(ii) the assumption that the Right Issue was completed on 9 November 2017 (Listing Date) and without taking into account the use of proceeds from the Rights Issue on the earnings of Keppel-KBS US REIT.

(4) Pro Forma EPU after Rights Issue and the Westpark Portfolio Acquisition has been prepared based on the following assumptions:

(i) the weighted average number of Units in issue during the financial period under review;

(ii) the Westpark Portfolio Acquisition and the Rights Issue were completed on 9 November 2017 (Listing Date); and

(iii) the adjusted pro forma financial information based on the unaudited results for the period from 9 November 2017 (Listing Date) to 30 September 2018.

Consolidated Statement of Financial Position

	30 September 2018 US$'000
Current assets	
Cash and cash equivalents	32,458
Trade and other receivables	3,047
Prepaid expenses	703
Total current assets	**36,208**
Non-current assets	
Derivative asset	7,131
Investment properties	826,153
Investment in subsidiaries	–
Total non-current assets	**833,284**
Total Assets	**869,492**
Current liabilities	
Trade and other payables	21,778
Rental security deposits	764
Rent received in advance	3,571
Total current liabilities	**26,113**
Non-current liabilities	
Borrowings	287,240
Rental security deposits	2,850
Preferred units	125
Deferred tax liabilities	2,897
Total non-current liabilities	**293,112**
Total liabilities	**319,225**
Net assets attributable to Unitholders	**550,267**
Represented by:	
Unitholders' funds	**550,267**
Net assets attributable to Unitholders	550,267
Units in issue ('000) (as previously reported)	631,309(1)
Net asset value per Unit (US$)	**0.87**(1)
Adjustment made for Rights Issue only(2)	
– Adjusted units in issue and to be issued ('000)	817,545
– Adjusted NAV per Unit (US$)	0.79
Pro Forma	
After the Westpark Portfolio Acquisition (taking into account the Rights Issue)	
– Units in issue and to be issued ('000)(3)	820,088
– NAV per Unit (US$)(3)(4)	0.79

Notes:

(1) Based on the unaudited results for the period from 9 November 2017 (Listing Date) to 30 September 2018.

(2) Adjusted for the effects of Rights Issue, based on the assumption that (i) the Rights Issue was completed on 30 September 2018, (ii) 186,236,224 Rights Units were issued at the Issue Price of US$0.500 per Unit, and (iii) the entire gross proceeds of US$93.1 million from the Rights Issue were kept as cash balance for Keppel-KBS US REIT.

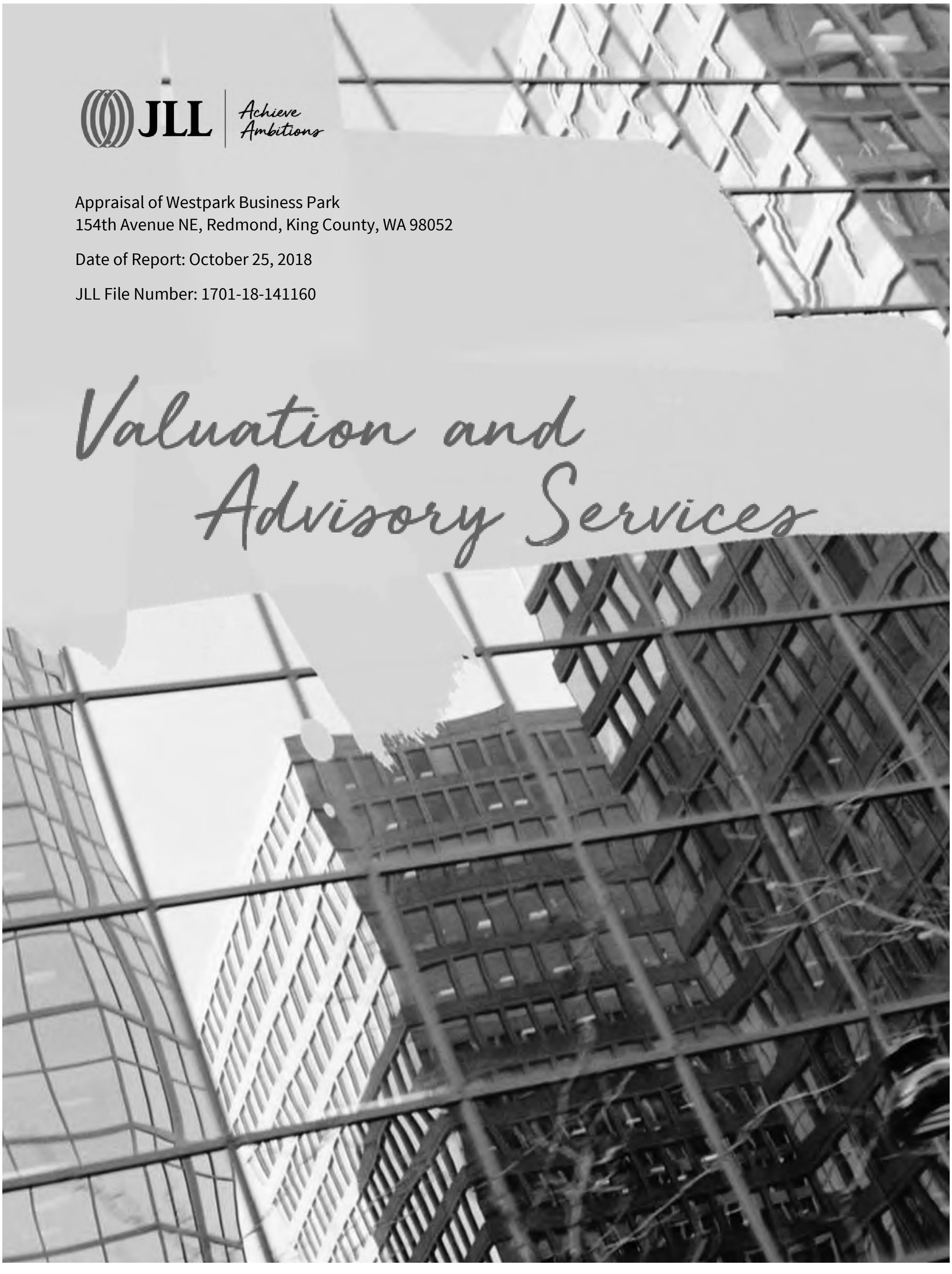
(3) *Pro forma* financial information is based on the unaudited results for the period from 9 November 2017 (Listing Date) to 30 September 2018, as if the Westpark Portfolio Acquisition and the issuance of 186,236,224 Rights Units were completed on 30 September 2018.

(4) *Pro forma* NAV as disclosed above is strictly for illustrative purpose and has been prepared based on the assumption that the Rights Issue was completed on 30 September 2018.

Consolidated Statement of Cash Flows

	Listing Date to 30 September 2018 US$'000
Operating activities	
Net income before tax	**42,038**
Adjustments for:	
Property related non-cash items	(3,406)
Manager's fee paid/payable in Units	3,354
Interest income	(66)
Finance expenses	9,085
Fair value change in derivative	(7,131)
	43,874
Changes in working capital	
Trade and other receivables	(3,394)
Trade and other payables	12,243
Rental security deposits	389
Rent received in advance	1,043
Net cash generated from operations	**54,155**
Cash flows from investing activities	
Acquisition of investment properties and related assets and liabilities	(784,600)
Additions to investment properties	(25,853)
Interest received	66
Net cash used in investing activities	**(810,387)**
Cash flows from financing activities	
Proceeds from issuance of units	553,137
Payment for IPO related expenses	(19,995)
Proceeds from debt financing	289,440
Payment of debt related transaction costs	(2,755)
Proceeds from preferred units	1,625
Redemption of preferred units	(1,500)
Financing expense paid on loans and borrowings	(7,113)
Financing expense paid on preferred shares	(75)
Distribution to Unitholders	(24,074)
Net cash generated from financing activities	**788,690**
Net increase in cash and cash equivalents	**32,458**
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at end of the period	**32,458**

VALUATION CERTIFICATES



JLL | Achieve Ambitions

Appraisal of Westpark Business Park
154th Avenue NE, Redmond, King County, WA 98052

Date of Report: October 25, 2018

JLL File Number: 1701-18-141160

Valuation and Advisory Services

Westpark Business Park
154th Avenue NE
Redmond, WA 98052

JLL
5 Riverway, Suite 200
Houston, TX 77056
Phone: 713-243-3300
Fax: 713-827-8552

October 25, 2018

Keppel-KBS US REIT Management Pte. Ltd. As Manager of Keppel-KBS US REIT
230 Victoria Street
#05-08 Bugis Junction Towers
Singapore 188024

Perpetual (Asia) Limited
(in its capacity as trustee of Keppel-KBS US REIT)
8 Marina Boulevard
#05-02
Marina Bay Financial Centre
Singapore 018981

Re: Appraisal

Westpark Business Park
154th Avenue NE
Redmond, King County, WA 98052

File Number: 1701-18-141160

Dear Sirs:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject property is a business park that consists of 21 office/warehouse buildings built from 1986 - 1992 and contains 781,966 square feet of net rentable area. The site area consists of 41.42 acres or 1,804,255 square feet. The subject property is currently approximately 84% occupied, however, a major lease was just signed by a major technology tenant who will commence in December-2018 and increase occupancy to approximately 95%. The client for the assignment is Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS REIT). This report is to be used in connection with the potential sale of Westpark Portfolio and would be a document for inspection by the public, with a summary of the report to be included in the prospectus to be issued in connection with the sale of the Westpark Portfolio.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	July 31, 2018	$181,400,000

Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. This report is being delivered in connection with that certain engagement letter, dated June 12, 2018 between JLL Valuation & Advisory Services LLC and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT) (the "Agreement"). This report and limiting assumptions are subject to the terms of the Agreement, including without limitation, Section 1.3 of Exhibit B, which states that "The parties agree that this Agreement and all obligations of each party hereunder are subject to applicable law. In the event of a conflict between the terms hereof and applicable law, the applicable law will govern and prevail."

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

It is noted that we did not take into consideration of any free-rent buy-out or/and income support from the major technology tenant. If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

JLL Valuation & Advisory Services, LLC

Kai Pan, MAI
Senior Vice President
Certified General Real Estate Appraiser
WA Certificate #: 1102442
Telephone: (713) 243-3391
Email: kai.pan@am.jll.com

Eric L. Enloe, MAI, CRE, FRICS
Managing Director
Certified General Real Estate Appraiser
WA Certificate # 1102163
Telephone: (312) 252-8913
Email: eric.enloe@am.jll.com

Certification Statement

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. JLL Valuation & Advisory Services is a wholly owned subsidiary of Jones Lang LaSalle, Inc. (JLL). JLL provides agency services for the tenant or owner of the real property. We have no bias with respect to the other JLL entity involved in the subject and are not compensated or penalized in any way for favorable or unfavorable value or outcome with respect to the subject property or other parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
12. The appraisers have not performed any prior services regarding the subject within the previous three years of the appraisal date.
13. Kai Pan, MAI, has made an inspection of the subject property. Eric L. Enloe, MAI, CRE, FRICS has not made an inspection of the subject property.
14. Significant real property appraisal assistance was provided by Travis A. Austin who has not signed this certification.

15. As of the date of this report, Kai Pan, MAI and Eric L. Enloe, MAI, CRE, FRICS have completed the continuing education program for Designated Members of the Appraisal Institute.

Kai Pan, MAI	Eric L. Enloe, MAI, CRE, FRICS
Senior Vice President	Managing Director
Certified General Real Estate Appraiser	Certified General Real Estate Appraiser
WA Certificate #: 1102442	WA Certificate # 1102163

Summary of Salient Facts and Conclusions

Property Name	Westpark Business Park
Address	154th Avenue NE
	Redmond, King County, Washington 98052
Property Type	Business Park
Owner of Record	KBS SOR WESTPARK PORTFOLIO
Tax ID	Various - see Appendix
Land Area	41.42 acres; 1,804,255 SF
Number of Buildings	21
Gross Floor Area (SF)	781,966
Gross Building Area (SF)	781,966
Percent Leased	95%
Year Built	1986 - 1992
Zoning Designation	BP, Business Park
Highest & Best Use - As If Vacant	Business Park Use
Highest & Best Use - As Improved	Continued Use As A Business Park
Exposure Time; Marketing Period	6 - 12 months; 6 - 12 months

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion	Per Sq. Ft.
Market Value As Is	Leased Fee	July 31, 2018	$181,400,000	$231.98

The values reported above are subject to definitions, assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the client and intended users may use or rely on the information, opinions and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions and limiting conditions contained therein.

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. This report is being delivered in connection with that certain engagement letter, dated June 12, 2018 between JLL Valuation & Advisory Services LLC and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT) (the "Agreement"). This report and limiting assumptions are subject to the terms of the Agreement, including without limitation, Section 1.3 of Exhibit B, which states that "The parties agree that this Agreement and all obligations of each party hereunder are subject to applicable law. In the event of a conflict between the terms hereof and applicable law, the applicable law will govern and prevail."

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

It is noted that we did not take into consideration of any free-rent buy-out or/and income support from the major technology tenant.

Part Two

Valuation Approaches			
Cost Approach	Not Applied		
Sales Comparison Approach	Applied		
Income Capitalization Approach	Applied		
Major Tenants	Lease End Date	Total SF	
[Major Technology Tenant]	2/28-2026-7/31/2026	99,067	
Microsurgical Technology	5/31/2020	36,948	
Hellion	7/31/2020	31,371	
Echonous	6/30/2026	30,594	
Micronics, Inc.	11/30/2019	25,360	
Sales Approach			
Number of Sales	5		
Range of Sale Dates	Jul-17 to Jun-18		
Range of Unit Prices	$205.60 to $344.85		
Indicated Value	$187,700,000		
Income Capitalization Approach			
Potential Gross Income at Stabilization	$16,367,826		
Stabilized % Vacancy & Collection Loss	5.00%		
Effective Gross Income	$15,574,435		
Operating Expenses	$4,391,454		
Property Management Fee	$420,510		
Property Tax	$1,085,490		
Net Operating Income	$11,182,980		
Weighted Average Lease Expiry (WALE)	4 Years, 17 Days		
Compounded Rental Growth rate over Holding Period	3.70%		
Implied Initial Yield	5.68%		
Capitalization Rate Applied	6.00%		
Discount Rate Applied	7.50%		
Terminal Capitalization Rate Applied	6.75%		
Property Assessed Value	$108,812,900		
Market Value Conclusion	**$181,400,000**		**$231.98**

Limiting Conditions and Assumptions

1. All reports and work product we deliver to you (collectively called “report”) represent an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
2. The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
3. There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
4. We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
5. The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
6. We assume responsible ownership and competent property management.
7. The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
8. We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.
9. We assume that all engineering studies are correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.

10. We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
11. We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
12. Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
13. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
15. We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.
16. We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
17. We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

18. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
19. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
20. Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
21. In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
22. Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
23. The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
24. We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
25. Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.

26. We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
27. JLL IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL THE LIABILITY OF JLL AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO JLL HEREUNDER.
28. Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
29. We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

CUSHMAN & WAKEFIELD

400 Capitol Mall, Suite 1800
Sacramento, CA 95814
Tel +1 916 473 7396
cushmanwakefield.com

October 25, 2018

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD. (AS MANAGER OF KEPPEL-KBS US REIT)
230 Victoria Street
#05-08 Bugis Junction Towers
Singapore 188024

Perpetual (Asia) Limited (in its capacity as trustee of Keppel-KBS US REIT)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Re: Summary of Valuation

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD. (AS MANAGER OF KEPPEL-KBS US REIT) AND PERPETUAL (ASIA) LIMITED (IN ITS CAPACITY AS TRUSTEE OF KEPPEL-KBS US REIT)
Westpark Portfolio in Redmond, Washington

Cushman & Wakefield File ID: 18-38032-900543-001

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our opinion of Market Value for the properties that comprise the above referenced portfolio.

In the course of this assignment, an individual Appraisal Report was prepared by Cushman & Wakefield for the referenced client. This Valuation Summary includes individual Value Certificate for the property that is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the individual Appraisal Report (including any Extraordinary Assumptions), and these are made in conjunction with those included within the Assumptions and Limiting Conditions section located within this report. **Furthermore, the conclusions summarized in the valuation certificate is based on the data, analyses and conclusions set forth in the individual Appraisal Report, and it is necessary to have our individual Appraisal Report to understand our valuation. The individual Appraisal Report is incorporated into this report by reference and are considered an integral part of this Valuation Summary.** We assume the reader of this report has access to the individual Appraisal Report.

This Valuation Summary, has been prepared in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Code of Ethics and Certification Standards of the Appraisal Institute. As value opinions are communicated herein, this report is presented as a condensed Appraisal Report that briefly summarizes the conclusions set forth in the more comprehensive individual Appraisal Reports for each property. Please refer to the individual appraisals for information regarding each property, their markets and the specific analyses and conclusions for each.

Scope of Work

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below and applies primarily to the individual Appraisal Reports, which are incorporated into this report. Additional scope details are included in the individual Appraisal Reports.

Research

- A Cushman & Wakefield appraiser inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This report is intended to comply with the reporting requirements outlined under USPAP for an Appraisal Report. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute.

This report was prepared by Judson H. Cline, MAI, MRICS with assistance from the individuals cited in the Certification of Appraisal section of this report who were responsible for the preparation of the individual appraisal reports on each property as well as development of the individual opinions of value.

An appraiser with Cushman & Wakefield inspected the properties and prepared the individual appraisals on each property. Please refer to the individual appraisals for each appraiser's Scope of Work, analysis and conclusions. These individuals are mentioned in the Certification of Appraisal section of this report.

Methodology

This individual appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value. Additional details regarding the methodologies employed in our valuation are included in the individual Appraisal Report.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report. It should be noted, that most of the detail identified below is presented in the individual Appraisal Reports, which have been incorporated into this report by reference:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion (if included)

Definitions of Value and Interest Appraised

We developed opinions of the Market Value of the leased fee interest for each property.

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, as well as other sources.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Leased Fee Interest

As ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Identification of Property

The property included in the subject portfolio is located in the Northwest area of the United States in the state of Washington.

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
1	154th Avenue NE & NE 85th Street	A	Redmond	Washington	Seattle/Bellevue	Redmond

Please refer to the Valuation Certificate included in this report as well as the individual Appraisal Report for additional identification details.

Property Ownership and Recent History

Please refer to the individual appraisal report prepared by Cushman & Wakefield, Inc. for the property's ownership entity, sale history, current disposition and information with regard to inspections.

Client, Intended Use and Users of the Appraisal

Client

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD. (AS MANAGER OF KEPPEL-KBS US REIT) AND PERPETUAL (ASIA) LIMITED (IN ITS CAPACITY AS TRUSTEE OF KEPPEL-KBS US REIT)

Intended Use

This Valuation Summary report, along with the individual Appraisal Reports that are incorporated into this report, are to be used in connection with an intended acquisition of the asset and will be a document for inspection by the public, through a circular to be issued in connection with general meeting of unitholders of Keppel-KBS US REIT as well as an offer information statement relating to an offer of units in Keppel-KBS US REIT, including any supplementary documents (if any), related filings, presentations and any materials and disclosures in connection thereto.

Subject to the Additional Conditions set forth below, Cushman & Wakefield of Washington, Inc. will provide a written consent to the issuer in the form as required under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and the Monetary Authority of Singapore to (i) it being named as industry expert, (ii) its report being included in the circular and the offer information statement; (iii) the inclusion in the circular and the offer information statement of statements made by, or statements based on statements made by, the industry expert.

Any consent to the uses identified in the preceding paragraph is subject to the following:

1. Cushman & Wakefield's approval of the reference to the appraisal, such approval not to be unreasonably withheld. Client agrees to pay the reasonable fees of Cushman & Wakefield's legal counsel for the review of the form and content of a Consent Letter, a summary of the reports contained in the Offering.
2. Receipt of a duly executed indemnity agreement from an entity acceptable to Cushman & Wakefield and in the form attached to the letter of engagement from the Client, with the Exhibit A thereto appropriately completed to the satisfaction of Cushman & Wakefield, acting reasonably.

Intended Users

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD. (AS MANAGER OF KEPPEL-KBS US REIT) AND PERPETUAL (ASIA) LIMITED (IN ITS CAPACITY AS TRUSTEE OF KEPPEL-KBS US REIT)

The individual Valuation Certificate follows. **The conclusions summarized in the valuation certificate is based on the data, analyses and conclusions set forth in the individual Appraisal Report, and it is necessary to have our individual Appraisal Report to understand our valuation.**

Respectfully submitted,

CUSHMAN & WAKEFIELD WESTERN, INC.

Judson H. Cline, MAI, MRICS
Senior Director
California Certified General Appraiser
License No. AG027622
judson.cline@cushwake.com
916-473-7396 Office Direct

VALUATION CERTIFICATE – WESTPARK PORTFOLIO, REDMOND, WASHINGTON

Property:	Westpark Portfolio, 154th Avenue NE & NE 85th Street, Redmond, King County, Washington 98052
Client:	Keppel-KBS US REIT Management Pte. Ltd. (as Manager of Keppel-KBS US REIT), and Perpetual (Asia) Limited (in its capacity as trustee of Keppel-KBS US REIT)
Name of Registered Owner:	KBS SOR Westpark Portfolio, LLC
Purpose of Valuation:	Estimate Market Value to be used in connection with the potential sale of the property. The report may be made available for inspection by the public and a summary of the report may be included in public filings made in connection with the sale of the property.
Date of Inspection:	June 18, 2018
Type of Property	Suburban business park.
Property Description:	The subject property consists of a 41.26-acre site that is improved with 782,035 square feet of rentable building area. The improvements consists of 21 Class B office and flex buildings that were built from 1984 to 1992. All of the buildings are considered to be of typical quality for their vintage and to be in good condition as of the date of inspection. 72.7 percent of the rentable area is built out as office space and the remaining space is flex warehouse. Overall, the property is considered to be a desirable Class B asset. The property is currently approximately 87 percent occupied by more than 100 tenants at an average contract rent of $15.68 per square foot.
Building Assessment:	During the course of our site visit, the property was found to be of average quality for its vintage and to be in good condition having been adequately maintained and updated as necessary. The property is located within the Willows area of Redmond, approximately two miles to the north of the Microsoft headquarters and at the center of the Eastside Suburban market. A key factor in its market appeal is its flex warehouse industrial spaces which are valued by many users, particularly start-up technology firms. After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good when measured against other properties in this marketplace.
Surrounding Infrastructure:	The subject is located in a cluster of suburban business parks that are characterized by a significant quantity of high-tech and incubator office/warehouse space. The high-tech and flex components are generally over and above the standard distribution or warehousing space found to the north in the Everett area and to the south in the Kent Valley. The area is surrounded by a variety of uses including residential, recreational, office and light industrial/flex. The primary north/south roadways in the immediate area are Willows Road NE which is located just west of the subject, and Redmond-Woodinville Road NE, which defines the eastern boundary of the neighborhood. The primary east/west roadway is Redmond Way which is located just to the south of the subject and provides direct access to downtown Redmond.

	Major roads in the immediate area include State Highway 520; State Highway 202 (Woodinville-Redmond Road); and Interstate 405. These roadways provide extensive linkages and easy accessibility to surrounding market areas. Access to State Highway 520 is approximately one mile to the southeast of the subject via West Lake Sammamish Parkway NE.
Assessor's Parcel IDs:	022505-9027, 022505-9186, 022505-9187, 022505-9189, 022505-9241, 659980-0010, 659980-0020, 659980-0040, 659980-0080, 659980-0090, 931200-0010, 931200-0020, 931200-0030, 931201-0010, 931201-0020 and 931201-0030.
Property Interest:	Leased Fee Estate
Land Area:	41.26 acres / 1,797,452 square feet
Gross Building Area:	782,035 square feet
Net Rentable Area:	782,035 square feet
Years of Completion:	1982 – 1994
Condition:	Good
City Planning/Zoning:	"Manufacturing Park" by the City of Redmond. Per the Redmond Municipal Code "the purpose of the Manufacturing Park (MP) zone is to provide locations for existing and future manufacturing and industrial uses, particularly those that require significant areas for storage or materials and equipment (both indoors and outdoors), and that are better suited for locations outside of Downtown and Overlake due to site requirements, noise impacts, transportation need, or other considerations.
Income Support:	The appraised values did not take into consideration of the free-rent buy-out or/and income support from the major tech tenant. If the free-rent buy-out or/and income support from the major tech tenant are taken into consideration, the assessed values would be higher.
Tenancy Profile:	The five largest tenants by rentable area as of the date of value are as follows: • Microsurgical Technologies, Inc. (36,948 square feet through May of 2020) • Helion Energy (31,371 square feet through July of 2020) • EchoiNous, Inc. (30,591 square feet through June of 2026) • Miconiocs, Inc. (25,360 square feet through November of 2019) • Wildlife Computers (23,292 square feet through November of 2027)
Assessed Value:	$108,812,900
Capitalization Rate:	6.25%
Terminal Capitalization Rate:	6.75%
Discount Rate:	7.50%
Initial Yield (Implied Cap Rate):	5.76%
Weighted Average Lease Expiration:	3 years, 8 months

Gross Income	$18,148,403
Net Operating Income:	$11,325,622
Operating Expenses:	$6,296,592
Property Management Fee:	$745,041
Property Tax:	$1,101,772
Compound Rental Growth Rate over 5 years and 10 years:	3.0% / 3.0%
Compound CPI Index over 5 yrs and 10 yrs:	3.0% / 3.0%
Occupancy:	87%
Tenant Mix:	The property is currently approximately 87 percent occupied by more than 100 tenants at an average contract rent of $15.68 per square foot. We have been informed that the landlord has agreed to the terms of a lease with a major technology tenant for 99,067 square feet of space in buildings C, M and N. With the commencement of the lease on December 1, 2018 the subject will be at stabilized occupancy. There is approximately 68 percent potential rollover during the first five years of the analysis period and approximately 164 percent during the entire ten-year holding period. This is considered to be typical rollover risk for a property of this type.
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison and Income Capitalization (Direct Capitalization and Yield Capitalization methodologies)
Date of Valuation:	July 31, 2018
Market Value:	$178,000,000, or $227.61 per square foot
Assumptions, Disclaimers:	This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the Appraisal Report for this property, which are made in conjunction with those included within the Assumptions and Limiting Conditions section located within this report as well as any Extraordinary Assumptions. Furthermore, the conclusions summarized in this valuation certificate are based on the data, analyses and conclusions set forth in the individual Appraisal Report and it is necessary to have our individual Appraisal Report to understand our valuation. This valuation is only for the use of the party to whom it is addressed and for the intended use stated in this report. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.
Prepared By:	Cushman & Wakefield of Washington, Inc. Robert D. Taylor, MAI, MRICS, ASA

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- Subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to two millions dollars ($2.0 million). In the event that the Client, or any other party entitled to do so, makes a claim against Cushman & Wakefield or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from Cushman & Wakefield or any of its affiliates or their respective officers or employees shall be subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) limited to two million dollars ($2.0 million) and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification of Appraisal

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- An employee of C&W made a personal inspection of all the properties that are the subject of this report. Judson H. Cline, MAI, MRICS did not make a personal inspection of the property that is the subject of this report.
- Please refer to the individual report which specifies whether C&W has provided prior services regarding the subject properties within the past three years.
- The individuals noted below provided significant real property appraisal assistance to the persons signing this report. These individuals are licensed in the states where the properties are located, inspected the properties, performed all the due diligence and market research, developed the individual property values, and/or reviewed the individual reports. These individuals are as follows: Rob Taylor, MAI, MRICS, ASA.
- As of the date of this report, Judson H. Cline, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.

Judson H. Cline, MAI, MRICS
Senior Director
California Certified General Appraiser
License No. AG027622
judson.cline@cushwake.com
916-473-7396 Office Direct

INDEPENDENT MARKET RESEARCH REPORT

INDEPENDENT MARKET RESEARCH REPORT

An independent review of office markets
As of June 30, 2018

United States Office Market

and

The Seattle/Bellevue Market

Prepared For:

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD. (AS MANAGER OF KEPPEL-KBS US REIT) AND PERPETUAL (ASIA) LIMITED (IN ITS CAPACITY AS TRUSTEE OF KEPPEL-KBS US REIT)

Prepared By:

Cushman & Wakefield Western, Inc.
Valuation & Advisory
400 Capitol Mall, Suite 1800
Sacramento, CA 95814
Cushman & Wakefield File ID: 18-38032-900543-001

Table of Contents

National Overview – United States of America

Overview

U.S. economic growth slowed slightly in the first quarter of 2018 as consumers paused. Overall U.S. gross domestic product (GDP) increased at a 2.3% annual rate for the quarter, down from the average of 3.0% in each of the preceding three quarters. U.S. GDP growth has tended to slow in the first quarter in recent years despite seasonal adjustment, so this moderation in growth is not a cause for concern. Consumer spending did slow abruptly in the first quarter, rising at an inflation-adjusted 1.1% annual rate, the slowest increase in nearly five years, since the second quarter of 2013. A decline in motor vehicle sales was the main reason for the slowdown. But it appears consumers were just taking a breather after a very strong increase in Q4-17. While spending growth was moderate, income grew strongly. Real (inflation-adjusted) after tax income increased at a solid 3.4%, the fastest pace since Q2-2015. In addition, consumers are expected to feel the effects of the tax cut passed in December. This combination of income growth and lower taxes gives households the wherewithal to raise spending in the months ahead.

The following graph displays historical and projected U.S. Real GDP percent change (annualized) from 2009 through current:

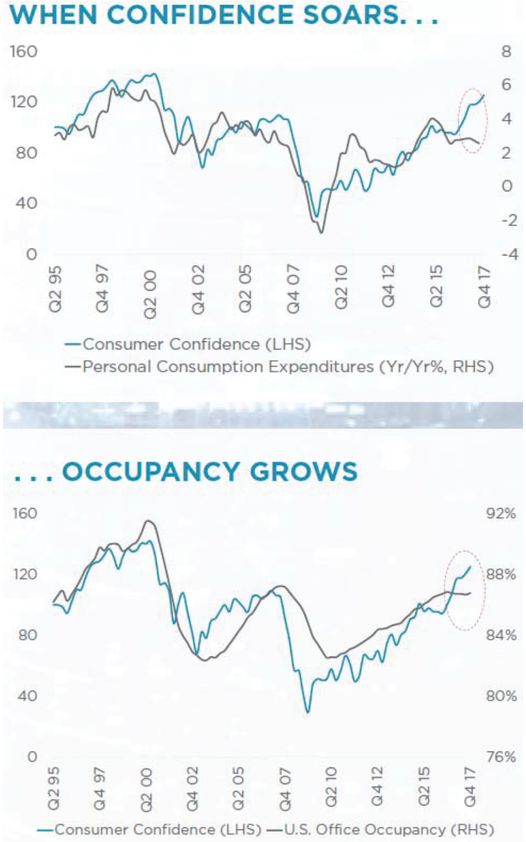
Source: Bureau of Labor Statistics

Other indicators of economic performance and sentiment remain strong. Both consumers and businesses remain very optimistic about the economy. During the first quarter consumer confidence as measured by the Conference Board reached its highest level since the dot com boom in 2000. Consumers believe the economy is strong and jobs are plentiful. Businesses are also optimistic as the full impact of the tax law changes could be seen in strong profit growth.

The property markets have downshifted most recently. While still positive, absorption levels trended lower in Q1 2018 compared to a year-ago. Retail and office markets have seen the fastest deceleration, off some 30-40%, while industrial and multifamily markets are holding up better but still slowing. This most likely reflects the lagged relationship between commercial real estate (CRE) and the economy. Businesses pumped the brakes in the fourth quarter of 2016, slowing hiring, as they digested the election results along with the sharp rise in treasury yields. Since then, interest rates have settled back down, businesses have generally continued to post profits, and confidence has soared. The demand metrics for commercial real estate space will soon pull out of their latest slump. Investment sales also cooled off in Q1 2017. But with capital at record levels and volatility trending towards fearless levels, investment sales, too, are poised for a rebound.

Business Trends

The U.S. economy entered 2018 with very strong fundamentals and a lot of momentum. The latest economic data— on consumer spending, global trade, various manufacturing indices, and other metrics—send a clear signal that the U.S. economy is poised for greater growth. In addition, the labor market continue to crank out new jobs. Last year, the U.S. economy created 2.1 million net new nonfarm payroll jobs, more than 700,000 of which were in office-using sectors. The unemployment rate ended 2017 at 4.1%.Significantly, the economic expansion also became more broad-based in 2017, with both emerging economies and advanced economies growing in unison. Nearly 80% of the world is now sharing in this acceleration. The Baltic Dry Index—a reliable proxy of global trade—is hovering at its highest level in three years.



Source: The Conference Board, U.S. Bureau of Economic Analysis, Cushman & Wakefield Research

This optimism is most evident in the measures of confidence. Both consumers and businesses are feeling as positive about the economy as they have in nearly 20 years. The Conference Board's Consumer Confidence Index has been hovering in the 120 range since last summer. The National Federation of Independent Business's (NFIB) Optimism Index confirms similar upbeat sentiment.

Confidence is a critically important economic indicator for the commercial real estate industry. When consumers are confident, they spend more. That, in turn, boosts business profits, which creates jobs, ultimately translating into demand for commercial real estate space. Although consumer spending has been reasonably healthy throughout this expansion, it has not been overly robust. Personal consumption expenditures are growing at a rate of 2.5% annually—a healthy pace, indeed. But current confidence indicators, along with the wealth effect from higher home and equity values, suggest that consumer spending could be higher. Greater consumer spending could, given the above factors, result in an upside scenario of a 4% real GDP growth number. In general, when GDP is strengthening, so too are property markets.

The labor market is one of the largest risk factors to the commercial real estate outlook. The U.S. economy generated 2.1 million jobs in 2017—a sixth consecutive year of at least 2 million job gains—but a clear deceleration from the 2.9 million in 2015 and the 2.5 million in 2016. Based on the job openings data, demand for labor remains very robust. Demand is not the issue; finding labor talent is. The unemployment rate ended 2017 at 4.1% —below what most consider the level of full employment, estimated at 5%. The U-6 measure—known as underemployment—ended 2017 at 8.1%. These rates are among the lowest for the last 50 years. The NFIB reports that businesses are having the most difficult time filling positions since 2000. Wage pressures are also forming. The employment cost index increased by 2.5% in 2017, and is expected to continue to accelerate.

Labor Markets

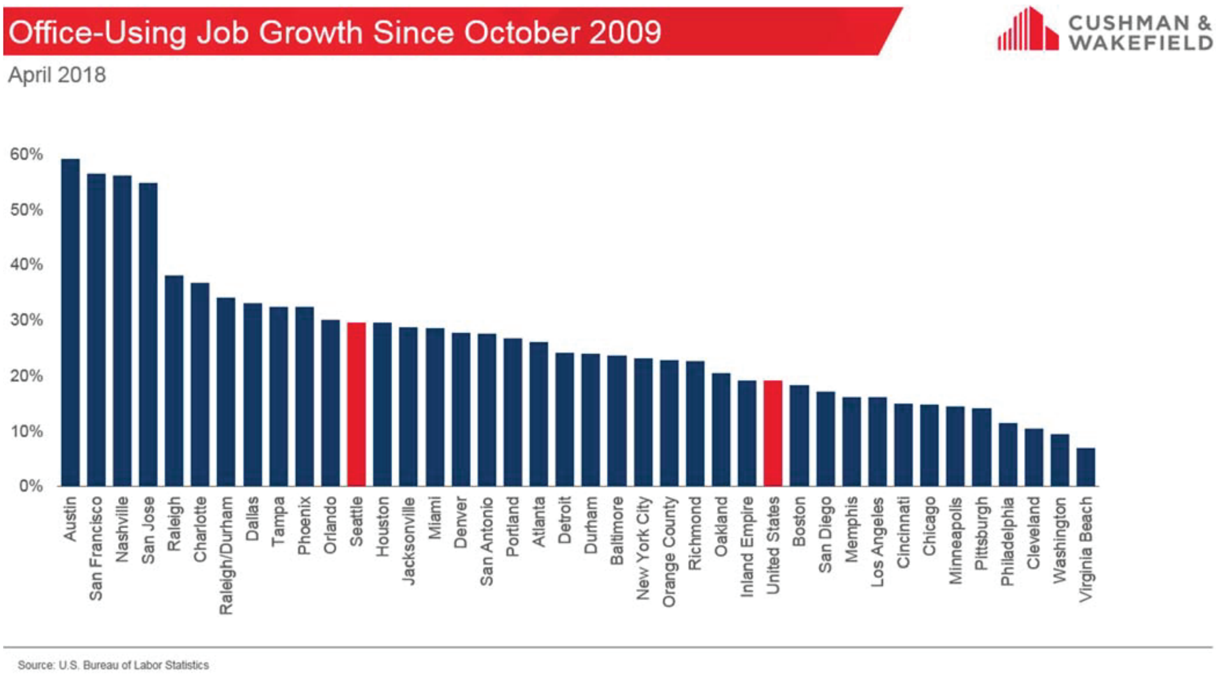
Total Employment

Employment in the U.S. grew more in 2017 than initially thought. Over the course of the year, the U.S. economy added 85,000 more nonfarm payroll jobs than earlier estimates indicated. In terms of income alone, an additional 85,000 jobs averaging an annual income of $50,000 would add approximately $4.0 billion in aggregate personal income.

That's a relatively modest upward revision, but it may indicate that the U.S. economy also grew a bit faster in 2016 than initially thought. The employment revisions will feed into revisions in real gross domestic product (GDP) this summer, and could mean that GDP growth was a little stronger than originally estimated.

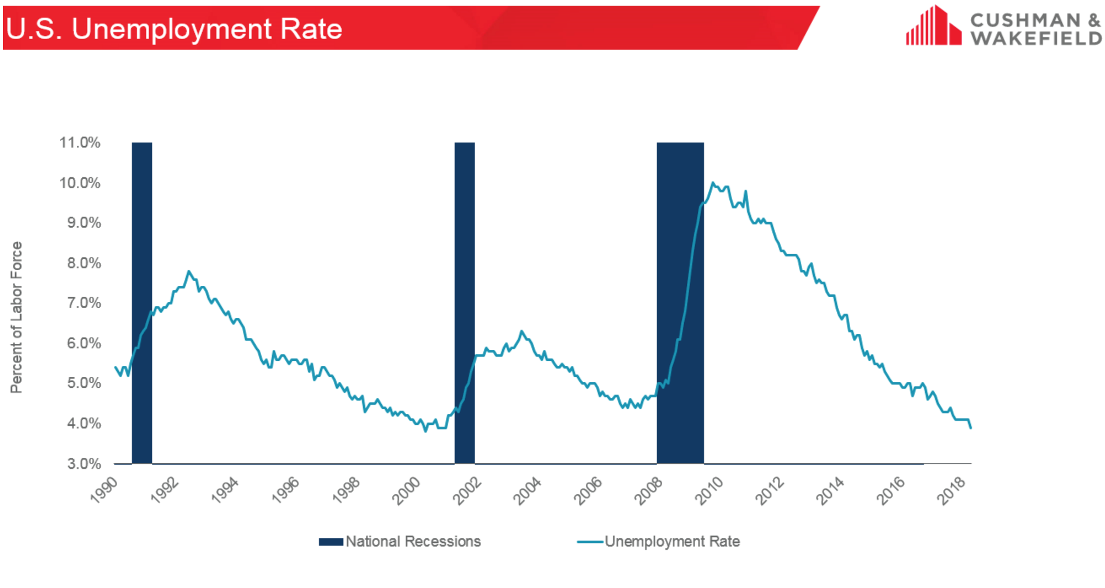
But it is at the regional level that the shifts are more pronounced. Of the top 42 U.S. metropolitan statistical areas (MSAs) tracked, several experienced greater employment growth than earlier estimated, including San Francisco (+27,200 jobs), Phoenix (+24,700) Atlanta (+19,500) and Charlotte (+16,200). At the other end of the spectrum, there were cities that did not experience as much employment growth as first reported. Please note, employment in these cities did not decline; it just didn't grow as much as earlier estimated. Among the cities where employment growth was revised downward were Denver (-20,400), Chicago (-22,500), DC Metro (-27,700) and St. Louis (-27,900).

Throughout the current economic expansion, technology-driven local economies have performed well. There did appear to be a slowing recently, but in light of the new benchmark revisions, job growth in such bellwether metros as San Francisco and Austin remained healthy. In addition, employment in several demographically driven metro areas like Phoenix and Atlanta also appears to have picked up. Meanwhile, some Northern cities like Boston, Chicago and New York did not add jobs quite as rapidly as first estimated. As shown in the following chart, many of the subject markets experienced upward movement in office-using job growth for 2016.



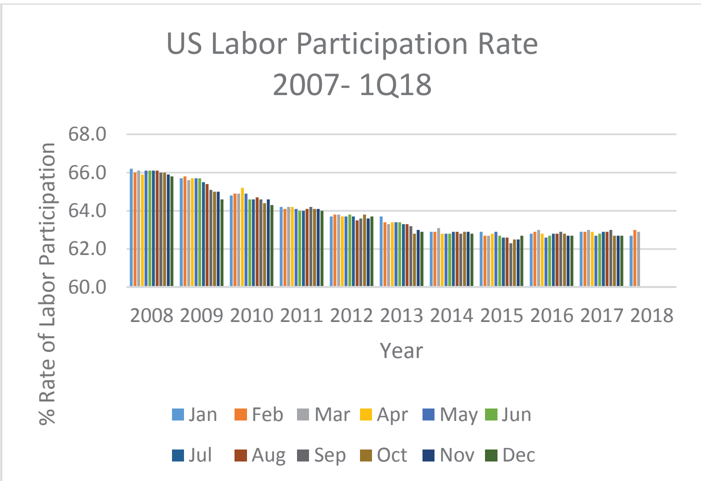
Unemployment

The unemployment rate remained flat at 4.1% in the first quarter as more people entered the labor force offsetting the growth in employment and keeping the rate unchanged. Unemployment remains at the lowest level since the early 2000s, and this labor market tightness is boosting wages, but slowly. As of March, average hourly earnings had increased 2.6% from a year ago, roughly in line with its pace a year ago. These trends are clearly depicted in the following graphic.



Source: U.S. Bureau of Labor Statistics

The following chart shows that the labor participation rate edged down, meaning there were fewer people in the civilian labor force. The US Labor Participation Rate is at a very low point because so many workers have left the work force (whether for age, job training, etc.). The expectation is that as the economy continues to grow, many of these people would come back into the work force relieving much of the pressure from the current low unemployment rate. This seems to be the case as there has not been significant wage pressure to date. Economists expected workers to be in short supply this year and for hiring to slow. So far, the opposite has happened. The pace of hiring has accelerated compared with the average for all of 2017.



Source: US Bureau of Labor Statistics

Job Creation

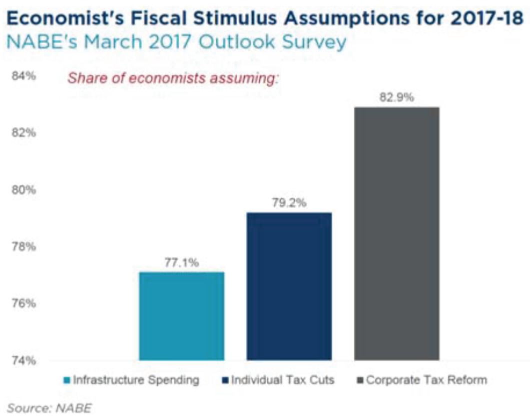
Job growth, a key metric for the commercial real estate sector remains strong. In the first quarter, the U.S. economy added an average of 212,000 jobs per month, on a par with the 221,000 jobs added in the fourth quarter, and strong, by any historical measure. Employment in the key office-using sectors (financial, professional and business services and information) averaged 54,000 per month, up from 42,000 per month in the preceding quarter. One highlight of Q1 labor markets was the increase in employment in the retail sector. A year ago retail employment was in free fall, dropping 31,000 jobs in the first quarter of 2017. This year the economy added 64,000 retail jobs in Q1. Part of this increase may be due to seasonal adjustment as retail employment did not increase as much in Q4 2017 as in previous years, so there were fewer job reductions in Q1 2018. Nevertheless, employment wise, the retail sector appeared in better shape in the first quarter. Buoyed by strong growth in manufacturing, total employment in industrial related sectors (warehouse, transportation and manufacturing) increased by 113,000 in Q1, with manufacturing accounting for the bulk of this growth (+73,000). E-commerce-related distribution employment also grew strongly.

Political Climate

The Trump Administration has spotlighted several priorities that affect economic/ commercial real estate forecasts directly: tax reform and/or tax cuts (for both corporations and individuals), a repeal or replacement of the Affordable Care Act (ACA), renegotiation of major trade agreements, increases in specific discretionary spending categories (defense and infrastructure) and the unwinding of or revisions to certain regulations (i.e., Dodd-Frank).

Given the current political environment, any change in policy is far from certain. Still, over 80% of economists surveyed by the National Association of Business Economics believe that some policy changes will be enacted, although likely watered-down to gain bipartisan support (particularly in the Senate). In addition, the results of any policy changes will need to maintain or come close to deficit neutrality—a requirement for most legislation if it is expected to become permanent. In our baseline scenario, we assume government spending and investment—actual outlays— will increase by an additional $70 billion over the next two years, with nearly 40% of that increase going to defense. The fastest growth is expected to occur in 2018 when overall government spending will grow at a 2.5% annual rate.

The likelihood of any changes being made to tax rates or tax policy is even less certain. Our forecast anticipates the effective corporate tax rate—that is, the tax rate actually experienced by firms—to decline from 20.2% in 2016 to 16.9% over the 10 years. That is the equivalent of about a $500 billion tax cut. It also assumes that personal income tax reform will not occur until 2018.



One potential dark cloud over this generally rosy economic outlook was the Trump Administration's push to raise tariffs on foreign produced steel and aluminum and potentially many other products. Although most of the tariff increases may not be implemented, the anti-free-trade rhetoric of the Administration has dampened enthusiasm, particularly in financial markets, where the rise in equity markets has stalled out. While we remain optimistic on the U.S. economic outlook, there potentially negative developments need to be monitored closely.

Implications for Commercial Real Estate

Office

Although headline office-using job growth reaccelerated in 2017 to 707,000 from 688,000 in 2016, we expect it to decelerate as broader momentum in labor markets faces the headwinds that accompany tight unemployment. High-tech job growth, another major driver of both traditional office and Flex/R&D space, will mimic this path. The office sector is facing a number of underlying dynamics that will slowly but surely start to push vacancy rates higher.

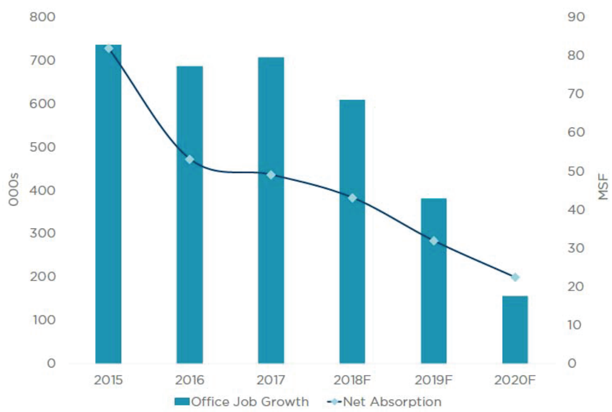
Demand for office space has already begun to decelerate. It peaked at 81 msf in 2015, slowed to 53.2 msf in 2016, and then to 49.1 msf in 2017. Some of that is due to the density trend—fewer square feet per worker—while some is due to slowing job growth in the major office-absorbing markets, including New York, Los Angeles and San Francisco. Some fall-off of demand is simply due to the maturity of the cycle which has businesses taking a more cautious approach. Our forecast calls for 1.1 million new office-using jobs to be created over the next three years—roughly half the 2.1 million-job pace from 2015 to 2017.

Leasing activity remains robust, although absorption rates are compressing in the office sector. In 2017, new leasing activity totaled 314.5 msf—the first time during this cycle that the 300 msf threshold was surpassed. Notably, new leasing volume rose across all regions from 2016 to 2017. The high-tech, business services, financial services and healthcare/life sciences sectors drove the largest deals. Government, legal, insurance, creative, energy and media industrial accounted for less than 10% of major deal activity, with creative and media contributing relatively less compared to 2016.

Slowly rising vacancy rates, particularly in the nation's CBDs, will become a key theme over the next few years. We expect 2018 to be the peak of the development cycle for the office sector, with just over 68 msf set to deliver. Although that level will fall off as construction and labor costs rise, new supply will be increasingly driven by secondary markets, with an additional 97.9 msf delivering by 2020. Preleasing activity remains healthy if not robust in many new developments; so most of the risk for the office sector will be concentrated in backfilling commodity Class A and Class B space. Going forward, in general, look for markets with little new space under construction to outperform those with a lot. Suburban submarkets offering a range of amenities as well as public transit are well positioned to capture demand.

Rent growth will come under pressure over the forecast horizon. Asking rent increases peaked in 2016 at 5.3% and are now on a decelerating path in most markets. Concession packages are already becoming more aggressive in certain markets such as Manhattan and Washington, DC, and are expected to rise in other delivery-heavy markets. Rents will also be under pressure as more lower priced Class B space comes to the market. Both of these features will contribute to the deceleration in asking rents.

OFFICE-USING JOB GROWTH VS. NET ABSORPTION

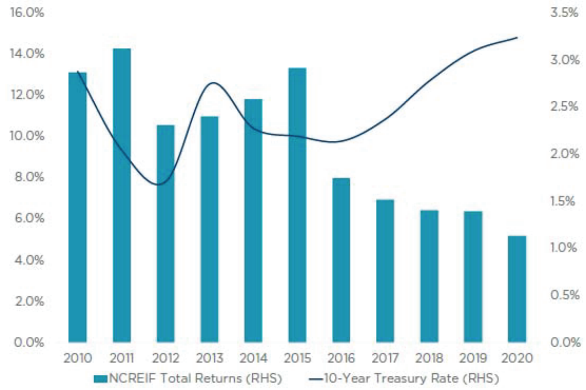


Source: U.S. Bureau of Labor Statistics, Cushman & Wakefield Research

Capital Markets

Commercial property investment markets ended 2017 on a solid note despite beginning the year with elevated economic and political uncertainty. Record low interest rates, though climbing recently, have continued to fuel a search for yield that is drawing capital into commercial real estate from other asset classes and from other countries into the U.S. Meanwhile, compressed cap rates in certain product segments and markets within U.S. commercial real estate are increasingly pushing investors towards new strategies. These strategic rotations have gained momentum as investors have become more confident about the outlook for the continuance of the current economic and commercial real estate expansionary cycle.

HIGH INTEREST RATES EXPECTED TO MODERATE RETURNS



Source: NCREIF, Federal Reserve, Cushman & Wakefield Research

FORECAST SNAPSHOT

	2018	2019	2020
Investment Sales	$450.8	$421.4	$406.3
NCREIF Returns	6.7%	6.4%	5.2%
All Property CPPI Price Index	6.0%	5.5%	2.3%

Last year ended where we had anticipated: with total volumes down by 6.7%. We expect 2018 to be a stable year. While some investors (institutions) are getting off of the sidelines, many are reaching into secondary markets, suburbs and industrial assets that tend to have a lower nominal value than their CBD and gateway counterparts. The majority of transaction activity will continue to be in core properties. But elevated pricing spreads, large amounts of dry powder and enhanced risk appetite should translate to increased transaction activity by opportunistic and value-add investors. There could be a meaningful increase in the number of deals in 2018, but fewer big-ticket transactions mean volumes will be roughly flat. The upside risk to our forecast is some investors may seek to take advantage of current pricing to liquidate assets. As interest rates increase, this may become more likely as refinancing will become less attractive. At the same time, the shift towards lower individual asset value strategies could result in greater portfolio volumes to meet minimum investment requirements of institutions.

Record levels of dry powder are aimed at U.S. commercial properties. As of January 2018, Preqin reports there is $164 billion targeting U.S. assets by closed-end funds. At current levels, investors are having increased difficulty deploying the capital they have. They will continue to face the challenge of investing that capital in an environment of rising interest rates domestically and internationally over the coming years.

Most cap rates either remained flat in 2017 or compressed between 10-20 bps, depending on the sector. Across the board, cap rates sat tight at 6.1%. Industrial remained the stand-out sector, with values rising sufficiently to push cap rates down more than 20 bps—from 6.9% to under 6.7% over the same timeframe. Nevertheless, with spreads at current levels, rising interest rates and the stage set for greater inflationary pressure, price appreciation will occur at a slower rate.

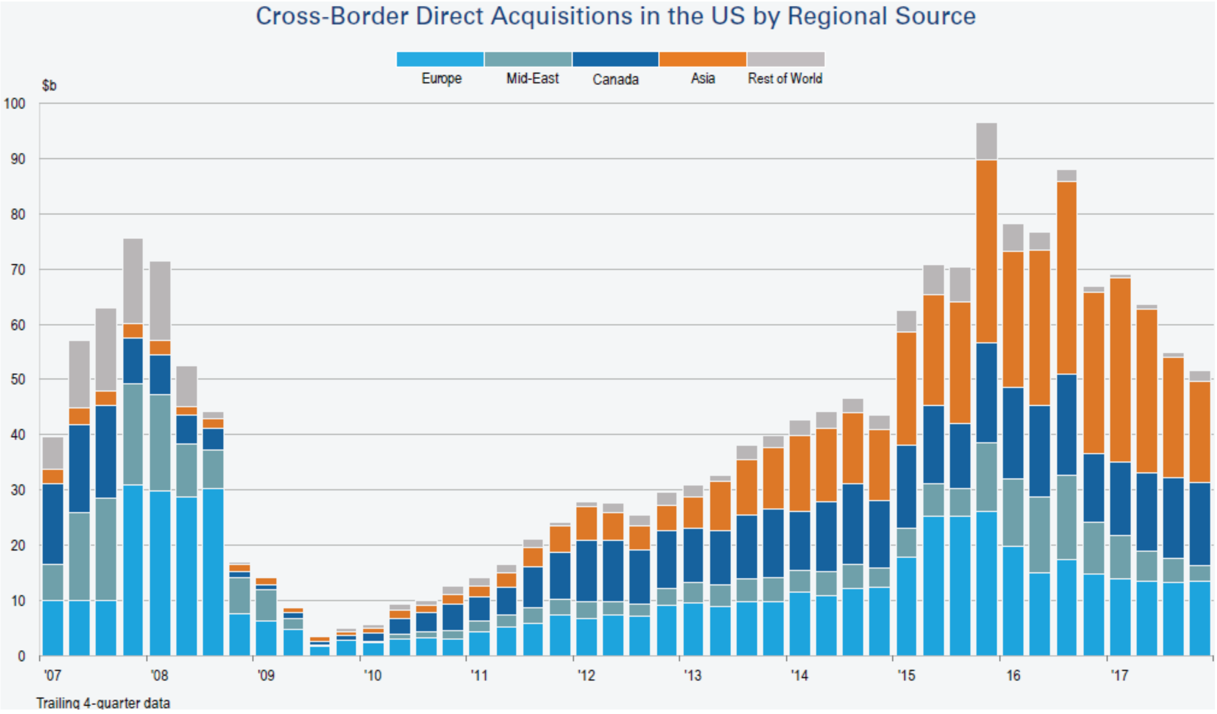
The focus for 2018 remains on maximizing returns from income growth. Only some upside risk exists for NOI returns which are likely to remain low or tempered in the face of new construction, rising vacancies and slowing rent growth. Combined with slowing appreciation, NCREIF total returns are forecast to moderate from 7.0% in 2017 to 6.4% in 2018 before compressing further. These returns are consistent with an economy that is running at full capacity but with lower growth rates than in the past. Similar decelerations would be expected across other growth sensitive asset classes.

Offshore Investment

Canadian investors were the largest investor group in the 12 months through the first quarter of 2018. These investors claimed almost one-third of all cross-border acquisition volume in the U.S. Singaporean investors were the third largest group.

Manhattan was the top target of cross-border buyers in the 12 months through Q1'18, garnering more than $8 billion in cross-border deal volume. Houston, Los Angeles and Washington DC were in the following pack, each claiming approximately $3 billion in sales volume.

Industrial deals involving overseas buyers grew 97% year-over-year for the 12 months through Q1'18. Most of this growth was driven by the GLP buyout. CBD office and apartment were the most sought after property sectors overall.



Source: RCA Analytics

Conclusion

Predicting the future has seldom been more difficult. Any policy promises that Congress keeps may lead to a stronger near-term outlook which would bolster demand for real estate space. However, it may also cause the trajectory for U.S. interest rates to steepen which in turn will likely affect the pace at which the Federal Reserve's Open Market Committee raises interest rates. Job growth, positive and still quite robust, will slow as the unemployment rate pushes lower. All asset categories will see tempering demand meeting deliveries, beginning a gradual upward swing in vacancy. With the exception of retail, assets will likely see rent growth remaining strong in 2018 before slowing in 2019. And capital markets volumes will buck any uptick in interest rates, with sales activity declining over the next two years but holding at a healthy pace. Real estate returns, driven largely by trends in pricing, will moderate over the near-term as well, but will remain competitive vis-à-vis alternatives.

All and all, upside risks more than offset the downside risks to our outlook. As we assess the future trajectory of the property markets, the positives comfortably outweigh the negatives. We may be entering into the final stage of the U.S. expansion, but that doesn't mean the final stage can't go for a lot longer.

U.S. MACRO FORECAST TABLE

	2015	2016	2017	2018	2019	2020
U.S. Economy						
Real GDP, AR%	2.9	1.5	2.3	2.7	2.1	1.9
Nonfarm Employment Change, Ths.	2,876	2,492	2,140	2,019	1,221	455
Office-using Employment Change, Ths.	737	688	707	610	381	155
Unemployment Rate, %*	5.3	4.9	4.4	3.7	3.5	4.1
CPI-U Inflation, Yr/Yr%*	0.1	1.3	2.1	2.2	2.2	2.2
Core PCE Inflation, Yr/Yr%*	1.3	1.8	1.5	1.8	2.0	2.1
ECI Total Wages & Salaries Index, Yr/Yr%*	2.2	2.3	2.5	2.8	3.0	2.7
Fed Funds Rate, % (Year-end, Q4)	0.2	0.4	1.2	2.0	2.9	2.9
10-year Treasury Rate, % (Year-end, Q4)	2.2	1.6	2.2	2.7	3.0	3.2
Retail Sales & Food Services, Yr/Yr%*	2.6	3.0	4.6	5.2	3.5	2.5
GAFO Retail Sales, Yr/Yr%*	1.7	-0.1	1.8	4.5	3.3	3.2
eCommerce Sales, Yr/Yr %*	14.0	14.9	15.8	16.4	13.0	10.3
Manufacturing Industrial Production, Yr/Yr %*	0.2	0.2	1.7	2.3	1.7	1.6
Office Sector [1]						
Deliveries, msf	51.8	52.4	54.7	68.4	55.6	42.3
Net Absorption, msf	82.0	53.2	49.1	43.1	31.9	22.4
Vacancy Rate	13.8%	13.2%	13.2%	13.5%	13.8%	14.1%
Asking Rents	$27.68	$29.16	$30.41	$31.64	$32.65	$33.26
Growth in Asking Rents, Yr/Yr %	3.3%	5.3%	4.3%	4.0%	3.2%	1.9%
Industrial Sector [1]						
Deliveries, msf	176.9	233.0	246.1	249.5	220.1	208.3
Net Absorption, msf	247.8	281.7	246.3	232.3	200.3	180.5
Vacancy Rate	6.6%	5.7%	5.2%	5.3%	5.4%	5.5%
Asking Rents	$5.31	$5.54	$5.75	$5.92	$6.06	$6.14
Growth in Asking Rents, Yr/Yr %	6.0%	4.2%	3.9%	3.0%	2.4%	1.3%
Retail Sector [1/2]						
Deliveries, msf	27.5	25.0	21.8	18.0	11.3	8.9
Net Absorption, msf	41.7	38.3	34.1	6.3	3.9	-0.3
Vacancy Rate	7.9%	7.5%	6.9%	7.0%	7.1%	7.3%
Asking Rents	$15.69	$15.98	$16.45	$16.84	$16.94	$16.81
Growth in Asking Rents, Yr/Yr %	1.1%	1.9%	2.9%	2.4%	0.6%	-0.8%
Capital Markets [3]						
Total Investment Sales, $ Bil.	$547.1	$497.1	$463.9	$450.8	$421.4	$406.3
NCREIF Unlevered Returns, AR%	13.3%	8.0%	7.0%	6.7%	6.4%	5.2%
Moody's/RCA CPPI (All Property Types), % (Year-end, Q4)	10.6%	9.1%	7.0%	6.0%	5.5%	2.3%

1. Annual asking rents and vacancy rates are averages, not year-end
2. Historical series based on CoStar; Shopping Centers Only (excludes stand-alone and urban retail)
3. Total investment sales includes office, industrial, retail, multifamily, hotel, and land sales

* Annual Average

Sources: Moody's Analytics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, U.S. Board of Governors of the Federal Reserve System, CoStar (retail only), Real Capital Analytics NCREIF, Cushman & Wakefield Research

National Office Market

Overview

Most national economic indicators are at their strongest point in this expansion cycle, and consequently, as are the fundamentals of the U.S. office market. In the 87 office markets tracked by Cushman & Wakefield, overall average asking rent, at $30.65 per square foot (psf), is near its cyclical high, representing an increase of 1.9 percent on an annual basis but 0.2 percent behind the overall average asking rent for fourth quarter 2017. At 11.8 million square feet, new construction completions outpaced net absorption, contributing to the modest rise in the national vacancy rate from 13.1 percent in fourth quarter 2017 to 13.3 percent in first quarter 2018. According to Real Capital Analytics, the value of office properties are above the 5-year average, and cap rates fell during the quarter.

The U.S economy experienced slower growth in the first quarter of 2018. Overall U.S. gross domestic product (GDP) increased at a 2.3 percent annual pace for the quarter, according to the initial estimate from the Bureau of Economic Analysis. U.S. GDP growth has tended to slow in the first quarter in recent years despite seasonal adjustment, so this moderation in growth is not a cause for concern.

The following summarizes key points regarding employment, according to the Bureau of Labor Statistics:

- Overall unemployment rates have tightened as the nation closes in on full employment. At the end of first quarter 2018, the national unemployment rate, at 4.1 percent, was unmoved from year-end 2017.
- The U.S. market added an average of approximately 212,000 jobs per month in first quarter 2018, ahead of the average of 182,000 jobs per month in 2017. In February 2018, the market added roughly 324,000 new jobs, the highest monthly total since July 2016. The jobs added in March, at 135,000, offset progress made earlier in the quarter.
- The office-using sectors added an average of roughly 54,300 jobs per month in first quarter 2018. Office-using employment growth was ahead of the 47,000 new jobs per month recorded in 2017. The trend of strong office-using employment growth that has been seen throughout this cycle.
- In the office-using industries, employment in the professional & business services sector added an average of 46,000 per month in first quarter 2018. The financial activities industry registered an average of over 12,000 jobs added per month, while the information industry averaged a decrease of 3,700 jobs per month for the year.
- Job growth is a critical component of determining demand for office space. The national U.S. unemployment rate has gradually declined since 2009, and office-using employment has been one of the biggest gainers during this expansion period. Office-using employment now makes up 21.7 percent of all nonfarm payroll jobs in the U.S.

National Office Market Statistics

Vacancy

At the end of first quarter 2018, the national office market overall vacancy rate was 13.3 percent, increasing 10 basis points year-over-year. The large amount of space consistently being delivered to the market in recent quarters has limited progress made through job gains and leasing activity. Payroll employment, a key driver of the office market, expanded on a year-over-year and quarterly basis in first quarter 2018. Particularly the professional & business services sector, which added 502,000 jobs over the past twelve months, increasing the demand for office space. The U.S. economy is expected to continue to add jobs, influencing the demand for office space throughout 2018.

Notable points include:

- The CBD national office market's overall vacancy rate was 12.2 percent at first quarter 2018. This is unchanged from the fourth quarter and dropped 20 basis points year-over-year. The Tucson, AZ market recorded the lowest overall vacancy rate within the CBD markets, at 3.4 percent, declining 3.4 percentage points year-over-year.
- The suburban national office market's overall vacancy rate, at 13.8 percent, declined 20 basis points on a quarterly and year-over-year basis. Within the suburban national office market, the San Francisco market recorded the lowest vacancy rate, at 4.6 percent, a year-over-year decline of 1.8 percentage points.
- Vacancy rates are challenged by changes in the workplace environment, including denser, more "collaborative" office space usage and new technology platforms. Net absorption will have to improve in order to offset the vacancy created by the large quantities of office space hitting certain markets throughout the year.

Asking Rents

Coinciding with the increased demand and somewhat low national vacancy rates, the national average asking rent has consistently climbed in value, reaching a new high at year-end 2017. At $30.65 psf in first quarter 2018, the national weighted average declined 0.2 percent over the previous quarter, the first decline in total rent since second quarter 2011. Despite the overall decline, the average rent increased on a year-over-year basis and 45 of the 87 markets tracked by Cushman & Wakefield experienced an increase in rents during first quarter 2018. In addition, major markets like Midtown Manhattan, San Francisco, Midtown South Manhattan, Downtown Manhattan and Washington D.C., continue to record asking rents above $50.00 psf, on an annual basis. As the national office market anticipates a modest increase in vacancy rates due to greater supply in the next 12 months, this will likely moderate the growth of overall average asking rents.

Further considerations include:

- The region with the fastest rent growth was the South, asking rents increased 0.8 percent quarter-over- quarter. The Northeast and West regions reported quarterly declines of 1.2 and 1.1 percent, respectively.
- The CBD office market continues to record higher asking rents than the suburban office market. The CBD national office overall average asking rent was $41.19 psf, a 0.1 percent increase from fourth quarter 2017. The suburban national office overall average asking rent, at $26.35 psf, dropped 0.2 percent from the average asking rent recorded in fourth quarter 2017.
- Within the CBD national office market, the Midtown Manhattan market recorded the highest average asking rent of $77.06 psf. However, the Palm Beach, FL CBD market experienced the largest average rental increase, jumping 13.3 percent over fourth quarter 2017.

- The San Francisco market, within the suburban national office market, recorded the highest overall average asking rent of $64.11 psf in first quarter 2018. The Orange County, CA suburban market increased 6.9 percent over fourth quarter 2017, the highest quarterly change in the suburban national office market.

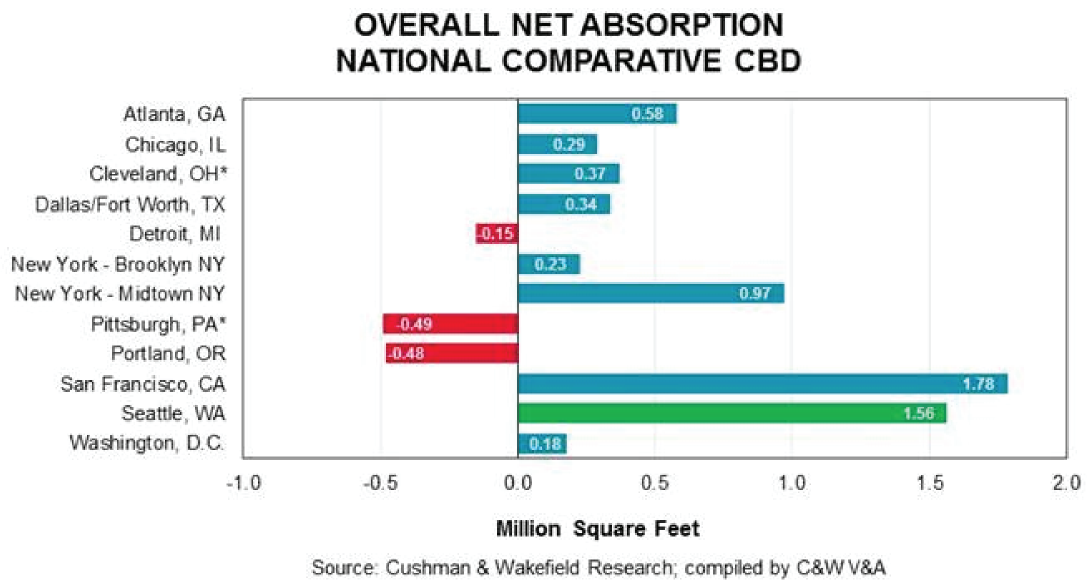
Absorption

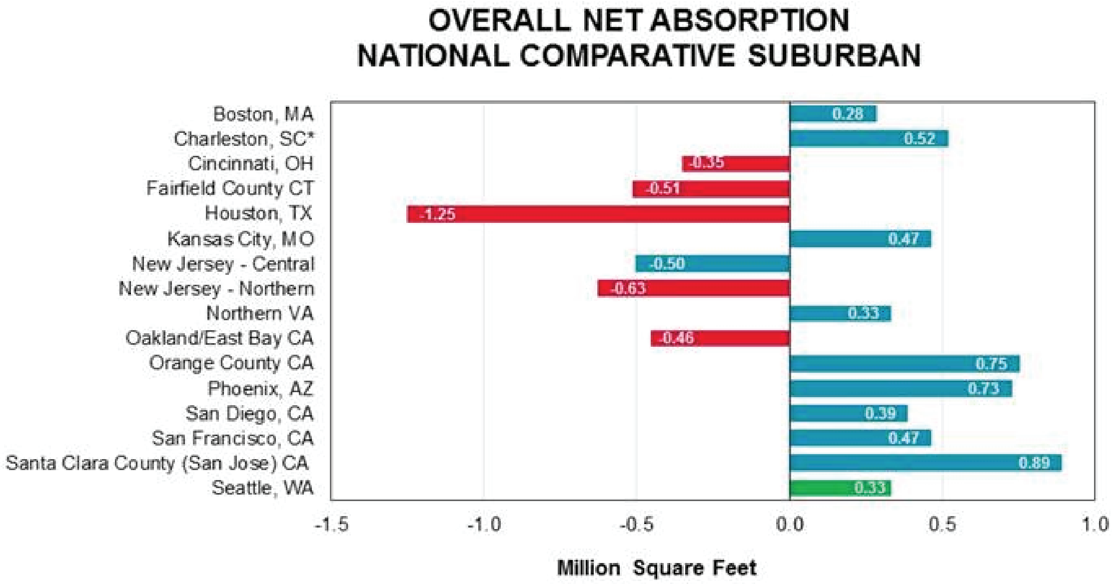
Net absorption totaled 8.1 million square feet in first quarter 2018. Absorption is directly related to employment growth and leasing activity, both of which performed well in the first quarter. However, the large amount of new speculative supply being delivered to the market tempered overall net absorption. The West region dominated first quarter absorption, capturing 7.0 million square feet, or 86.3 percent of total absorption.

Further considerations for first quarter 2018 are as follows:

- The CBD national office market, registered 4.7 million square feet of net absorption in first quarter 2018. The largest positive absorption was recorded in the San Francisco CBD market, absorbing approximately 1.8 million square feet in the quarter. In addition, the Orange County, CA CBD market gave back the most amount of space, returning over 700,000 square feet to the market.
- The suburban national office market absorbed 3.4 million square feet in first quarter 2018. The Santa Clara County suburban market absorbed the largest amount of space, at approximately 893,000 square feet. The Houston market gave back the largest amount of space to the suburban office market, at roughly negative 1.3 million square feet of net absorption for the first quarter.

The charts below highlight the national office absorption trends for the major markets in the United States in first quarter 2018, segmented between the CBD and suburban office markets:





Source: Cushman & Wakefield Research; compiled by C&W V&A

National Office Investment Sales Market

As shown in the comparative absorption exhibits above, overall absorption in various U.S. markets has not been consistent, which impacts the selection of "preferred" investment markets for office building investors. Historically, investors targeted the best quality assets in "core" markets during a recovery phase, and have gradually shown an inclination to move "down the food chain" in terms of quality and market location. This shift occurs where there is less competition and better yield potential over the near-term. There is no doubt, however, that assets located outside of the major "core" markets are in less demand.

Sales Volume

Office transactions (total dollar volume) have exhibited an upward trend since the end of the most recent recession, which concluded in the middle of 2009. As the economy continued to improve over the years, investors gained confidence in the office market, and from 2009 to 2015, sales volume experienced consistent year-over-year growth. It is important to note that sales volume increased 156.1 percent from 2009 to 2010, due in large part to low interest rates and limited level of spending in 2009 as well as higher capitalization rates that followed the recession.

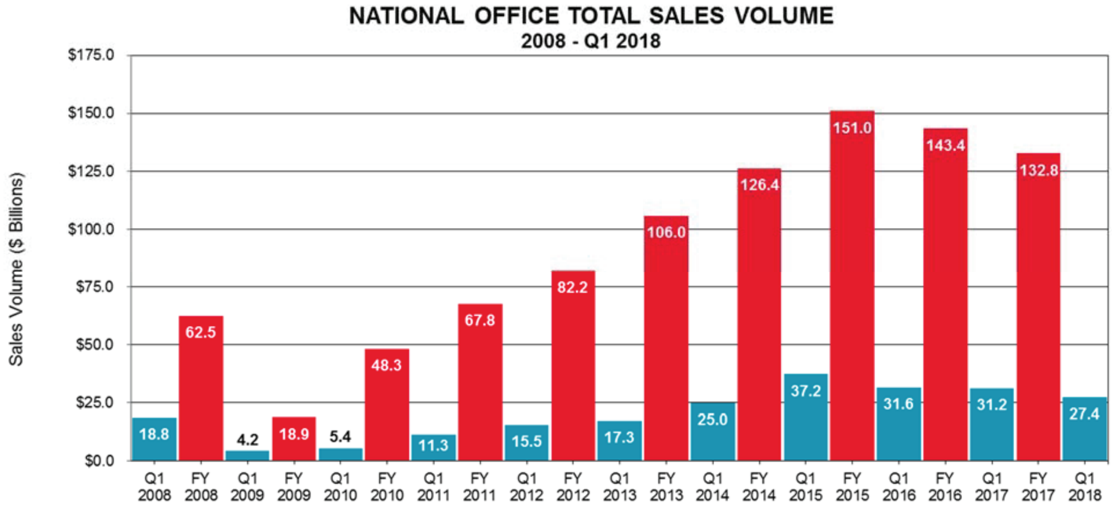
Sales volume reached $143.4 billion in 2016, a 5.0 percent drop when compared with 2015. Sales volume in 2017, at $131.9 billion, declined 7.4 percent from 2016. The relatively lower sales volume exhibited in 2016 and 2017 can be in part explained by the unusual activity in early 2015, where falling cap rates and ease of finance from the commercial mortgage-backed securities (CMBS) market helped drive sales activity. It is worth noting that total office sales volume in 2017 is 9.1 percent above the sales volume for previous five-year annual average.

Further considerations are as follows:

- Sales volume in first quarter 2018, at $27.4 billion, is 12.3 percent behind the same period in 2017. The sharp decline in office deal volume is somewhat misleading as only certain deal structures face challenges. Portfolio and entity-level transactions experienced a 50.0 percent drop from first quarter 2017 as only two megadeals priced at over $200.0 million took place in first quarter 2018, this compared with nine a year earlier. Sales of individual assets fell just 2.0 percent in the first quarter of 2018 compared to the same period a year ago.

- According to Real Capital Analytics (RCA), the high prices during a period of uncertainty, caused by increased interest rates, have deterred some buyers from investing at this time. Owners of office properties are also hesitant to sell when there are few other high yielding opportunities to redeploy their capital after a sale.
- Despite the uncertainty, high prices were not a barrier in certain markets. Manhattan saw 111.0 percent year-over-year growth in office deal volume. An indication that owners in certain markets are coming to grips with the fact that prices are about as high as they may go and are more likely to bring product to the market than a year earlier.
- Sales volume declines in some markets may translate into a general reduction of set prices for office properties, pushing cap rates up as a consequence.

The following table provides an historical view of sales volume on an annual basis from 2008 through 2017. The first quarter volume over the last decade has been included for comparable purposes:



Source: Real Capital Analytics, Inc.

Overall Rates

The office sector has generated and sustained investor demand over the past few years, driving down overall cap rates. Typically CBD properties in major markets have been the primary contributor to the office sector's momentum, although suburban office markets have also exhibited a downward trend since 2009 due to increased investor interest. The performance of individual CBD office markets can be inconsistent, top-tier CBDs are outperforming the country while smaller downtown areas are struggling. Average overall cap rates remain lower for most CBD markets than for its suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates. Overall cap rates remain near record lows, however, rates have started to rise as interest rates continue their inevitable ascent.

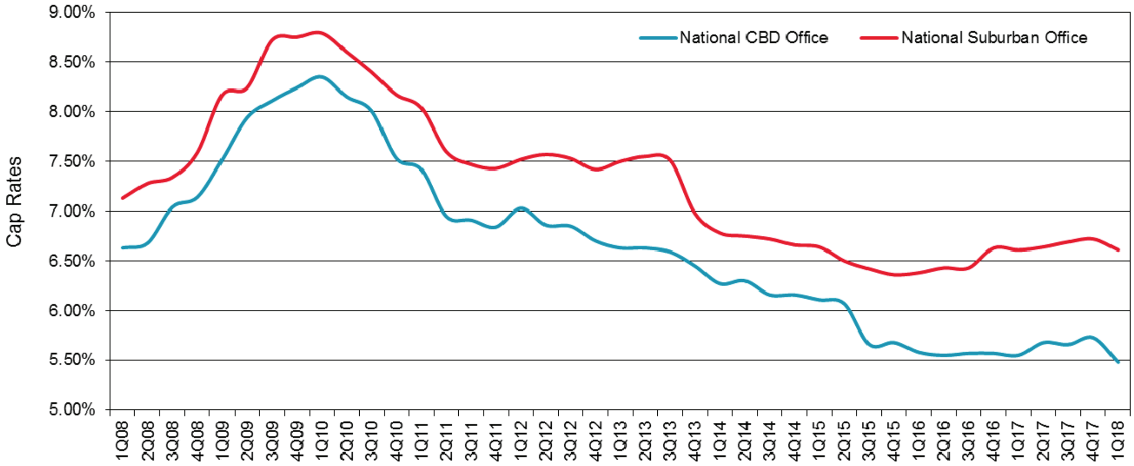
The PwC Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties that are owned by, or on behalf of, exempt institutions.

The following points detail the PwC Real Estate Investor Survey and NCREIF capitalization rate trends:

- The PwC Real Estate Investor Survey shows that as of first quarter 2018, the national CBD OAR declined 7 basis points to 5.5 percent, from first quarter 2017. The suburban OAR, at 6.6 percent in first quarter 2018, was in line with the rate reported in the same period in 2017.
- The NCREIF reported that cap rates experienced increases in 2017. At 4.9 percent as of first quarter 2018, the national office cap rates declined 50 basis on a quarterly basis and 20 basis points on a year-over-year basis.

The following graph reflects national trends for CBD and suburban overall capitalization rates as surveyed by the PwC Real Estate Investor Survey:

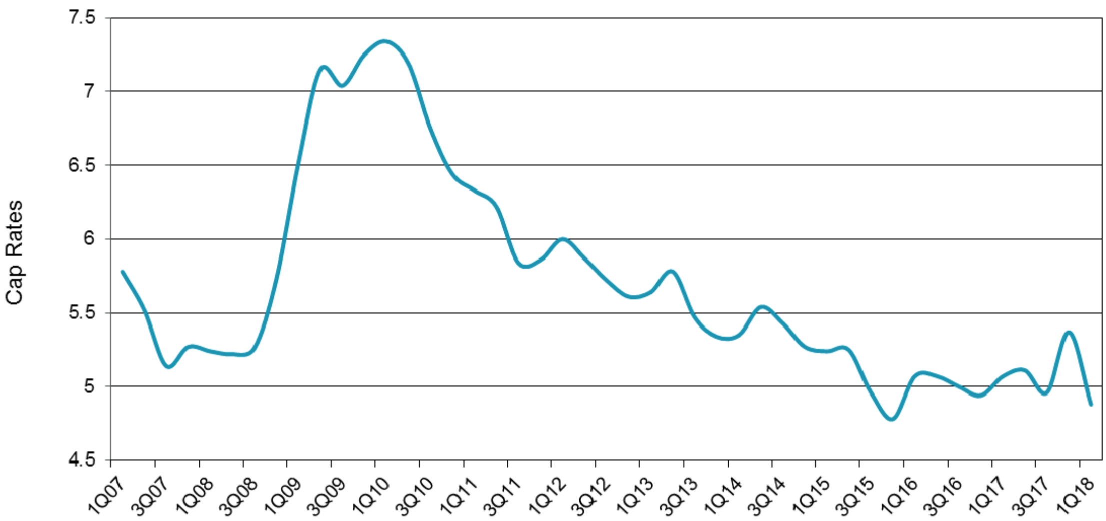
CBD & SUBURBAN OVERALL CAPITALIZATION RATES
NATIONAL OFFICE MARKET



Source: PwC Real Estate Investor Survey

The graph below reflects national historical cap rate trends as reported by NCREIF:

HISTORICAL NATIONAL OFFICE CAPITALIZATION RATES



Source: National Council of Real Estate Investment Fiduciaries

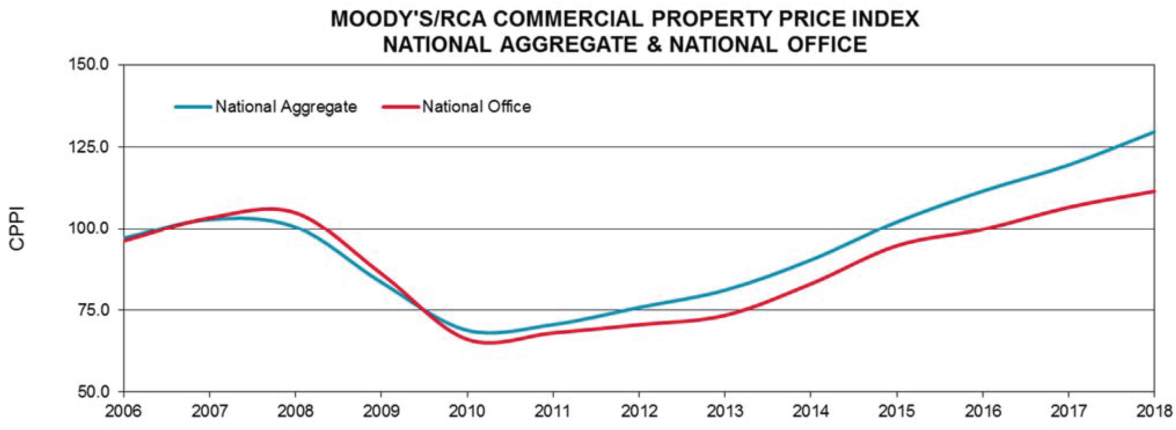
Moody's/RCA Commercial Property Price Index

The Moody's/RCA Commercial Property Price Index (CPPI) measures the change in price of commercial real estate and reflects the empirical results of direct investments over time. Developed by MIT's Center for Real Estate in conjunction with a consortium of firms including Moody's and RCA, the index tracks price changes based on closed transactions, and implements advanced repeat-sale regression (rsr) analytics to gauge performance in current and prior periods.

The following points are for consideration regarding the Moody's/RCA CPPI:

- As of March 2018, the national aggregate index was 129.7. The national aggregate index grew 8.5 percent from March 2017, and increased 1.8 percent on a quarterly basis.
- The national office index increased 4.6 percent from 106.6 in March 2017, to 111.5 in March 2018. Compared to the previous quarter (December 2017), the national office index increased 1.0 percent.
- Both the national office index and the national aggregate index have exhibited continued growth during this economic expansion. The national office index ended the quarter 70.2 percent above the low recorded in May 2010, while the national aggregate index has increased 89.4 percent during the same period.

The graph below displays the CPPI from March 2006 to March 2018:



Source: Moody's/RCA CPPI; National Aggregate and National Office reflects data through March 2018

Sale Price Per Square Foot

Historically, office pricing did not experience the same dramatic fluctuations as seen with sales volume trends. This was, in large part, due to sellers holding out and waiting for market fundamentals to improve. As the nation began to recover from the recent economic downturn in 2010, the annual average sales price per square foot exhibited a positive trend.

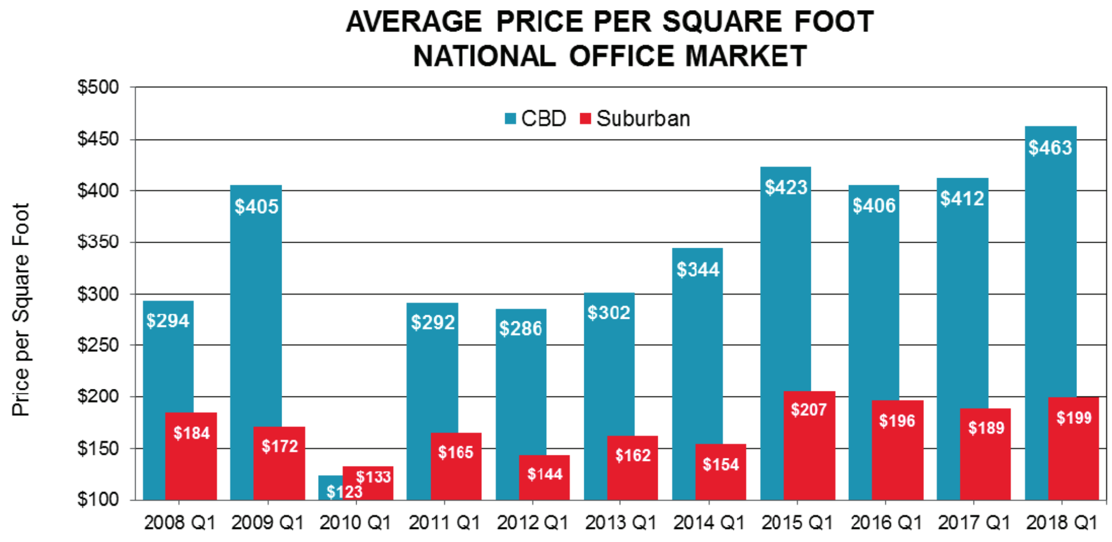
As of first quarter 2018, both the CBD and suburban markets experienced an annual price per square foot increase. The CBD market's price per square foot is at its highest level, while the suburban markets is near all-time pricing highs recorded by RCA.

The following points provide details regarding sale price per square foot:

- The CBD average price per square foot, at $463 as of first quarter 2018, increased 12.2 percent from the same point in 2017 ($412), and is 23.2 percent ahead of fourth quarter 2017 ($376).

- The suburban average price per square foot, at $199 as of first quarter 2018, is 3.3 percent lower than in fourth quarter 2017 ($206). However, the suburban price per square foot grew 5.2 percent on a year-over-year basis.
- The 10-year period, from first quarter 2009 through first quarter 2018, compound annual growth rate (CAGR) for the CBD is 15.6 percent, above the last 5-year compound annual growth rate at 9.3 percent. The suburban 10-year CAGR is 2.0 percent while the 5-year CAGR is 5.1 percent.

The following graph reflects the national office average price per square foot from first quarter 2008 to first quarter 2018 (based on Real Capital Analytics data):



Source: Real Capital Analytics

National Office Market Summary

The U.S. economy is now in the second longest economic expansion in its history; development during this expansion has contributed to further tightening in office markets across the United States (although we recognize the national market performance is "average" and does not apply to all markets across the board). Overall, capitalization rates stay near record lows despite recent escalations, asking rents are near all-time highs, and sales volume is above the five-year average, as of first quarter 2018. The office market experienced solid leasing, absorption and construction activity during the first quarter, continuing the trends of recent years.

Following are notes regarding the outlook for the U.S. national office market for 2018 and beyond:

- The U.S. economy will face a number of upcoming challenges, none more so than continued interest rate increases. However, the national economy is not expected to slowdown in 2018. Wages and consumer spending are anticipated to grow throughout the year. In addition, the sweeping tax bill passed in December 2017 is likely to offset concerns surrounding interest rates. The fiscal policy change includes significant tax reductions for corporations and small businesses, and is expected to further improve national economic conditions.

- The big story of the national office market will be the continued amount of new construction over the coming year. New supply will offset positive job growth and leasing activity in many markets which will likely lead to flat or rising vacancy. Each market will be influenced by its own supply and demand dynamics, but, overall, most markets are expected to become more occupier favorable over the next 12 months.
- Technology-driven markets continue to represent a large presence within the national office market. In the 87 office markets tracked by Cushman & Wakefield, the technology and financial services sectors captured approximately 42.0 percent of all leasing in first quarter 2018.
- Average asking rents will be affected by the burst of new supply, however rent is still expected to grow at a moderate pace as demand for newly constructed or refurbished space, which offers modern amenities and layouts, remain strong.
- Steady confidence in the economy will likely lead to stronger economic growth, providing more jobs and more demand for office space. Office-using employment is near its record high in terms of the overall percentage of all nonfarm payroll jobs in the U.S. and is expected to increase over the next 12 to 18 months.
- The availability of capital will continue to support the expansion of the U.S. real estate market and the U.S. economy, further reaffirming the positive outlook for the national office market.

Seattle, Washington

Located in Washington State between Puget Sound and the Cascade Mountain Range, the Seattle-Tacoma-Bellevue Metropolitan Statistical Area (Seattle MSA) is the 15th largest MSA in the United States, with an estimated 2017 population of approximately 3.9 million, according to Experian Marketing Solutions, Inc. Comprised of King, Snohomish and Pierce Counties, the Seattle MSA is the primary economic and cultural center of Washington, and the largest metropolitan area in the Pacific Northwest.

Demographic Trends

Demographic Characteristics

The demographic characteristics of the Seattle CBSA are strong compared to those of the United States. Compared to the nation, the metro area's slightly younger population tends to achieve higher levels of education, which is a benefit to the metro area's many professional and other skilled based employers. Corresponding with higher levels of educational attainment, household incomes in the Seattle CBSA tend to be higher than household incomes across the United States. Despite living costs that are 27.0 percent higher than the national average, the metro area's high quality of life, competitive wages, and variety of employment opportunities make it an attractive location for potential new residents. The metro area's favorable demographic characteristics will support strong population and business growth trends in the future.

Population

According to Experian Marketing Solutions Inc., the population of the Seattle CBSA was estimated to be almost 3.9 million residents in 2017, making it the largest metro area in the Northwest and the 15th largest metro area in the United States. Population growth trends in the Seattle CBSA consistently exceeded the national population growth rate between 2007 and 2017. Above average household incomes, strong employment growth trends, and a high quality of life encouraged in-migration to the Seattle area over the past ten years, and these factors should continue to attract highly educated workers to the area going forward. After experiencing a ten year high in population growth in 2017, forecasts indicate that the Seattle CBSA population growth rate may have peaked, as growth is expected to slow in 2018. However, the metro area annual population growth rate is projected to remain well above the national population growth rate over the next five years through 2022.

Further considerations are as follows:

- The population of the Seattle CBSA increased at an average of 1.6 percent annually between 2007 and 2017, which is an estimated 80 basis points greater than the average annual growth rate of 0.8 percent recorded across the nation during the same period.
- The Seattle CBSA population is expected to grow at a lower average rate between 2018 and 2022 than it did during the last ten years, at 1.3 percent per year. In comparison, the annual population growth rate in the U.S. is expected to average 0.6 percent per year over the same period.

Below is a table showing annualized population growth for the Seattle CBSA relative to the United States:

Annualized Population Growth by County
Seattle CBSA
2007-2022

Population (000's)	2007	2017	Forecast 2018	Forecast 2022	Compound Annual Growth Rate 07-17	Compound Annual Growth Rate 18-22
United States	301,231.2	325,719.2	328,034.9	336,614.5	0.8%	0.6%
Seattle, WA	**3,304.5**	**3,870.9**	**3,936.8**	**4,145.1**	**1.6%**	**1.3%**
Pierce County	772.5	878.0	889.7	932.0	1.3%	1.2%
King County	1,848.0	2,190.5	2,230.8	2,351.2	1.7%	1.3%
Snohomish County	684.0	802.5	816.4	861.9	1.6%	1.4%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Economic Trends

Gross Metro Product

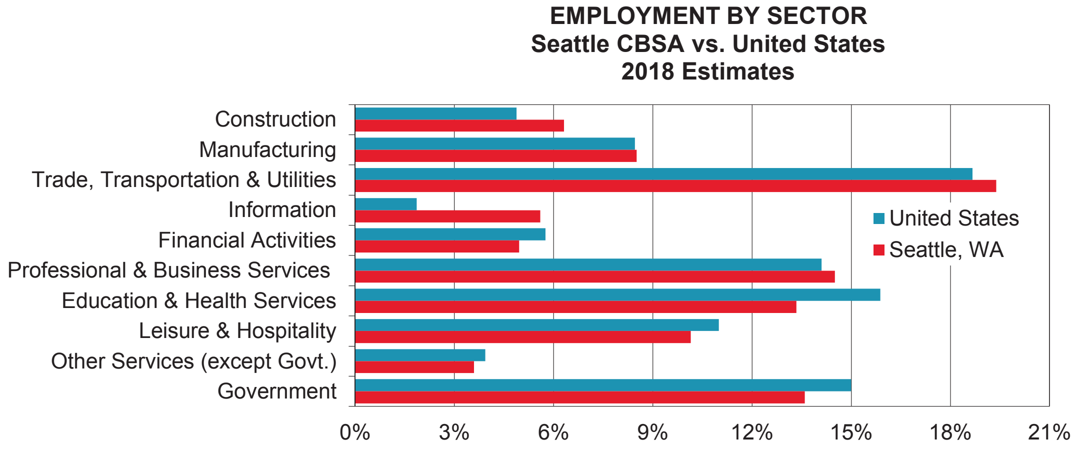
Gross Metro Product (GMP) growth trends for the Seattle CBSA were generally stronger than national gross product growth trends over the last ten years. In 2009, The Seattle CBSA experienced its only year of GMP decline, falling 3.9 percent, ahead of the national decline of 2.8 percent. The Seattle CBSA recorded a stronger gross product growth rate than the United States between 2012 and 2017. The Seattle metro area experienced a surge in GMP growth over the last two years, as it more than doubled the national GMP growth in 2016 and 2017.

In 2017, the Seattle area recorded its strongest year of GMP growth since 2007, which recorded a growth rate of 4.6 percent. This trend is expected to continue in the near term, and forecasts provided by Moody's Analytics predict that the Seattle CBSA will achieve a stronger rate of gross product growth than the nation over the next five years. The thriving economic growth can be attributed to the stable demand for high-wage professions generated by the many corporate headquarters located in the area.

Employment Distribution

The Seattle CBSA benefits from a relatively diverse employment base, and serves as the major service and logistics hub of the Northwest region. The trade, transportation & utilities and the professional & business services sectors employ the highest percentages of workers in the Seattle CBSA, and the government and professional & business services sectors also account for large shares of employment in the metro area. The metro area is heavily reliant on its technology and aerospace manufacturing industries, which is potentially a long term risk. The two-year contraction in aerospace manufacturing jobs will soon bottom, but the industry will no longer be a source of long-run job and income gains. Despite large workforce reductions, top employer Boeing will be a source of stability, and payrolls will remain roughly even as the company adapts to airlines' demand for smaller planes. The start of production at the firm's new carbon-fiber wing facility in Everett will create up to 1,000 manufacturing jobs over the next few years, but net gains will be slim as automation takes hold elsewhere on the assembly line.

The graph below compares the employment sectors for the Seattle CBSA and the United States:



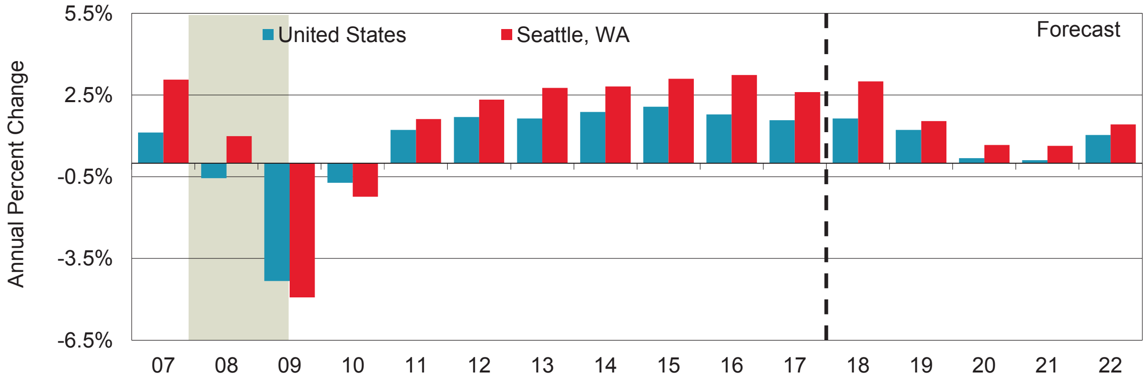
Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Employment Growth

The Seattle CBSA employment growth continues to outpace the nation. The area experienced stronger employment growth than national average rate between 2007 and 2017. Tech titan Amazon's push to establish a second corporate headquarters beyond its Seattle base is not a rebuke to the area's tech-charged economy, but it does cast light on labor, housing, and commercial real estate constraints that will place a speed limit on growth over the next few quarters. Although large labor force gains have created more room for employers to run, the pool of idle workers is rapidly thinning, and the synchronous U.S. expansion will create better-paying opportunities throughout the country, reducing the incentive to migrate. Salaries for the Seattle CBSA tech workers remain well below those in the San Francisco Bay Area, but they have risen by more than a third in the past four years and are considerably higher than tech bastions in the Mountain West such as Denver and Boulder, CO and Salt Lake City and Provo, UT. Still, with large tech firms getting first pick of engineering graduates at top-ranked University of Washington, Seattle will maintain its allure. Amazon will still add close to 10,000 workers at its local headquarters in the next few years, and Microsoft, Google and F5 Networks all harbor plans for expansion in the city. Though rising wages and office rents will encourage smaller tech firms to look elsewhere, proximity to top talent and the agglomeration economies of the CBSA, Portland, and the Bay Area will entice larger firms to remain. With stronger demographic traits, a relatively balanced economy, and the metro area's position as a primary business center of the Northwest, will likely result in strong levels of employment growth in the area over the long term.

The graph below illustrates total non-farm employment growth per year for the Seattle CBSA and the United States:

TOTAL EMPLOYMENT GROWTH BY YEAR
Seattle CBSA vs. United States, 2007-2022



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Conclusion

The Seattle CBSA's ascent as a global cloud computing hub will set it apart from other large U.S. metro areas in job and income growth even as labor and housing constraints become more binding. Despite a contracting manufacturing base, rapid growth in software and IT services will secure the economy's status as one of the most vibrant in the West and the U.S. Strong levels of growth across the metro area employment sectors over the past year indicate that local employers are more optimistic about business conditions in the near future, and a variety of high-wage employment opportunities should continue to draw a steady influx of skilled labor to the metro area.

Seattle Office Market Analysis

Introduction

Current Trends

The Seattle-Bellevue Office market expanded through first quarter 2018 with several construction completions and strong leasing activity although overall asking rates decreased slightly from the previous quarter. The Seattle area continued to quickly absorb new office space, as net absorption reached nearly 1.9 million square feet (msf). This was in-line with the record levels experienced over the last two years due to the high volume of construction to reach the market. Many companies in the Seattle area are choosing to move into or grow in the Seattle and Bellevue central business district (CBD). High levels of absorption, low vacancy, and a boom in construction activity are all indicators of a preference for space in urban submarkets. There is 3.7 msf of office space under construction in the Seattle CBD and In-City markets and 1.4 msf in Non-CBD markets. In 2017, the majority of new office construction in the CBD was located in the Lower Queen Anne/Lake Union and Financial District submarkets. In first quarter 2018, new office construction occurred in the Pioneer Square/Int'l District submarket. Moving forward, employment growth in office-using industries is expected to increase at an average rate of 1.1 percent annually through 2020, fueling demand for office space in the near term. Office-using businesses in the Seattle-Bellevue area benefit from a well-educated workforce, a favorable cluster of private sector industries, and strong population growth trends, all of which should enable the local office market to be an above-average performer in the long term.

Listed below are highlights of the Seattle-Bellevue office market through first quarter 2018

- The Seattle overall office vacancy rate increased 40 basis points quarter-to-quarter to 8.1 percent in first quarter 2018, the same rate reported a year ago.
- The overall average asking rent in the Seattle CBD and In-City office markets decreased in first quarter 2018 to $39.77 psf, which was $0.49 psf lower than a year ago.
- The overall average asking rent in the Eastside Suburban office submarket increased in first quarter 2018 from $32.25 to $32.59 per square foot at year end 2017.
- After reaching a ten year high in office leasing activity of 9.4 million square feet in 2017, the Seattle office area continued to record lease signings at a robust rate recording over 2.3 million square feet of leasing activity in first quarter 2018.
- The Seattle-Bellevue area recorded almost 1.9 msf of positive absorption through first quarter 2018, up 933,287 square feet, year-over-year.
- Expedia announced that it will move 3,000 employees from Bellevue to Amgen's former Interbay campus. They plan to expand the current 750,000 square foot campus to 1.9 msf. The project will add 1.2 million square feet of office space and be completed by 2019.
- Hines plans to develop a 17-story office tower, Summit III, adding to Summit I and Summit II. The development could house up to 4,000 new employees and construction is estimated to begin by summer 2018.
- Microsoft is undergoing a massive renovation and expansion, adding 2.5 msf in new construction and renovating another 6.7 msf. The total expansion will add about 1.3 msf to the 10.0 million square foot campus. Upon completion Microsoft will have room for 8,000 additional employees, adding to its 47,000 person headcount. Construction is underway and is scheduled for completion in 2023.

Market Characteristics

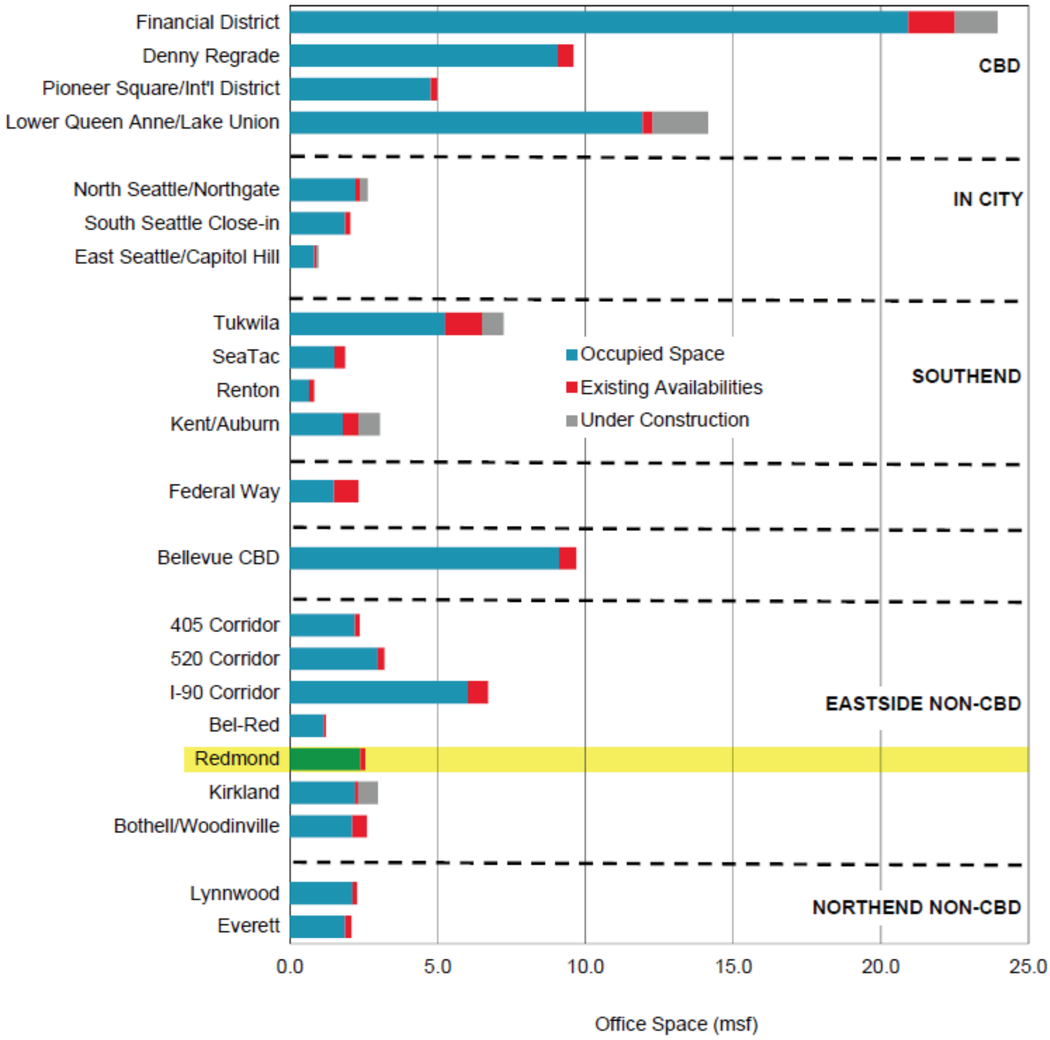
The Seattle-Bellevue office market contains over 98.4 msf of office space. The Seattle-Bellevue office market encompasses the greater Seattle area, bordered by the Puget Sound to the west, spanning east to Redmond, reaching north to Everett and south to Auburn. Just over 55.5 percent (54.6 msf) of the total office space is located in the Seattle CBD and In-City markets. The CBD includes the Financial District, Denny Regrade, Pioneer/International District and Lower Queen Anne/Lake Union submarkets.

Further considerations are as follows:

- Of all the office submarkets in the Seattle area, the Financial District submarket in the Seattle CBD has the largest inventory, at 22.5 msf. On the other end of the spectrum, the SeaTac submarket in the Southend market has the smallest inventory at only 818,125 square feet.
- The Seattle CBD and In-City markets contains over 54.6 msf of office space, 90.3 percent of which is located in the Seattle CBD. The Seattle CBD has the largest office inventory of the five major markets in the Seattle-Bellevue area at 49.3 msf, while the Northend market has the smallest office inventory with 4.4 msf.

The following is a graph detailing the Seattle office market inventory by submarket:

OFFICE INVENTORY BY MAJOR SUBMARKET
SEATTLE-BELLEVUE
FIRST QUARTER 2018



Source: Cushman & Wakefield Research; compiled by C&W V&A

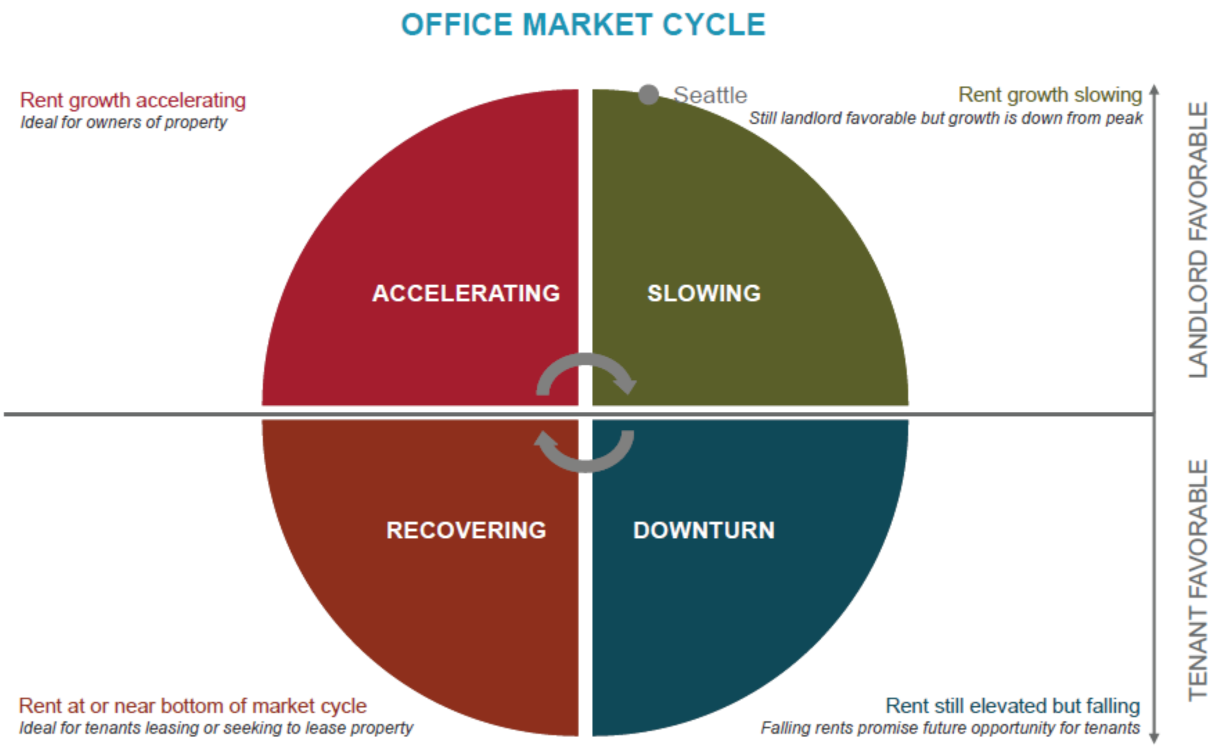
The following table is a compilation of the Seattle-Bellevue office market statistics by submarket:

Office Market Statistics by Submarket
Seattle - Bellevue
First Quarter 2018

Market/Submarket	Inventory	Overall Vacancy	Direct Vacancy	YTD Construction Completions	YTD Overall Absorption	Under Construction	Direct Wtd Avg Class A Asking Rent	Overall Wtd Avg Asking Rent
CBD								
Financial District	22,505,289	7.0%	5.6%	0	1,038,732	1,447,802	$50.24	$43.08
Denny Regrade	9,596,241	5.5%	5.3%	0	33,259	0	$50.98	$40.69
Pioneer Square/Int'l District	4,971,839	4.3%	3.7%	208,840	17,590	0	$50.00	$39.30
Lower Queen Anne/Lake Union	12,267,930	2.6%	1.9%	0	341,182	1,883,907	$47.43	$31.66
CBD TOTAL	**49,341,299**	**5.4%**	**4.5%**	**208,840**	**1,430,763**	**3,331,709**	**$50.17**	**$40.91**
IN CITY								
North Seattle/Northgate	2,362,914	6.2%	4.6%	0	(12,700)	268,750	$31.84	$30.39
South Seattle Close-in	2,048,741	9.2%	8.1%	0	6,099	0	$41.69	$35.66
East Seattle/Capitol Hill	886,995	8.2%	7.6%	0	9,340	71,564	$0.00	$27.79
IN CITY TOTAL	**5,298,650**	**7.7%**	**6.4%**	**0**	**2,739**	**340,314**	**$36.48**	**$32.36**
CBD & IN CITY TOTAL	**54,639,949**	**5.6%**	**4.7%**	**208,840**	**1,433,502**	**3,672,023**	**$48.87**	**$39.77**
SOUTHEND								
Tukwila	1,869,876	18.7%	18.0%	0	(10,690)	0	$27.21	$24.82
SeaTac	818,125	20.8%	20.8%	0	37,371	0	$25.05	$24.42
Renton	2,315,392	22.6%	20.3%	0	(120,752)	728,769	$29.13	$26.90
Kent/Auburn	1,504,312	13.3%	13.3%	0	(24,364)	0	$25.77	$24.33
SOUTHEND TOTAL	**6,507,705**	**19.1%**	**18.1%**	**0**	**(118,435)**	**728,769**	**$27.67**	**$25.56**
FEDERAL WAY	**2,317,497**	**36.2%**	**36.2%**	**0**	**42,054**	**0**	**$25.57**	**$25.46**
SEATTLE/SOUTH KING COUNTY TOTAL	**63,465,151**	**18.2%**	**16.8%**	**208,840**	**1,357,121**	**4,400,792**	**$31.15**	**$33.99**
BELLEVUE CBD TOTAL	**9,692,794**	**5.9%**	**4.8%**	**0**	**132,533**	**0**	**$45.70**	**$43.54**
EASTSIDE SUBURBAN								
405 Corridor	2,351,494	6.2%	3.0%	0	21,388	0	$36.62	$29.41
520 Corridor	3,196,143	7.1%	6.3%	0	16,445	0	$35.44	$35.00
I-90 Corridor	6,716,041	10.3%	9.6%	0	(74,708)	0	$35.37	$34.02
Bel-Red	1,212,290	5.3%	5.3%	0	(221)	0	$0.00	$28.90
Redmond	2,543,961	6.7%	6.0%	0	194,426	0	$33.82	$32.82
Kirkland	2,308,602	4.2%	3.1%	0	57,817	660,000	$43.03	$33.32
Bothell/Woodinville	2,596,230	19.1%	16.6%	0	151,488	0	$34.28	$30.72
EASTSIDE SUBURBAN TOTAL	**20,924,761**	**9.1%**	**7.8%**	**0**	**366,635**	**660,000**	**$35.47**	**$32.59**
EASTSIDE TOTAL	**30,617,555**	**8.0%**	**6.9%**	**0**	**499,168**	**660,000**	**$40.35**	**$35.13**
NORTHEND								
Lynnwood	2,269,769	6.5%	6.4%	0	21,497	0	$32.95	$29.86
Everett	2,085,677	10.2%	10.2%	0	15,959	0	$0.00	$23.82
NORTHEND TOTAL	**4,355,446**	**8.2%**	**8.2%**	**0**	**37,456**	**0**	**$30.39**	**$26.29**
NON-CBD TOTAL	**43,798,203**	**11.2%**	**10.2%**	**0**	**460,243**	**1,388,769**	**$33.10**	**$30.40**
SEATTLE-BELLEVUE TOTAL	**98,438,152**	**8.1%**	**7.1%**	**208,840**	**1,893,745**	**5,060,792**	**$39.93**	**$34.27**

Source: Cushman & Wakefield Research; compiled by C&W V&A

The following chart depicts the relative position of the Seattle markets in the office market cycle. As shown, Seattle is considered to be in a slowing trend.



Source: Cushman & Wakefield Research and Cushman & Wakefield Western, Inc.

Conclusion

The Seattle-Bellevue office market continued to experience strong growth through first quarter 2018, as the outlook for office market conditions remain positive. Despite the high volume of construction deliveries over the last two years, the vacancy rate has steadily decreased since the end of 2015, reaching 7.7 percent by the end of 2017. Although, the vacancy rose slightly in first quarter 2018 to 8.1 percent. The Seattle office market continued to record lease signings at a rapid pace in first quarter 2018. With several construction deliveries throughout the year, the area hit a ten year high. Office construction activity was primarily concentrated in the Seattle and Bellevue central business districts, suggesting that developers are confident about future demand for office space in these markets. With a large undersupply of office space and a low vacancy rate, the Seattle office market is expected to remain strong over the next few years.

Final considerations regarding the Seattle-Bellevue office market are as follows:

- The low vacancy rates and high levels of construction activity indicate that developers are confident that demand for additional office space will remain strong in the near term, especially in the central business district. However, the delivery of a large amount of new office product may put upward pressure on the vacancy rate as new space is delivered over the next three years.
- Projections for strong levels of office employment growth over the next several years should allow the Seattle office market to maintain a positive trajectory in the near term. Furthermore, Seattle's position as a technology hub should continue to support business investment and expansion in the Seattle-Bellevue office market over the long term.

Eastside Suburban Office Market

Market Characteristics

The Eastside Suburban office market of Seattle is located northeast of the CBD and contains approximately 20.9 million square feet of office space, accounting for 21.3 percent of Seattle-Bellevue's total office inventory. Approximately 41.9 percent of the Eastside Suburban market's office inventory is classified as Class A, representing 14.5 percent of the region's Class A space. Class B inventory accounts for approximately 51.7 percent of office space in the Eastside Suburban office market. The Eastside Suburban office market is comprised of seven distinct submarkets including the 405 Corridor, the 520 Corridor, the I-90 Corridor, Bel-Red, Redmond, Kirkland and Bothell/Woodinville. The I-90 Corridor is the largest submarket within the Eastside Suburban Market, with 6.7 million square feet of office inventory.

Current Trends

Seattle's office market fundamentals have been propelled by activity in the CBD in recent years, but the Eastside Suburban market is quickly gaining steam behind strong leasing activity, consistently positive net absorption and dropping overall vacancy rates. The region's accessibility, via a strong network of interstates and public transportation infrastructure, proximity to the CBD and relative affordability have supported improving market fundamentals through early 2018.

Stable vacancy rates, which dropped 30 basis points from the previous quarter, positive net absorption and steady rent increases have driven developer confidence through the start of the year. As of the first quarter of 2018, the Eastside Suburban office market reported no new construction completions but held 660,000 square feet of new inventory in the pipeline, supplied by the Urban Kirkland development under construction.

Through the near term, the Eastside Submarket is expected to sustain its momentum behind strong leasing activity and stable market fundamentals. While investment in the Urban Kirkland development demonstrates rising developer confidence, relatively slow construction trends will moderate supply levels through the near term and push prospective tenants to absorb existing availabilities.

The following charts summarize recent trends in the Eastside Suburban office market:

Eastside Suburban Office Market 2008 - 2020								
Period	Inventory	Overall Vacancy Rate	YTD Const. Completions	YTD Net Absorption	Class A Rent	Class B Rent	Overall Avg. Asking Rent	YTD Leasing
2008	19,141,965	13.7%	1,124,035	78,980	$36.09	$29.59	$32.29	1,440,320
2009	19,299,690	17.6%	117,277	(413,625)	$29.13	$24.24	$26.71	1,016,571
2010	19,183,635	16.4%	284,985	240,837	$28.65	$24.62	$25.91	1,664,618
2011	19,054,040	13.6%	165,320	703,383	$29.07	$24.82	$25.41	1,326,045
2012	19,205,549	12.6%	7,607	204,523	$29.39	$25.78	$26.85	1,163,075
2013	19,232,007	13.4%	19,000	(163,263)	$30.05	$26.65	$27.78	1,457,091
2014	19,231,977	10.2%	0	625,949	$30.86	$28.33	$28.61	2,434,282
2015	19,231,977	8.2%	0	396,292	$34.45	$30.79	$31.28	2,348,915
2016	21,254,377	9.1%	180,000	180,384	$34.32	$30.88	$31.82	1,520,947
2017	21,254,377	9.4%	0	(68,082)	$35.27	$30.66	$32.25	1,433,386
1Q 2018	20,924,761	9.1%	0	366,635	$35.02	$31.69	$32.59	823,447
2018	25,390,149	9.5%	203,227	129,328	N/A	N/A	$33.52	N/A
2019	25,904,228	9.8%	514,079	400,481	N/A	N/A	$34.77	N/A
2020	25,904,228	10.4%	0	(161,901)	N/A	N/A	$34.83	N/A

Source: Cushman & Wakefield Research; compiled by C&W V&A

Eastside Office Submarkets First Quarter 2018									
Submarket	Inventory	Overall Vacancy Rate	YTD Const. Completions	Under Construction	YTD Net Absorption	Class A Rent	Class B Rent	Overall Avg. Asking Rent	YTD Leasing
405 Corridor	2,351,494	6.2%	0	0	21,388	$36.55	$30.56	$29.41	43,639
520 Corridor	3,196,143	7.1%	0	0	16,445	$35.82	$32.04	$35.00	79,629
I-90 Corridor	6,716,041	10.3%	0	0	(74,708)	$34.61	$32.64	$34.02	284,317
Bel-Red	1,212,290	5.3%	0	0	(221)	N/A	$31.87	$28.90	79,892
Redmond	2,543,961	6.7%	0	0	194,426	$36.77	$32.01	$32.82	137,710
Kirkland	2,308,602	4.2%	0	660,000	57,817	$44.20	$27.69	$33.32	65,245
Bothell/Woodinville	2,596,230	19.1%	0	0	151,488	$32.28	$29.54	$30.72	133,015

Source: Cushman & Wakefield Research; compiled by C&W V&A

Supply Analysis

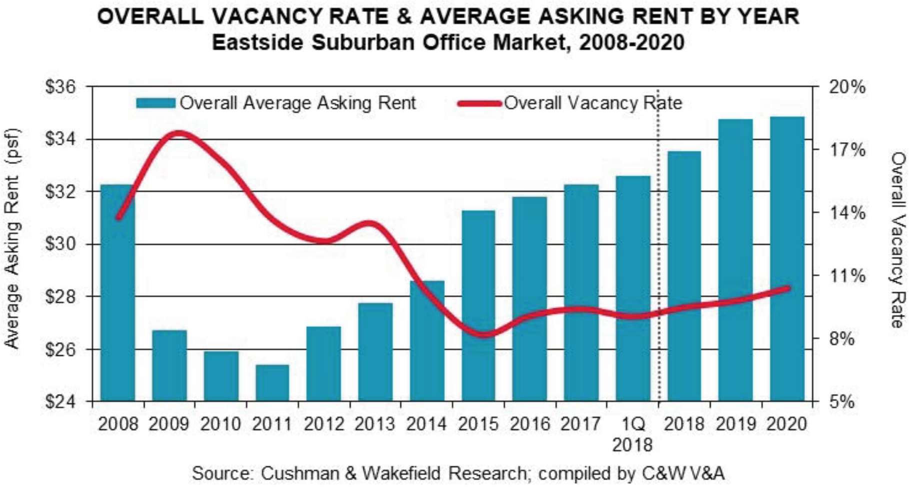
Vacancy

From 2010 through 2015, the Eastside Suburban office market's overall vacancy rate assumed a downward trend in response to improving economic conditions and strong employment growth. Since 2015, the market's overall vacancy rate has experienced slight quarter-to-quarter volatility but settled at a recent low of 9.1 percent through first quarter 2018. At 9.1 percent, the first quarter overall vacancy rate demonstrated a 30 basis point improvement from the previous quarter and 10 basis point increase year-over-year. The market's overall vacancy trends have been supported by strong leasing activity and a relative lack of speculative construction, which historically inflates numbers upon delivery. Strong demand is expected to persist through the remainder of 2018.

Further considerations on vacancy in the Eastside Suburban office market include:

- The Kirkland submarket recorded the lowest overall vacancy rate in the Eastside Suburban office market in first quarter 2018 at 4.2 percent. Year-over-year, the Kirkland submarket reported a 1.6 percentage point improvement in its overall vacancy rate. In contrast, the Bothell/Woodinville submarket held the highest vacancy rate among the submarkets of the Eastside Suburban office market at 19.1 percent in first quarter.
- The overall vacancy rate for Class A office space in the Eastside Suburban market was 6.1 percent in first quarter 2018, which was 5.6 percentage points lower than the rate for Class B office space of 11.7 percent.

The following graph details historic vacancy and rental rate trends in the Eastside Suburban office market:



Asking Rents

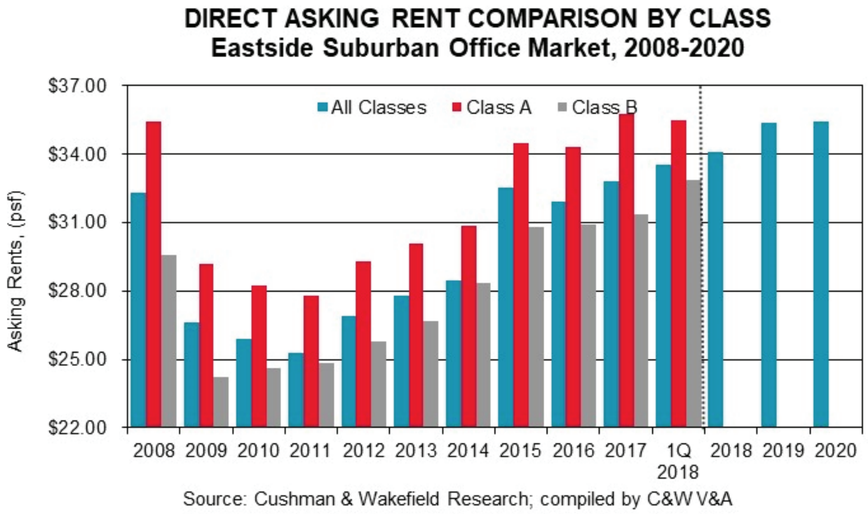
Asking rents in the Eastside Suburban market have historically exceeded the asking rents of other suburban office markets in the Seattle area, but have trended below asking rents in the Seattle CBD and Bellevue CBD. Low occupancy and relatively weak demand for office space during the last major office market downturn drove the overall average asking rent to a low of $25.41 per square foot (psf) in 2011. Since reaching a low in 2011, the asking rents in the Eastside Suburban market have consistently increased and are nearing pre-recession highs.

The overall average asking rent for space in the Eastside Suburban office market increased $0.90 psf year-over-year and $0.34 psf from the previous quarter to $32.59 psf in first quarter 2018. A relatively low inventory of available office space and strong demand in the Seattle-Bellevue area should encourage asking rent growth in the near term, which may boost asking rents to surpass pre-recession highs.

Additional considerations include:

- The overall average asking rent for office space in the Eastside Suburban market was $1.68 psf lower than the average rate of $34.27 psf recorded across the Seattle-Bellevue office market in first quarter 2018.
- During first quarter 2018, the 520 Corridor submarket recorded the highest overall average asking rent in the Eastside Suburban office market, with a rate of $35.00 psf. The 520 Corridor's overall average asking rent benefitted from strong leasing activity through the first quarter. The I-90 Corridor submarket reported the second highest overall average asking rent of first quarter 2018 at $34.02 psf.

The following graph compares direct asking rents by class in the Eastside Suburban office market:



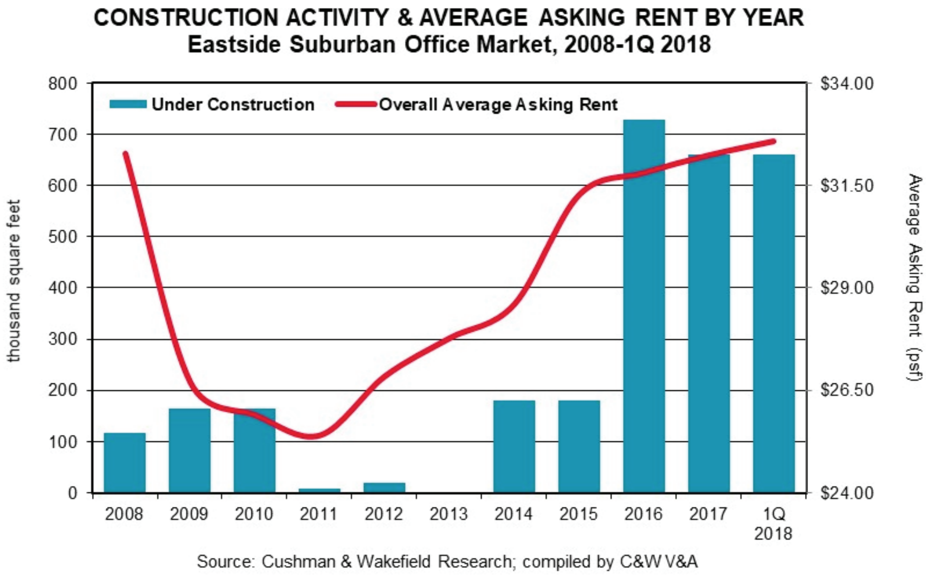
Construction

With only one new office building being delivered to the market since 2013, construction activity has been relatively low in the Eastside Suburban market for several years; however, a recent influx of construction activity has begun in the Eastside market. The Kirkland submarket remains one of the most active submarkets on the eastside, with 180,000 square feet of office space delivered in 2016 and another 660,000 square feet under construction in first quarter 2018. A total of 660,000 square feet is under construction in the east side, which is the highest amount of construction activity in the market since 2008. The low level of available space and relatively high asking rents have encouraged the recent office development, especially as demand for office space is likely to remain strong through the 2018 due to steady employment growth in office-using sectors across the Seattle area. Thus, the Eastside Suburban appears well positioned to experience a similar boom in construction activity as the Seattle or Bellevue CBDs in the near term.

Further considerations include:

- The most recent construction completion in the Eastside Suburban office market was the 180,000 square foot Google Campus – Phase II building in the Kirkland submarket. The building was completed in the third quarter of 2016 and was the third office building above 100,000 square feet delivered to the Eastside market since 2011. Google's campus in Kirkland is the company's third largest engineering center in the U.S., employing nearly 600 of the company's 1,000 employees in the Puget Sound area. The new building is expected to accommodate an additional 900 employees.
- As of first quarter 2018, the Eastside Suburban market had 660,000 square feet of new office inventory in the construction pipeline. The entire pipeline will be provided by the 1.2 million square foot mixed-use Urban Kirkland development, which will include office, retail, residential and entertainment space. The development will raise three separate mixed-use office buildings, each spanning 220,000 square feet for a total office footprints of 660,000 square feet. The three office buildings are expected to deliver in fourth quarter 2018.

The following graph details construction activity trends in the Eastside Suburban office market:



Demand Analysis

Leasing Activity

Leasing activity in the Eastside Suburban office market from 2014 through 2015 was exceptionally high, exceeding 2.0 million square feet of leasing in both years, the two highest years of leasing activity since 2008. The strong leasing activity tempered in 2016, dropping to a total of 1.5 million square feet of leasing activity. Through first quarter 2018, the market is on track to find the momentum it held in 2014 and 2015 with 823,447 square feet of recorded leasing activity. Through the start of the year, the Eastside Suburban market's leasing activity outpaced first quarter 2017's total by more than 500,000 square feet as the result of several mid and large-scale lease transactions. Developments currently under construction and strong demand for new office space to maintain strong leasing activity in the near term.

Further considerations on leasing activity include:

- First quarter leasing activity in the Eastside Suburban market was strongest in the I-90 Corridor submarket, the Eastside's largest submarket. I-90 Corridor's first quarter leasing total reached 284,317, accounting for 34.5 percent of the market's year-to-date total. The submarket's leasing activity was propelled by Costco's signing for 97,190 square feet at Sammamish Park Place.
- The Kirkland Urban development has three mixed use building with over a total of 400,000 square feet available to lease before it is completed by the end of the 2018, indicating the Kirkland submarket will continue to experience high leasing activity in the near term. Kirkland's first quarter leasing total was 65,245 square feet, but that number is forecast to climb significantly through the remainder of 2018.
- The Eastside Suburban market's two largest leases of first quarter were renewals signed by Microsoft for a combined 219,600 square feet of office inventory in the Redmond submarket. Microsoft signed two leases at Redmond Town Center in first quarter, for 120,324 square feet in Building 4 and 99,276 square feet in Building 5. The largest new lease transaction of first quarter was Costco Wholesale Corporation's claim of 97,190 square feet at Sammamish Park Place in the I-90 Corridor.

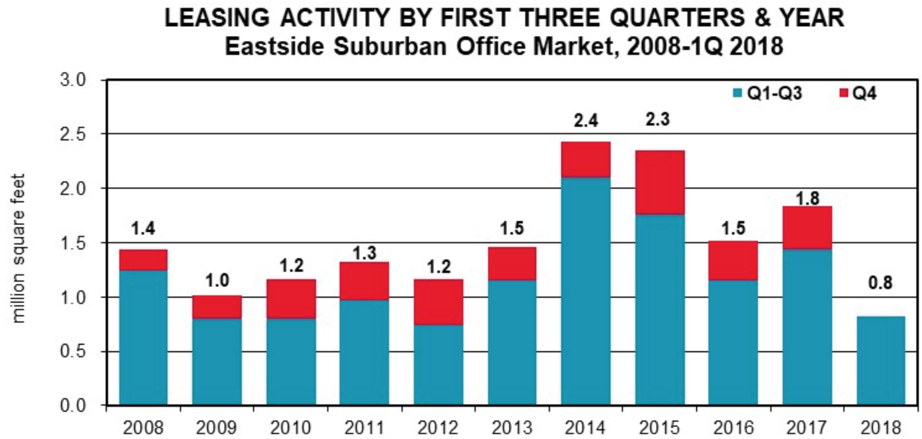
The following table details recent major lease transactions in the Eastside Suburban office market:

Significant Lease Transactions Eastside Office Market First Quarter 2018			
Building	**Submarket**	**Tenant**	**SF Leased**
Redmond Tow n Center - Building 4*	Redmond	Microsoft	120,324
Redmond Tow n Center - Building 5*	Redmond	Microsoft	99,276
Sammamish Park Place - Building A	I-90 Corridor	Costco Wholesale Corporation	97,190
Parklands North Creek - Building O	Bothell/Woodinville	Puget Sound Energy	96,509
Redmond Tow n Center - Building 3	Redmond	Microsoft	82,677

*Renewal: Not included in leasing activity statistics

Source: Cushman & Wakefield Research; compiled by Cushman & Wakefield Valuation & Advisory

The following chart shows recent leasing activity trends for the Eastside Suburban office market:



Source: Cushman & Wakefield Research; compiled by C&W V&A

Historical Net Absorption

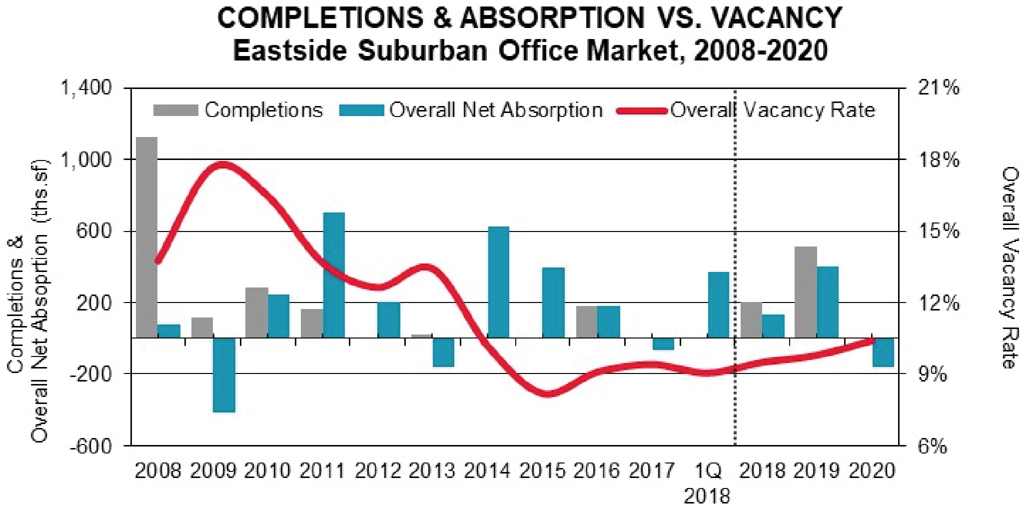
Corresponding with low demand for office space and a peak in the Eastside Suburban overall vacancy rate, net absorption reached its lowest level over the last ten years at negative 413,625 square feet in 2009. Helping to absorb the region's high level of available space over the next few years, annual net absorption recovered to a five-year high of 703,383 square feet by 2011. However, net absorption trends were relatively volatile over the next few years, falling to negative 163,263 square feet by the end of 2013, followed by a strong rebound of 625,950 square feet in 2014, then two years of declining absorption in 2015 and 2016.

The Eastside Suburban office market closed 2017 in the red, with a negative net absorption of 68,082 square feet. The market's first quarter 2018 overall net absorption demonstrated a significant improvement over recent quarters, with 366,635 square feet taken off of the market. Net absorption was supported through the start of the year by the summation of mid-scale lease transactions, limited relocations and consolidations within the market and lack of speculative construction deliveries.

Additional considerations include:

- Two of the seven submarkets in the Eastside Suburban market recorded a year-to-date negative absorption. The I-90 Corridor submarket recorded a negative net absorption of 74,708 square feet in first quarter, which was the lowest year-to-date net absorption in the Eastside Suburban market.
- The Redmond submarket led the market's absorption through first quarter 2018, with 194,426 square feet taken off of the market. The submarket's positive absorption was aided by relatively strong leasing activity through first quarter.

The following graph compares historic completions, absorption, and vacancy trends in the Eastside Suburban office market:



Source: Cushman & Wakefield Research; compiled by C&W V&A

Conclusion

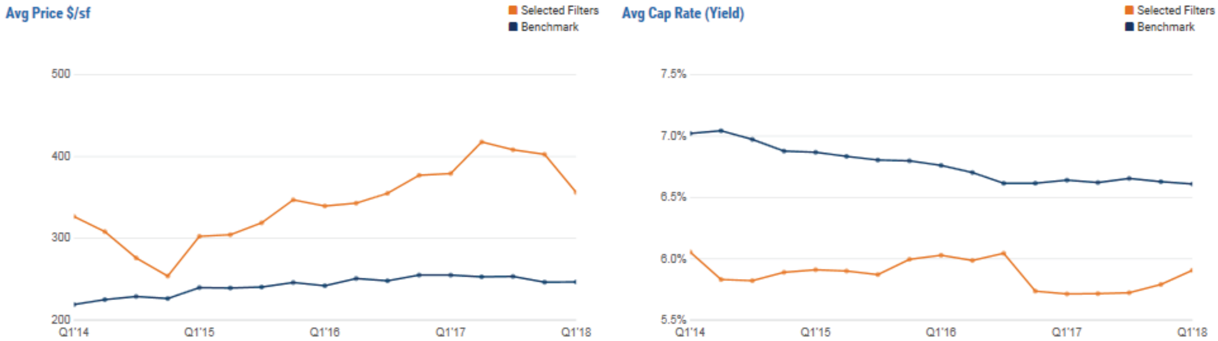
Seattle's Eastside Suburban office market has historically been among the most active in the region due to its relatively large inventory of office space. In addition to being the largest suburban office market in the Seattle area, the Eastside Suburban office market was one of the strongest performing submarkets in first quarter with net absorption holding firmly in the black, rents trending positively and leasing activity on track for a record year.

Final considerations regarding the Eastside Suburban office market are as follows:

- Despite office rents rising in the Eastside Suburban market over the past few years, the overall average asking rent for office space was lower in the Eastside Suburban market than the average rent across the greater Seattle-Bellevue area in first quarter 2018. The Eastside Suburban market contains a large supply of more affordable Class A inventory than the Seattle CBD or the Bellevue CBD, which should be attractive to tenants seeking lower rents for high quality space. Although high levels of office construction in the Seattle and Bellevue CBDs indicate a preference for central city office space, lower rents will give the Eastside Suburban office market a competitive advantage versus the Seattle and Bellevue central business districts moving forward.
- The Eastside market construction activity is at a post-recession high in first quarter 2018, with the most square feet under construction since 2008. The entirety of office space under construction is occurring in the Kirkland submarket, due to the Urban Kirkland mixed use buildings under construction, which when completed will total 660,000 square feet. The high amount of construction, is an indicator of developers' confidence in demand for new office space in the Eastside market

Seattle Office Investment Sales Market

According to Real Capital Analytics, 170 office sale transactions closed in the 12 months ending March 2018, with a total volume of $4.2 billion, averaging a price of approximately $356 per square foot. The 170 buildings total 11.9 million square feet. Cap rates for this period averaged 5.9 percent, with an average of 6.2 percent reported for the first quarter of 2018. As shown in the following graphic, prices for the selected filters (Seattle Metro Market) have generally trended upward since late 2013 and have remained above the benchmark (United States) averages. Capitalization rates have trended downward during this period and have remained consistently below national averages.



Source: *Real Capital Analytics*

City of Redmond

The seventh most populous city in King County and the eighteenth most populous city in the state, with a population of approximately 66,000 in 2018, Redmond is located at the heart of the Eastside market area. Downtown Bellevue is approximately eight miles to the southwest and the Seattle central business district is approximately 15 miles to the southwest. Redmond is well known as a center of technology, anchored by the world headquarters of Microsoft. Other major technology firms with a presence in Redmond include Nintendo USA, Google, Tableau Software, Honeywell, AT&T and Oculus VR. There are an abundance of retail amenities within Redmond including Redmond Town Center, an open air regional shopping, dining and entertainment venue. In addition, the downtown Redmond area continues to experience significant multifamily residential development with more than 2,700 units scheduled for delivery in 2018 and 2019.

Due to its location at the center of the Eastside market area, and the presence of Microsoft, Redmond has been one of the best performing office markets in the Seattle region for many years. This continues to be the case as demonstrated by almost 195,000 square feet of net absorption in the first quarter of 2018, and a vacancy rate of 6.7 percent, which is amongst the lowest of the Eastside Suburban submarkets. With no new office construction underway or planned for the immediate future, the scarcity of developable land in the area, and the forecast for continued job growth, the near and mid-term outlook for the Redmond market is positive.

Subject Property

The Westpark Portfolio is located along 154th Avenue NE, south of NE 90th Street, in the Redmond Willows neighborhood of Redmond. The property is situated in the Redmond submarket of Seattle's Eastside Suburban office market, both of which have been analyzed in previous sections. The Microsoft headquarters campus is located approximately 2.5 miles to the south, in southern Redmond, and the Seattle central business district is situated ten miles to the southwest.

The subject is a 21-building Class B business park that contains 782,035 square feet of rentable area. The property is a 41.26-acre site that is improved with a mix of one- and two-story buildings. The buildings, which were built between 1984 and 1992, are considered to be of average quality and to be in good condition for its vintage. Office buildout is approximately 73 percent, with the remaining 27 percent is use as flex warehouse space.

The subject is currently approximately 85 percent occupied by more than 100 individual tenants with no single tenant occupying more than four percent of the property. Based upon the current rent roll and our projection of absorption of vacant space, leases for approximately 126,000 square feet of space expire annually over the next ten years, ranging from seven percent of rentable area to slightly more than 35 percent. This is considered to be typical rollover exposure for a property of this type. The subject is not currently at stabilized occupancy but a significant amount of leasing activity has been completed in the past year. Further, the leasing brokers report that a significant lease, which will raise occupancy to almost 100 percent, is very likely to be completed in the near term.

Neighborhood Analysis

Location Overview

The property is located in central Redmond, in the Eastside market area. The Eastside generally consists of property east of Lake Washington such as Bellevue, Redmond, Issaquah, Kirkland, etc. The subject is within the Willows neighborhood of the Redmond submarket. Generally, the boundaries of the Willows area are the Sammamish River to the east, the Willows Road corridor to the west, Redmond Way to the south and Willows Run Golf Course to the north. The subject property is less than two miles northwest of downtown Redmond, eight miles northeast of downtown Bellevue and 15.5 miles northeast of downtown Seattle.

Neighborhood Characteristics

The subject is located in a cluster of suburban business parks that are characterized by a significant quantity of high-tech and incubator office/warehouse space in addition to traditional office space. The high-tech and flex components are generally over and above the standard distribution or warehousing space found to the north in the Everett area and to the south in the Kent Valley. The Willows area is surrounded by a variety of uses including residential, recreational, office and light industrial/flex.

Access

Local area accessibility is generally good, relying on the following transportation arteries:

Local:	The primary north/south roadways in the immediate area are Willows Road NE which is located just west of the subject, and Redmond-Woodinville Road NE, which defines the eastern boundary of the neighborhood. The primary east/west roadway is Redmond Way which is located just to the south of the subject and provides direct access to downtown Redmond.

Regional: Major roads in the immediate area include State Highway 520; State Highway 202 (Woodinville-Redmond Road); and Interstate 405. These roadways provide extensive linkages and easy accessibility to surrounding market areas. Access to State Highway 520 is approximately one mile to the southeast of the subject via West Lake Sammamish Parkway NE.

Adjacent uses to the Subject

North: Light industrial/flex and low-rise office uses.

West: Light industrial/flex and multifamily residential.

South: Multifamily residential.

West: Office and multifamily residential.

Special Hazards or Adverse Influences

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

Conclusion

The subject property is located in one of a handful of clusters of business parks within the City of Redmond. This cluster is surrounded by a wide combination of uses including recreational (Willows Run Golf Course), business parks, and residential uses. Its close-in location to Redmond and good access to major transportation corridors explains the diverse makeup of the area, being attractive to residents, employees and businesses.

Competitive Market Survey – Micro Market

In order to gain a better understanding of the market conditions specific to the subject property, we conducted a survey of those buildings that would be considered competitive to the subject. Please note that due to the number of properties in the market this is a sampling of properties rather than the complete set.

Micro Market Snapshot

We have identified office and flex buildings with the following characteristics as the being competitive with the subject's.

- Multi-building Class B business parks built between 1975 – 2000
- Located within the Redmond micro market.

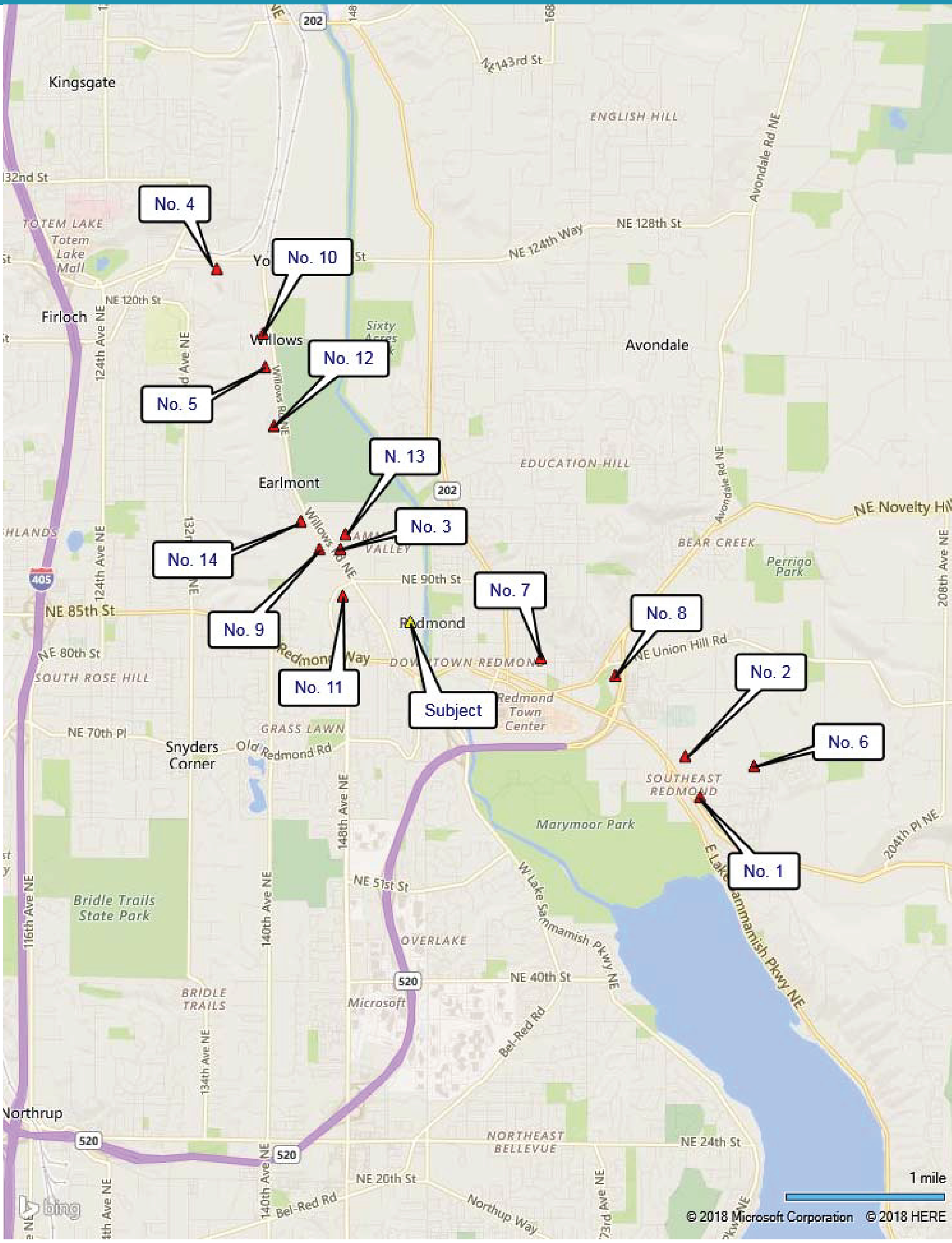
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of competitive business parks in the Redmond submarket. These properties are similar in terms of location, physical attributes, and access to amenities.

COMPETITIVE MICRO MARKET

No.	Name	Address	Parking Ratio	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF (NNN)
S	**Westpark Portfolio**	**154th Avenue NE & NE 85th Street**	**3.00**	**1984 - 1992**	**1 & 2**	**B**	**782,035**	**102,882**	**86.8**	**-**
1	Eastlake Busienss Park	18336-18390 Redmond Fall City Road	3.00	1985	1	B	60,208	0	100.0	-
2	Park East Business Park	18005-18133 NE 68th Street	3.00	1986	1	B	128,396	0	100.0	-
3	Quadrant 95	14671-14799 NE 95th Street	3.50	1986	1	B	39,622	1,872	95%	$24.00
4	Quadrant Center	12208 & 12226 134th Court NE	3.00	1990-1992	1	B	52,015	0	100.0	-
5	Quadrant Willows	11121-11431 Willows Road NE	3.00	1998-2000	1 & 2	B	313,025	0	100.0	-
6	Redmond East Business Campus	185th Avenue NE & NE 67th Street	2.75	1989 - 1996	2	B	373,266	5,168	99.9	$18.00
7	Redmond Office Center	167th Avenue NE & NE 80th Street	4.00	1986-1997	2	B	64,310	1,317	98.0	$29.00
8	Redmond Junction at Bear Creek	17411 & 17425 NE Union Hill Road	4.00	1980 - 1988	2	B	84,965	28,210	66.8	$25.00
9	Redmond West on Willows	9461 - 9523 Willows Road NE	2.50	1996	2	B	116,159	0	100.0	-
10	Sixty Acres Business Park	11601 - 11611 Willows Road NE	3.00	2000	2	B	86,828	0	100.0	-
11	West Willows Technology Center	148th Avenue NE & NE 87th Street	3.00	1984 - 1995	1 & 2	B	316,267	4,437	99.9	$18.50
12	Willows Creek Corporate Center	10525 - 10785 Willows Road NE	3.00	1981 - 1999	2 & 3	B	298,360	0	100.0	-
13	Willows Business Center	14848 - 14930 NE 95th Street	2.75	1989 - 1991	1 & 2	B	122,941	0	100.0	-
14	Willows Commerce Park II	9825 - 9931 Willows Road NE	3.00	1999	2 & 3	B	401,703	11,796	97.1	$14.50
OVERALL STATISTICS INCLUDING SUBJECT										
Low:			2.50	1985	1		39,622	0	1.0	-
High:			4.00	2000	2		782,035	102,882	100.0	-
Average/Total/All Classes:			**3.10**	**1992**	**2**		**216,007**	**10,379**	**94.3**	**-**

FS- 'Full Service Gross (Rental rates reflect averages for all investment classes included in our survey)'
Source: CoStar Goup, Inc. and Cushman & Wakefield of Washington, Inc.

COMPETITION MAP



We surveyed 14 business parks within the Redmond submarket containing approximately 3.2 million square feet of rentable area. The average vacancy in these buildings is 5.7 percent, which is less than the current 9.0 percent rate for the greater Eastside Suburban office market and demonstrates the relative strength of the Redmond submarket.

Asking rates for competitive Class B office space in the area Redmond submarket have recently ranged from approximately $20.00 to $29.00 psf on a triple-net (NNN) basis. A NNN lease structure is defined by market participants as tenants responsible for their pro rata share of operating expenses including real estate taxes, insurance, common area maintenance and utilities. Leases for office space typically include a tenant improvement package ranging from $20.00 to $40.00 psf for a new lease and none to $15.00 psf for a renewal. Lease terms typically include annual escalations of 3.0 percent or $1.00 per square foot. The range in average asking rental rates is primarily based on the property location, the quality and amount of tenant buildout, and other property characteristics.

Asking rates for competitive flex space in the Redmond submarket have recently ranged from $15.00 to $20.00 psf for finished office space and $9.60 to $13.20 psf ($0.80 to $1.10 psf per month) for warehouse space. Leases for flex space typically include a tenant improvement package ranging from $15.00 to $30.00 for a new lease and none to $15.00 psf for a renewal (the tenant improvement allowance is applied to finished office space only). Lease terms typically include annual escalation of $1.00 psf. Similar to Class B office space, the range in average asking rental rates is primarily based on the property location, the quality and amount of tenant buildout, and other property characteristics.

The subject property falls generally in the middle of this set in terms of access to amenities, overall quality/condition, and parking facilities. Accordingly, it commands rents in line with those assumptions.

Market Trends

As reflected by the following table, which includes all Class B office and flex properties in the Redmond submarket as reported by CoStar, market trends reflect a continuous decrease in vacancy over the past four years, as well as a corresponding increase in rental rates. There has not been any development of new office or flex space in the Redmond submarket over this period.

COMPETITIVE MICRO MARKET TRENDS

Period	No. of Buildings	Inventory Square Feet	Vacant Available Sq. Ft.	Percent Vacant Available	Net Absorption Sq. Ft.	Average Asking FS Rent PSF	Deliveries		Under Construction	
							No. of Bldgs.	Rentable Sq. Ft.	No. of Bldgs.	Rentable Sq. Ft.
YTD	155	7,486,579	258,217	3.40%	414,743	$32.16	0	0	0	0
2017	155	7,486,579	516,892	6.90%	(369,576)	$28.64	0	0	0	0
2016	155	7,486,579	411,236	5.50%	291,477	$28.26	0	0	0	0
2015	155	7,486,579	616,555	8.20%	99,894	$23.91	0	0	0	0
2014	155	7,486,579	818,042	10.90%	(71,535)	$19.98	0	0	0	0
2013	155	7,486,579	740,012	9.90%	(16,494)	$22.75	0	0	0	0

FS- 'Full Service Gross"
Source: CoStar Group, Inc. and Cushman & Wakefield of Washington, Inc.

Vacancy is expected to remain relatively stable over the next several years but rental rates are expected to continue to increase. The current vacancy rate in this area would indicate that there is potential for new development of office product but the increasing cost of land, due primarily to the amount of multifamily residential construction that is taking place in the Eastside market may make new office development unappealing for the next several years.

Subject's Competitive Market Position

The subject is considered to be an appealing business park property by market participants based on its location, quality, space types, condition and tenancy. The subject benefits from being located in Redmond, approximately two miles north of the Microsoft headquarters campus and at the center of the Eastside Suburban market. Thus, based on the subject's locational characteristics, project quality and current tenancy, the subject enjoys a competitive position in comparison to other comparable properties within the Eastside market.

Micro Market Outlook and Conclusions

Following upon more than five years of steadily improving economic conditions, the Seattle MSA should continue to experience healthy levels of economic and population growth thorough 2018. The region appears to be in a steady state of growth and will likely remain among the fastest growing metro areas in the country due to strong demographics and forecasts for growth across a variety of employment sectors in the near term. Strong levels of growth across metro area employment sectors over the past year indicate that local employers are more optimistic about business conditions in the near future, and a variety of high-wage employment opportunities should continue to draw a steady influx of skilled labor to the metro area. The overall outlook for the Seattle MSA, as well as the Eastside Suburban market and the subject's Redmond submarket, is positive.

SWOT Analysis

The SWOT or Strengths, Weaknesses, Opportunities, Threats, analysis provides general and specific insight relative to a particular asset or entity; in this case, the subject property. The Strengths and Weaknesses components of a SWOT analysis typically reflect good and bad attributes internal or specific to the subject, while the Opportunities and Threats are generally external or economic considerations that influence the subject positively and negatively. The chart below outlines our conclusions.

SWOT ANALYSIS

Strengths

- The subject is located in the Willows area of central Redmond, approximately two miles to the north of the Microsoft headquarters campus.
- The business park layout provides the appeal and amenities that are expected for a property of this type.
- The improvements have been well maintained and are considered to be in good condition.
- It is considered an appealing investment-grade Class B property by market participants.
- As a class B property the subject's rents are more competitive than similar Class A product.
- The subject has flex industrial spaces which are valued by many users, particularly start-up technology firms.
- Vacancy has trended downward continuously over the past several years
- Submarket rental rates have increased over the past several years.
- Little new development that competes with the subject has occurred over the past decade and none is planned.

Weaknesses

- Maintenance and operating costs for the subject's buildings are higher than newer structures.

Opportunities

- Continued growth in employment in the Seattle area will result in continued demand for office and flex space.
- Upward pressure on Class A rates will drive tenants who are cost conscious to properties like the subject.
- Increasing land prices will at some point make redevelopment of the campus with higher density uses feasible.

Threats

- A downward turn in local or global economic conditions would likely adversely affect the subject.

Respectfully submitted,

CUSHMAN & WAKEFIELD WESTERN, INC.

Judson H. Cline, MAI, MRICS
Senior Director
judson.cline@cushwake.com
916-473-7396 Office Direct

Addenda Contents

Addendum A:
Assumptions and Limiting Conditions

Assumptions and Limiting Conditions

"Report" means the consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Report.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- Subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) its sole and exclusive remedy for any and all losses or damages relating to this agreement or the report shall be limited to two millions dollars ($2.0 million). In the event that the Client, or any other party entitled to do so, makes a claim against Cushman & Wakefield or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the report, the maximum damages recoverable from Cushman & Wakefield or any of its affiliates or their respective officers or employees shall be subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) limited to two million dollars ($2.0 million) and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Addendum B:
Terms & Definitions

Terms and Definitions

Office

Existing Office inventory- In general, includes existing competitive buildings but does not include 85% or greater owner-occupied, government, retail, industrial, medical or, educational buildings. Inventory base square footage includes all competitive buildings that are classified as office. In the case of medical, note that medical tenants in an office building do not preclude the building's inclusion in statistics. The rule is that a medical building is built for the purpose of housing solely medical occupants and is often in an area dominated by medical uses such as hospitals or clinics. On average, the national minimum standard for inclusion in statistics is 20,000 square feet and while this may vary slightly by market, each market is required to incorporate a minimum threshold.

Class A- most prestigious buildings competing for premier office users with above average rents. High quality standards, well-located. Typically steel and concrete construction, built or renovated after 1980, quality tenants, excellent amenities & premium rents

Class B- buildings competing for wide range of office users with average rents. These buildings do not compete with Class A space. Typically built or renovated after 1960, with fair to good finishes & for a wide range of tenants.

Class C- buildings competing for tenants requiring functional space at below market rents.

CBD- Central Business District – typically a geographical area which includes the downtown office core of a metropolitan area or division.

Non-CBD/Suburbs- Everything in a market that is outside the CBD. Should always be referred to as suburban or suburbs.

Trophy Buildings- Building set distinguished by quality and location that merits its own rating superior to standard Class A properties. Internationally, these may also be referred to as "prime assets" and rents in such buildings may be referred to as "prime rents." In cases where trophy assets are not tracked separately, the Class A inventory in the functional CBD is the next best proxy for such trends.

General Statistical Terminology and Definitions

Asking rental rate (annual or monthly, gross or triple net, depending upon space use type) – The annual or monthly cost per square foot offered by the landlord or sub-landlord for leasing space, weighted by the amount of available space. Reported quarterly, gross, for all classes or subtypes.

Direct asking rent- rents quoted through the building landlord

Sublet asking rent- rents quoted through the master tenant

Direct vacant space- Space that is offered directly through the landlord that is free and clear of any current lease obligations. In order for inclusion in statistics, this space must be vacant or will be vacant by the end of the current reporting quarter. If the space does not meet that criteria, the space may be available, but should be out of statistics. Examples of such space include the leasing office, conference areas, or retail space that is available within the building such as sundry shops or dry cleaners.

Sublease vacant space- The same statistical rules apply to sublease space as to direct space. The difference is that sublease space is encumbered by a lease obligation. Sublease space may be offered through the tenant with the lease obligation, through the tenant's broker, or even through the landlord. It should be noted that even though space may be offered as a sublease, the space may actually be re-leased as direct space because the landlord decides to forgive the current lease obligation and draw up a new lease instead. For this reason, when sublease space is marked as "leased," one should find out if the space was actually leased as a sublease.

Available space- Space that is considered "on the market" whether vacant or not. See Availability Rate below.

Overall vacant space- The sum of direct available space and space available for sublease and new space.

Overall vacancy rate- The calculation used to determine the percent of overall space (direct + sublease + new) that is vacant:

Vacancy (%) = Overall vacant space divided by Inventory

Direct vacancy rate- The calculation used to determine the percent of direct space that is vacant:

Direct Vacancy (%) = Direct vacant space divided by Inventory

Sublet vacancy rate- The calculation used to determine the percent of sublease space that is vacant:

Sublease Vacancy (%) = Sublease vacant space divided by Inventory

Availability rate* - percent available on market regardless whether vacant or AIF (Available in the Future) - indicate timeframe available, i.e. 6 months.

Direct absorption- The net change in direct occupied space over a given period of time (excludes sublease space by definition) and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Sublet absorption- The net change in sublease occupied space over a given period of time and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Overall absorption- The net change in direct + sublease (overall) occupied space over a given period of time and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Leasing activity- The sum of all square footage underlying any leases over a period of time. This includes pre- leasing activity as well as expansions. It does not include renewals. Like absorption, leasing activity is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Pre-Leasing activity- The sum of all square footage underlying leases over a period of time for buildings that are under construction, under renovation or that have been proposed.

Lease renewal- Occurs when a lease on space expires and the tenant decides to stay in that space and extend the term either by using a new lease document or addendum to the tenant's prior lease agreement. It is C&W's policy to exclude renewals from leasing activity and from net absorption. If a tenant remains in the building but moves to another space within the building, this is leasing activity. If the tenant chooses to remain in the space, but takes additional space (expands), the expansion portion is considered leasing activity and should be counted separately from the total renewal (which should include the original space plus the expansion).

Under construction- Industrial and office square footage that are being built and have not received certificates of occupancy (C of O). Projects which are beyond site preparation (concrete slab poured and construction is actively progressing). For C&W statistical purposes, these buildings will not be completed by the last day of the reporting quarter.

Under renovation- Office and industrial buildings that are undergoing renovation, rehabilitation or conversion and require a certificate of occupancy to be habitable.

Construction completions- Commercial properties that have received certificates of occupancy for the first time in the building's history. Tenancy may not have taken place.

Build to Suit: a method of leasing property whereby the landlord builds to suit the tenant (according to tenant's specifications). The cost of construction is figured in to the rental amount of the lease, which is usually for a long term.

Speculative: a building constructed for lease or sale but without having a tenant or buyer before construction begins

Renovation completions- Commercial properties that have received their certificates of occupancy after undergoing renovation, rehabilitation or conversion.

Proposed construction- Industrial and office square footage that is planned for development at a future date and will not begin construction by the last day of the current reporting quarter. In order for a building to qualify as being proposed, a site plan must be in place and the building must be actively marketed by the landlord or landlord's agent.

Sales activity- Includes both user and investment sales of existing buildings. In other words, user office buildings that aren't in our statistics in the first place, are not tracked. However, leased buildings that become sold to a single occupant remain in statistics until after the end of the year and are taken out at the beginning of the next year. Investment sales are sales to entities that will lease or sell the building to others and are income-producing assets. Contrary to office building user sales, industrial building user sales are considered part of the inventory.

Cap Rate- A rate used to convert income to value. The percentage used to determine the value of income property through capitalization. The rate reflects the relationship between one years' income or an annual average of several years' income and the corresponding capital value over the same timeframe.

The calculation for calculating direct capitalization rates is:

$$\frac{\text{Income}}{\text{Rate}} = \text{Value} \quad \text{or} \quad \frac{\text{Income}}{\text{Value}} = \text{Rate}$$

A low direct capitalization rate usually denotes a lower risk property, and the higher the direct capitalization rate usually denotes a higher risk property, which usually brings a higher rate of return, if managed properly. Higher capitalization rates can also lead to lower rates of return in certain circumstances. Typically, a lower quality building has a higher capitalization rate than a Class A building.

PROCEDURES FOR ACCEPTANCE, PAYMENT, RENUNCIATION AND EXCESS APPLICATION BY ELIGIBLE UNITHOLDERS

1. INTRODUCTION

1.1 Eligible Unitholders are entitled to receive this Offer Information Statement and the ARE which forms part of this Offer Information Statement. For the purposes of this Offer Information Statement, any reference to an application by way of an Electronic Application without reference to such an Electronic Application being made through an ATM of a Participating Bank shall, where the Eligible Unitholder is a Depository Agent, be taken to include an application made via the SGX-SSH Service.

1.2 The Rights Entitlements are governed by the terms and conditions of this Offer Information Statement, (if applicable) the Trust Deed and the instructions in the ARE.

The number of Rights Entitlements allotted to each Eligible Unitholder is indicated in the ARE (fractional entitlements (if any) having been disregarded). The Securities Accounts of Eligible Unitholders have been credited by CDP with the Rights Entitlements as indicated in the ARE. Eligible Unitholders may accept their Rights Entitlements in whole or in part and are eligible to apply for Excess Rights Units under the Rights Issue. Full instructions for the acceptance of and payment for the Rights Entitlements and payment for Excess Rights Units are set out in the Offer Information Statement as well as the ARE.

1.3 If an Eligible Unitholder wishes to accept his Rights Entitlements specified in the ARE, in full or in part, and (if applicable) apply for Excess Rights Units in addition to the Rights Entitlements allotted to him, he may do so by completing and signing the relevant sections of the ARE or by way of an Electronic Application. An Eligible Unitholder should ensure that the ARE is accurately completed and signed, failing which the acceptance of the Rights Entitlements and (if applicable) application for Excess Rights Units may be rejected.

For and on behalf of the Manager, CDP reserves the right to refuse to accept any acceptance(s) and (if applicable) excess application(s) if the ARE is not accurately completed and signed or if the "Free Balance" of the relevant Securities Account is not credited with, or is credited with less than, the relevant number of Rights Entitlements accepted as at the last date and time for acceptance, application and payment or for any other reason(s) whatsoever the acceptance and (if applicable) the excess application is in breach of the terms of the ARE or the Offer Information Statement, at CDP's absolute discretion, and to return all monies received to the person(s) entitled thereto **BY CREDITING HIS/THEIR BANK ACCOUNT(S) WITH THE RELEVANT PARTICIPATING BANK IN SINGAPORE DOLLARS BASED ON THE RELEVANT PARTICIPATING BANK'S FOREIGN EXCHANGE RATE AT THE RELEVANT TIME** (if he/they accept and (if applicable) apply through an ATM of a Participating Bank) or **BY MEANS OF A CHEQUE OR DEMAND DRAFT IN US CURRENCY DRAWN ON A BANK IN SINGAPORE AND SENT BY ORDINARY POST TO HIS/THEIR MAILING ADDRESS REGISTERED WITH CDP**, as the case may be, (in each case) **AT HIS/THEIR OWN RISK** or in such other manner as he/they may have agreed with CDP for the payment of any cash distributions without interest or any share of revenue or other benefit arising therefrom (if he/they accept and (if applicable) apply through CDP).

AN ELIGIBLE UNITHOLDER MAY ACCEPT HIS RIGHTS ENTITLEMENTS SPECIFIED IN HIS ARE AND (IF APPLICABLE) APPLY FOR EXCESS RIGHTS UNITS EITHER THROUGH CDP AND/OR BY WAY OF AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK AS DESCRIBED BELOW. WHERE AN ELIGIBLE UNITHOLDER IS A DEPOSITORY AGENT, IT MAY MAKE ITS ACCEPTANCE AND EXCESS APPLICATION (IF APPLICABLE) VIA THE SGX-SSH SERVICE.

Where an acceptance, application and/or payment does not conform strictly to the terms set out under this Offer Information Statement, the ARE, the ARS and/or any other application form for the Rights Units and/or Excess Rights Units in relation to the Rights Issue, or is illegible, incomplete, incorrectly completed, unsigned, signed but not in its originality or is accompanied by an improperly or insufficiently drawn remittance, or does not comply with the instructions for Electronic Application, or where the "Free Balance" of the Eligible Unitholder's Securities Account is not credited with or is credited with less than the relevant number of Rights Entitlements accepted as at the last date and time for acceptance of and excess application and payment for the Rights Units, the Manager and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application, payment and/or other process of remittances at any time after receipt in such manner as they/it may deem fit.

The Manager and CDP shall be entitled to process each application submitted for the acceptance of Rights Entitlements, and where applicable, application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Eligible Unitholder, on its own, without regard to any other application and payment that may be submitted by the same Eligible Unitholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units.

1.4 **SRS investors who had purchased Units using their SRS Accounts and who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS Accounts. Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies, must instruct the relevant approved banks in which they hold their SRS Accounts to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf. Such Unitholders who have insufficient funds in their SRS Accounts may, subject to the SRS contribution cap, deposit cash into their SRS Accounts with their approved banks before instructing their respective approved banks to accept their Rights Entitlements and/or apply for Excess Rights Units. SRS investors are advised to provide their respective approved banks in which they hold their SRS Accounts with the appropriate instructions no later than the deadlines set by their respective approved banks in order for their respective approved banks to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date. Any acceptance and/or application made directly through CDP, Electronic Applications at ATMs of the Participating Banks, the Unit Registrar and/or the Manager will be rejected. For the avoidance of doubt, monies in SRS Accounts may not be used for the purchase of the Rights Entitlements directly from the market.**

1.5 Unless expressly provided to the contrary in this Offer Information Statement, the ARE and/or the ARS with respect to enforcement against Eligible Unitholders or their renouncees, a person who is not a party to any contracts made pursuant to this Offer Information Statement, the ARE or the ARS has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

2. MODE OF ACCEPTANCE AND APPLICATION

2.1 Acceptance/Application by way of Electronic Application through an ATM of a Participating Bank

Instructions for Electronic Applications through ATMs to accept the Rights Entitlements or (if applicable) to apply for Excess Rights Units will appear on the ATM screens of the respective Participating Banks. Please refer to **Appendix E** of this Offer Information Statement for the additional terms and conditions for Electronic Applications through an ATM of a Participating Bank. Eligible Unitholders making Electronic Applications through ATMs will pay the application monies in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the time of application. Any refund monies will be credited in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the relevant time. The different Participating Bank's Foreign Exchange Rate at the time of application and at the time of refund of the application monies may result in either a foreign exchange profit or loss to such application monies.

IF AN ELIGIBLE UNITHOLDER MAKES AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK, HE WOULD HAVE IRREVOCABLY AUTHORISED THE PARTICIPATING BANK TO DEDUCT THE FULL AMOUNT PAYABLE FROM HIS BANK ACCOUNT WITH SUCH PARTICIPATING BANK IN SINGAPORE DOLLARS AT THE PARTICIPATING BANK'S FOREIGN EXCHANGE RATE AT THE TIME OF ACCEPTANCE IN RESPECT OF SUCH APPLICATION. IN THE CASE OF AN ELIGIBLE UNITHOLDER WHO HAS ACCEPTED THE RIGHTS ENTITLEMENTS BY WAY OF THE ARE AND/OR THE ARS AND/OR HAS APPLIED FOR EXCESS RIGHTS UNITS BY WAY OF THE ARE AND ALSO BY WAY OF AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK, THE MANAGER AND/OR CDP SHALL BE AUTHORISED AND ENTITLED TO ACCEPT HIS INSTRUCTIONS IN WHICHEVER MODE OR COMBINATION AS THE MANAGER AND/OR CDP MAY, IN THEIR ABSOLUTE DISCRETION, DEEM FIT.

2.2 Acceptance/Application through CDP

If the Eligible Unitholder wishes to accept the Rights Entitlements and (if applicable) apply for Excess Rights Units through CDP, he must:

(a) complete and sign the ARE. In particular, he must state in Part C(i) of the ARE the total number of Rights Entitlements provisionally allotted to him which he wishes to accept and the number of Excess Rights Units applied for and in Part C(ii) of the ARE the 6 digits of the Cashier's Order/Banker's Draft; and

(b) deliver the duly completed and original signed ARE accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for:

(i) by hand to **KEPPEL-KBS US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL-KBS US REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588**; or

(ii) by post, **AT THE SENDER'S OWN RISK**, in the self-addressed envelope provided, to **KEPPEL-KBS US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL-KBS US REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147**,

in each case so as to arrive not later than **5.00 P.M. ON 19 NOVEMBER 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The payment for the relevant number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for at the Issue Price must be made in US currency in the form of a Cashier's Order or a Banker's Draft drawn on a bank in Singapore and made payable to "**CDP-KEP-KBS REIT USD RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and Securities Account number of the Eligible Unitholder clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.

NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.

FOR SRS INVESTORS AND INVESTORS WHO HOLD UNITS THROUGH FINANCE COMPANIES OR DEPOSITORY AGENTS, ACCEPTANCES OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) APPLICATIONS FOR EXCESS RIGHTS UNITS MUST BE DONE THROUGH THE RELEVANT APPROVED BANKS IN WHICH THEY HOLD THEIR SRS ACCOUNTS AND THE RESPECTIVE FINANCE COMPANIES OR DEPOSITORY AGENTS, RESPECTIVELY. SUCH INVESTORS ARE ADVISED TO PROVIDE THEIR RESPECTIVE BANKS IN WHICH THEY HOLD THEIR SRS ACCOUNTS, FINANCE COMPANIES OR DEPOSITORY AGENTS, AS THE CASE MAY BE, WITH THE APPROPRIATE INSTRUCTIONS NO LATER THAN THE DEADLINES SET BY THEM IN ORDER FOR SUCH INTERMEDIARIES TO MAKE THE RELEVANT ACCEPTANCE AND (IF APPLICABLE) APPLICATION ON THEIR BEHALF BY THE CLOSING DATE. ANY ACCEPTANCE AND/OR APPLICATION MADE DIRECTLY THROUGH CDP, ELECTRONIC APPLICATIONS AT ATMS OF PARTICIPATING BANKS, THE UNIT REGISTRAR AND/OR THE MANAGER WILL BE REJECTED.

WHERE AN ELIGIBLE UNITHOLDER IS A DEPOSITORY AGENT, IT MAY MAKE ITS ACCEPTANCE VIA THE SGX-SSH SERVICE.

2.3 Acceptance through the SGX-SSH Service (for Depository Agents only)

Depository Agents may accept Rights Entitlements and (if applicable) apply for Excess Rights Units through the SGX-SSH Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents. CDP has been authorised by the Manager to receive acceptances and (if applicable) applications on its behalf. Such acceptances and (if applicable) applications will be deemed irrevocable and subject to each of the terms and conditions contained in the ARE and the Offer Information Statement as if the ARE had been completed and submitted to CDP.

2.4 Insufficient Payment

If no remittance is attached or the remittance attached is less than the full amount payable for the Rights Entitlements accepted by the Eligible Unitholder and (if applicable) the Excess Rights Units applied for by the Eligible Unitholder, the attention of the Eligible Unitholder is drawn to paragraphs 1.3 and 5.2 of this **Appendix D** of this Offer Information Statement which set out the circumstances and manner in which the Manager and CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Manager's behalf whether under the ARE, the ARS or any other application form for Rights Units to apply towards the payment for his acceptance of Rights Entitlements and/or application for Excess Rights Units.

2.5 Acceptance of Part of Rights Entitlements and Trading of Rights Entitlements

An Eligible Unitholder may choose to accept his Rights Entitlements specified in the ARE in full or in part. If an Eligible Unitholder wishes to accept part of his Rights Entitlements and trade the balance of his Rights Entitlements on the SGX-ST, he should:

(a) complete and sign the ARE for the number of Rights Entitlements which he wishes to accept and submit the duly completed and original signed ARE together with payment in the prescribed manner as described above to CDP; or

(b) accept and subscribe for that part of his Rights Entitlements by way of Electronic Application(s) in the prescribed manner as described in paragraph 2.1 or 2.3 above.

The balance of his Rights Entitlements may be sold as soon as dealings therein commence on the SGX-ST.

Eligible Unitholders who wish to trade all or part of their Rights Entitlements on the SGX-ST during the Rights Entitlements trading period should note that the Rights Entitlements will be tradable in board lots of 1 Rights Entitlement or 100 Rights Entitlements, or any other board lot size which the SGX-ST may require. Such Eligible Unitholders may start trading in their Rights Entitlements as soon as dealings therein commence on the SGX-ST. Eligible Unitholders who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market of the SGX-ST during the Rights Entitlements trading period.

2.6 Sale of Rights Entitlements

The ARE need not be forwarded to the purchasers and/or transferees of the Rights Entitlements ("**Purchasers**") as arrangements will be made by CDP for separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Manager, send the ARS, accompanied by this Offer Information Statement and other accompanying documents, **BY ORDINARY POST AND AT THE PURCHASERS' OWN RISK**, to their respective Singapore addresses as maintained in the records of CDP. Purchasers should ensure that their ARS are accurately completed and signed, failing which their acceptances of the Rights Entitlements may be rejected. Purchasers who do not receive the ARS, accompanied by this Offer Information Statement and other accompanying documents, may obtain the same from CDP or the Unit Registrar, for the period up to **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

Purchasers should also note that if they make any purchase on or around the last trading day of the "nil-paid" Rights, this Offer Information Statement and its accompanying documents might not be despatched in time for the subscription of the Rights Entitlements. You may obtain a copy from CDP. Alternatively, you may accept and subscribe by way of Electronic Applications in the prescribed manner as described in paragraph 2.1 above.

This Offer Information Statement and its accompanying documents will not be despatched to Purchasers whose registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Subject to compliance with applicable laws, Foreign Purchasers who wish to accept the Rights Entitlements credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

PURCHASERS SHOULD INFORM THEIR FINANCE COMPANIES OR DEPOSITORY AGENTS IF THEIR PURCHASES OF SUCH RIGHTS ENTITLEMENTS ARE SETTLED THROUGH THESE INTERMEDIARIES. IN SUCH INSTANCES, IF THE PURCHASERS WISH TO ACCEPT THE RIGHTS ENTITLEMENTS REPRESENTED BY THE RIGHTS ENTITLEMENTS PURCHASED, THEY WILL NEED TO GO THROUGH THESE INTERMEDIARIES, WHO WILL THEN ACCEPT THE RIGHTS ENTITLEMENTS ON THEIR BEHALF.

2.7 Renunciation of Rights Entitlements

Eligible Unitholders who wish to renounce in full or in part their Rights Entitlements in favour of a third party should complete the relevant transfer forms with CDP (including any accompanying documents as may be required by CDP) for the number of Rights Entitlements which they wish to renounce. Such renunciation shall be made in accordance with the "Terms and Conditions for Operations of Securities Accounts with CDP", as the same may be amended from time to time, copies of which are available from CDP. As CDP requires at least three (3) Market Days to effect such renunciation, Eligible Unitholders who wish to renounce their Rights Entitlements are advised to do so early to allow sufficient time for CDP to send the ARS and other accompanying documents, for and on behalf of the Manager, to the renouncee by ordinary post and **AT HIS OWN RISK**, to his Singapore address as maintained in the records of CDP, and for the renouncee to accept his Rights Entitlements. The last date and time for acceptance of the Rights Entitlements and payment for the Rights Units by the renouncee is **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through CDP) or **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through an ATM of a Participating Bank).

2.8 Acceptance/Application using SRS Funds

Unitholders with SRS Accounts must use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS Accounts to pay for the acceptance of their Rights Entitlements and (if applicable) application for Excess Rights Units.

Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies will need to instruct the relevant approved banks in which they hold their SRS Accounts ("**SRS Banks**") to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf and make sure that they have sufficient funds in their SRS Accounts to pay for the number of Rights Units (including, if applicable, the Excess Rights Units) for which they intend to subscribe. They may also partially accept their Rights Entitlements and/or instruct their respective brokers to sell their Rights Entitlements held under their SRS Accounts during the Rights Entitlements trading period on the SGX-ST.

Unitholders who have insufficient funds in their SRS Accounts to fully accept their Rights Entitlements and/or apply for Excess Rights Units and who have:

(a) **not reached their SRS contribution cap** may, subject to the SRS contribution cap, deposit cash into their SRS Accounts and (i) instruct their respective SRS Banks to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf, to the extent of the funds available in their SRS Accounts, and/or (ii) to the extent that there are insufficient funds in their SRS Accounts after the said deposit to fully accept their Rights Entitlements, instruct their respective brokers to sell their Rights Entitlements during the Rights Entitlements trading period on the SGX-ST.

(b) **reached their SRS contribution cap** may instruct their respective SRS Banks to (i) accept their Rights Entitlements and (if applicable) apply for Excess Rights Units to the extent of the funds available in their SRS Accounts, and/or (ii) to the extent that there are insufficient funds in their SRS Accounts to fully accept their Rights Entitlements, instruct their respective brokers to sell their Rights Entitlements during the Rights Entitlements trading period on the SGX-ST.

If a Unitholder instructs the relevant SRS Bank to subscribe for Rights Units and (if applicable) apply for Excess Rights Units offered under the Rights Issue and he does not have sufficient funds in his SRS Account to pay for the number of Rights Units which he intends to subscribe, his acceptance of Rights Entitlements under the Rights Issue and, if applicable, application for Excess Rights Units will be made in part to the extent of the funds available in his SRS Account with the balance rejected.

SRS monies may not be used for the purchase of Rights Entitlements directly from the market.

Any acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units made by the above-mentioned Unitholders directly through CDP, Electronic Applications at ATMs of the Participating Banks, the Unit Registrar and/or the Manager will be rejected.

2.9 Acceptance/Application via Finance Company and/or Depository Agent

Unitholders who hold Units through a finance company and/or Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

Any acceptance and (if applicable) application made by the above-mentioned Unitholders directly through CDP, Electronic Applications at ATMs of Participating Banks, the Unit Registrar and/or the Manager will be rejected.

2.10 Return of Surplus Application Monies

In the case of applications for Excess Rights Units, if no Excess Rights Units are allotted to an Eligible Unitholder or if the number of Excess Rights Units allotted to an Eligible Unitholder is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to the Eligible Unitholder without interest or any share of revenue or other benefit arising therefrom within 5 business days after commencement of trading of Rights Units, at the Eligible Unitholder's own risk by any one or a combination of the following: (i) by crediting the Eligible Unitholder's bank account with the relevant Participating Bank at the Participating Bank's Foreign Exchange Rate at the relevant time if the Eligible Unitholder accepts and (if applicable) applies through an ATM of a Participating Bank, the receipt by such bank being a good discharge to the Manager and CDP of their obligations, if any, thereunder; or (ii) by means of a cheque or a demand draft drawn in US currency on a bank in Singapore and sent **BY ORDINARY POST AT THE ELIGIBLE UNITHOLDER'S OWN RISK** to the Eligible Unitholder's mailing address as registered with CDP or in such other manner as the Eligible Unitholder may have agreed with CDP for the payment of any cash distributions, if the Eligible Unitholder accepts and (if applicable) applies through CDP.

3. COMBINATION APPLICATION

In the event that the Eligible Unitholder or the Purchaser accepts the Rights Entitlements by way of the ARE and/or the ARS and/or has applied for Excess Rights Units by way of the ARE and also by way of Electronic Application(s), the Manager and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Eligible Unitholder and the Purchaser shall be regarded as having irrevocably authorised the Manager and/or CDP to apply all amounts received whether under the ARE, the ARS and (if applicable) any other acceptance of Rights Entitlements and/or application for Excess Rights Units (including by way of Electronic Application(s)) in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit.

4. ILLUSTRATIVE EXAMPLES

As an illustration, if an Eligible Unitholder has 1,000 Units standing to the credit of his Securities Account as at the Rights Issue Books Closure Date, the Eligible Unitholder will be provisionally allotted 295 Rights Entitlements as set out in his ARE. The Eligible Unitholder's alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

Alternatives	**Procedures to be taken**
(a) Accept in full his entire 295 Rights Entitlements and (if applicable) apply for Excess Rights Units.	**By way of Electronic Application** (1) Accept in full his entire 295 Rights Entitlements and (if applicable) apply for Excess Rights Units by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or

Alternatives	Procedures to be taken
	Through CDP
	(2) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance in full of his 295 Rights Entitlements and (if applicable) the number of Excess Rights Units applied for and forward the original signed ARE together with a single remittance for US$147.50 (or, if applicable, such higher amount in respect of the total number of Rights Entitlements accepted and Excess Rights Units applied for) by way of a Cashier's Order or Banker's Draft drawn in US currency on a bank in Singapore, and made payable to "**CDP-KEP-KBS REIT USD RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and (if applicable) application, by hand to **KEPPEL-KBS US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL-KBS US REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED at 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588** or by post, **AT HIS OWN RISK**, in the enclosed self-addressed envelope provided to **KEPPEL-KBS US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL-KBS US REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147** so as to arrive not later than **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager), and with the name and Securities Account number of the Eligible Unitholder clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.
	NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.
(b) Accept a portion of his Rights Entitlements, for example 100 of his 295 Rights Entitlements, not apply for Excess Rights Units and trade the balance on the SGX-ST	**By way of Electronic Application**
	(1) Accept 100 of his 295 Rights Entitlements by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or

Alternatives	Procedures to be taken
	Through CDP (2) Complete and sign the ARE in accordance with the instructions contained therein for the acceptance of his 100 of his 295 Rights Entitlements, and forward the original signed ARE, together with a single remittance for US$50.00 in the prescribed manner described in alternative (a)(2) above, to CDP, so as to arrive not later than **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager). The balance of the 195 Rights Entitlements which are not accepted by the Eligible Unitholder may be traded on the SGX-ST during the Rights Entitlements trading period. **Eligible Unitholders should note that the Rights Entitlements will be tradable in the ready market, with each board lot comprising 1 Rights Entitlement or 100 Rights Entitlements. Eligible Unitholders who wish to trade in other lot sizes can do so on the SGX-ST's Unit Share Market during the Rights Entitlements trading period.**
(c) Accept a portion of his Rights Entitlements, for example 100 of his 295 Rights Entitlements, not apply for Excess Rights Units and reject the balance.	**By way of Electronic Application** (1) Accept 100 of his 295 Rights Entitlements by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or **Through CDP** (2) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance of 100 of his 295 Rights Entitlements, and forward the ARE, together with a single remittance for US$50.00 in the prescribed manner described in alternative (a)(2) above, to CDP, so as to arrive not later than **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager). The balance of his 195 Rights Entitlements which is not accepted by the Eligible Unitholder will be deemed to have been declined and will forthwith lapse and become void, and cease to be capable of acceptance by that Eligible Unitholder if an acceptance is not made through an ATM of a Participating Bank by **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) or if an acceptance is not made through CDP by **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

5. **TIMING AND OTHER IMPORTANT INFORMATION**

5.1 **Timing**

THE LAST TIME AND DATE FOR ACCEPTANCE OF RIGHTS ENTITLEMENTS AND (IF APPLICABLE) APPLICATION FOR EXCESS RIGHTS UNITS AND PAYMENT FOR THE RIGHTS UNITS IN RELATION TO THE RIGHTS ISSUE IS:

(A) 9.30 P.M. ON 19 NOVEMBER 2018 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE MANAGER) IF AN ACCEPTANCE OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) AN APPLICATION FOR EXCESS RIGHTS UNITS AND PAYMENT IS MADE THROUGH AN ATM OF A PARTICIPATING BANK; OR

(B) 5.00 P.M. ON 19 NOVEMBER 2018 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE MANAGER) IF AN ACCEPTANCE OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) AN APPLICATION FOR EXCESS RIGHTS UNITS AND PAYMENT IS MADE THROUGH CDP OR SGX-SSH SERVICE.

If acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units and payment in the prescribed manner as set out in this Offer Information Statement, the ARE and the ARS (as the case may be) is not received through an ATM of the Participating Banks by **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) or through CDP by **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) from any Eligible Unitholder or Purchaser, the Rights Entitlements that have been offered shall be deemed to have been declined and shall forthwith lapse and become void and cease to become capable of acceptance, and such Rights Entitlements not so accepted will be used to satisfy applications for Excess Rights Units, if any, or be otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit, in the interests of Keppel-KBS US REIT. All monies received subsequent to the dates and times specified above will be returned by CDP for and on behalf of the Manager to the Eligible Unitholders or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by ordinary post **AT THE ELIGIBLE UNITHOLDER'S OR PURCHASER'S OWN RISK (AS THE CASE MAY BE)** to their mailing address as maintained in the records of CDP.

IF ANY ELIGIBLE UNITHOLDER OR PURCHASER (AS THE CASE MAY BE) IS IN ANY DOUBT AS TO THE ACTION HE SHOULD TAKE, HE SHOULD CONSULT HIS STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

5.2 **Appropriation**

Without prejudice to paragraph 1.3 of this **Appendix D**, an Eligible Unitholder should note that:

(a) by accepting his Rights Entitlements and (if applicable) applying for Excess Rights Units, he acknowledges that, in the case where the amount of remittance payable to the Manager in respect of his acceptance of the Rights Entitlements and (if applicable) in respect of his application for Excess Rights Units as per the instructions received by CDP whether under the ARE, the ARS and/or in any other application form for Rights Units in relation to the Rights Issue differs from the amount actually received by CDP, the Manager and CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Manager's behalf for each application on its own whether under the ARE, the ARS and/or any other application form for Rights Units in relation to the Rights Issue as follows: firstly, towards payment of all amounts payable in respect of his acceptance of the Rights Entitlements; and secondly, (if applicable) towards payment of all amounts payable in respect of his application for Excess Rights Units. The determination and appropriation by the Manager and CDP shall be conclusive and binding;

(b) if he has attached a remittance to the ARE, the ARS and/or any other application form for Rights Units in relation to the Rights Issue made through CDP, he would have irrevocably authorised the Manager and CDP, in applying the amounts payable for his acceptance of the Rights Entitlements and (if applicable) his application for Excess Rights Units, to apply the amount of the remittance which is attached to the ARE, the ARS and/or any other application form for Rights Units in relation to the Rights Issue made through CDP; and

(c) in the event that the Eligible Unitholder accepts the Rights Entitlements by way of the ARE and/or the ARS and/or has applied for Excess Rights Units by way of the ARE and also by way of an Electronic Application, the Manager and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Eligible Unitholder shall be deemed as having irrevocably authorised the Manager and/or CDP to apply all amounts received whether under the ARE, the ARS and/or any other acceptance and/or application for Rights Units (including an Electronic Application) which he has authorised or deemed to have authorised to apply towards the payment for acceptance of the Rights Units and/or application for Excess Rights Units in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit.

5.3 Availability of Excess Rights Units

The Excess Rights Units available for application are subject to the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Trust Deed. Applications for Excess Rights Units will, at the Directors' absolute discretion, be satisfied from such Rights Units as are not validly taken up by the Eligible Unitholders, the original allottee(s) or their respective renouncee(s) or the Purchaser(s) of the Rights Entitlements together with the aggregated fractional entitlements to the Rights Units, any unsold Rights Entitlements (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Trust Deed. In the event that applications are received by the Manager for more Excess Rights Units than are available, the Excess Rights Units available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of Keppel-KBS US REIT. **CDP TAKES NO RESPONSIBILITY FOR ANY DECISION THAT THE DIRECTORS MAY MAKE**. Subject to the requirements of or otherwise waived by SGX-ST, in the allotment of Excess Rights Units, preference will be given to the rounding of odd lots. Each of the Sponsor, the Relevant Entities, other Substantial Unitholders who have control or influence over Keppel-KBS US REIT or the Manager in connection with the day-to-day affairs of Keppel-KBS US REIT or the Manager or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board and Directors will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units. The Manager reserves the right to refuse any application for Excess Rights Units, in whole or in part, without assigning any reason whatsoever. In the event that the number of Excess Rights Units allotted to an Eligible Unitholder is less than the number of Excess Rights Units applied for, the Eligible Unitholder shall be deemed to have accepted the number of Excess Rights Units actually allotted to him.

If no Excess Rights Units are allotted or if the number of Excess Rights Units allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to such Eligible Unitholders, without interest or any share of revenue or other benefit arising therefrom, within 5 business days after commencement of trading of the Rights Units, by crediting their bank accounts with the relevant Participating Bank at the Participating Bank's Foreign Exchange Rate at the relevant time **AT THEIR OWN RISK** (if they apply by way of an Electronic Application), the receipt by such bank being a good discharge to the Manager and CDP of their obligations, if any, thereunder, or by means of a crossed cheque or demand draft drawn in US currency on a bank in Singapore and sent to them **BY ORDINARY POST AT THEIR OWN RISK** to their mailing address as maintained in the records of CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions (if they apply through CDP).

5.4 Deadlines

It should be particularly noted that unless:

(a) acceptance of Rights Entitlements is made by the Eligible Unitholders or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Units is effected by **9.30 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or

(b) the duly completed and original signed ARE or ARS accompanied by a single remittance for the full amount payable for the relevant number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for at the Issue Price, made in US currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP-KEP-KBS REIT USD RIGHTS ISSUE ACCOUNT**" for the Rights Entitlements and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and/or application and with the names and Securities Account numbers of the Eligible Unitholders or the Purchasers (as the case may be) clearly written in block letters on the reverse side of the Cashier's order or Banker's Draft is submitted by hand to **KEPPEL-KBS US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL-KBS US REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588** or by post in the self-addressed envelope provided, **AT THE SENDER'S OWN RISK**, to **KEPPEL-KBS US REIT MANAGEMENT PTE. LTD., AS MANAGER OF KEPPEL-KBS US REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147** by **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or

(c) acceptance is made by a Depository Agent via the SGX-SSH Service and payment (where applicable) in US. currency by way of telegraphic transfer by the Depository Agent for the Rights Units is effected by **5.00 p.m. on 19 November 2018** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager),

the Rights Entitlements will be deemed to have been declined and shall forthwith lapse and become void and cease to be capable of acceptance.

All monies received in connection therewith will be returned to the Eligible Unitholders or the Purchasers (as the case may be) without interest or any share of revenue or other benefit arising therefrom **BY ORDINARY POST** or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP), or by crediting their accounts with the relevant Participating Banks at the Participating Bank's Foreign Exchange Rate at the relevant time (where acceptance is through Electronic Application), and at the Eligible Unitholders' or the Purchasers' (as the case may be) own risk, within 5 business days after the commencement of trading of the Rights Units.

ACCEPTANCES AND/OR APPLICATIONS ACCOMPANIED BY ANY OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.

5.5 Confirmation Note

A confirmation note confirming the date of issue and the number of Rights Units issued will be issued by the Manager or the agent appointed by the Manager to CDP. Upon crediting of the Rights Units and Excess Rights Units, CDP will send to Eligible Unitholders and/or Purchasers, **BY ORDINARY POST AND AT THEIR OWN RISK**, notification letters showing the number of Rights Units and Excess Rights Units credited to their Securities Accounts.

5.6 General

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Rights Entitlements provisionally allotted and credited to an Eligible Unitholder's Securities Account. An Eligible Unitholder can verify the number of Rights Entitlements provisionally allotted and credited to his Securities Account online if he has registered for CDP Internet Access or through the CDP Automated Phone Services Hotline number (65) 6535-7511 using his telephone pin ("**T-Pin**"). Alternatively, an Eligible Unitholder may proceed personally to CDP with his identity card or passport to verify the number of Rights Entitlements provisionally allotted and credited to his Securities Account.

It is the responsibility of an Eligible Unitholder and/or Purchaser to ensure that the ARE and/or ARS is accurately completed in all respects and signed. The Manager and/or CDP will be authorised and entitled to reject any acceptance and/or application which does not comply with the terms and instructions contained herein and in the ARE and/or ARS, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject the ARE and/or ARS on the grounds that it has been signed but not in its originality, incompletely, incorrectly or invalidly signed, completed or submitted will be final and binding, and neither CDP nor the Manager accepts any responsibility or liability for the consequences of such a decision.

EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS OFFER INFORMATION STATEMENT, ACCEPTANCE OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) APPLICATION FOR EXCESS RIGHTS UNITS IS IRREVOCABLE.

No acknowledgement will be given for any submissions sent by post or deposited into boxes located at CDP's premises or submitted by hand at CDP's counters. An Eligible Unitholder can check the status of his acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units through the CDP Automated Phone Services Hotline number (65) 6535-7511 using his T-Pin.

<u>CDP Phone User Guide</u>

1. Dial (65) 6535-7511.
2. Press '1' for English; Press '2' for Mandarin.
3. Press '1' for 'All CDP account related queries'.
4. Press '3' for 'Corporate Actions Announcement and Transactions'.
5. Press '2' for your application status.
6. Enter your 12 digit CDP securities account number.
7. Enter your 6 digit telephone pin.

All communications, notices, documents and remittances to be delivered or sent to an Eligible Unitholder and/or Purchaser will be sent by **ORDINARY POST** to his mailing address as maintained in the records of CDP, **AT HIS OWN RISK**.

5.7 Personal Data Privacy

By completing and delivering an ARE or an ARS and in the case of an Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, an Eligible Unitholder or a Purchaser (i) consents to the collection, use and disclosure of his personal data by the Participating Banks, the Unit Registrar, Securities Clearing and Computer Services (Pte) Ltd, CDP, the SGX-ST, the Manager, the Joint Lead Managers and the Joint Underwriters (the "**Relevant Persons**") for the purpose of facilitating his application for the Rights Units, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law; and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

PROCEDURE TO COMPLETE THE ARE/ARS

1. Know your holdings and entitlement

A. KNOW YOUR HOLDINGS & ENTITLEMENT

Number of Units currently held by you XX,XXX

Units as at 30 October 2018 (Rights Issue Books Closure Date)

Number of Rights Units provisionally allotted* XX,XXX

Issue Price US$0.500 per Rights Unit

This is your Unitholding as at the Books Closure.

This is the date to determine your Rights Entitlements.

This is your number of Rights Entitlement.

This is the price that you need to pay when you subscribe for one Rights Unit.

2. Select your application options

B. SELECT YOUR APPLICATION OPTIONS

1. ATM Follow the procedures set out on the ATM screen and submit your application through an ATM of a Participating Bank by **9.30 p.m.,19 November 2018.**

Participating Banks are DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited.

2. MAIL Complete the section below and submit this form to CDP by **5.00 p.m., 19 November 2018**

(i) Only BANKER'S DRAFT/CASHIER'S ORDER payable to "**CDP-KEP-KBS REIT USD RIGHTS ISSUE ACCOUNT**" will be accepted

(ii) Applications using a **PERSONAL CHEQUE, POSTAL ORDER** or **MONEY ORDER** will be rejected

(iii) Write your name and securities account number on the back of the Banker's Draft/Cashier's Order

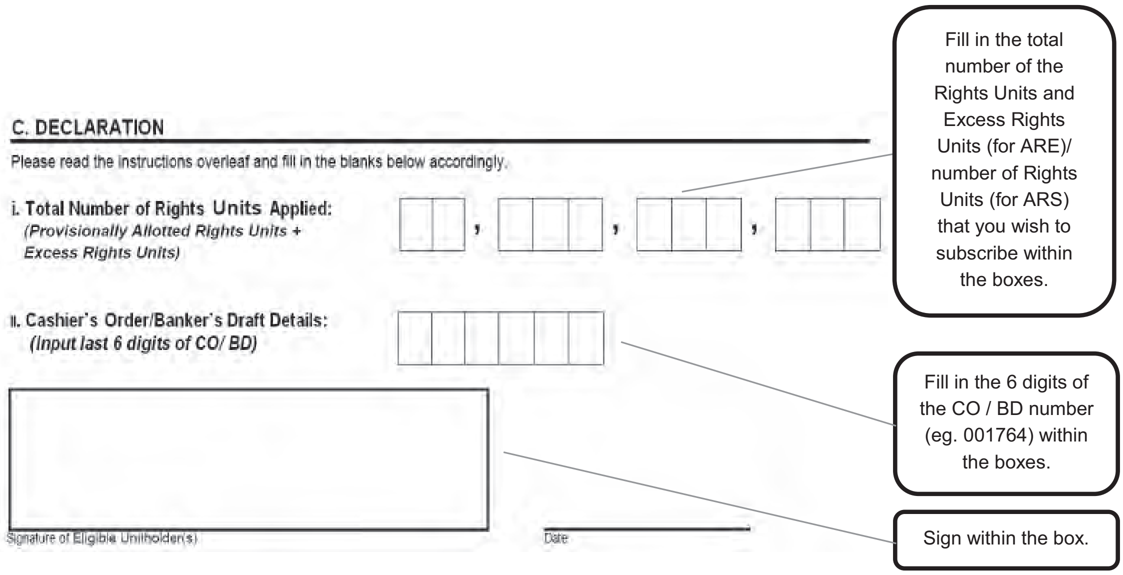
This is the last date and time to subscribe for the Rights Units through ATM and CDP.

You can apply your Rights Units through ATMs of these participating banks.

This is the payee name to be issued on your Cashier's Order where XXXXX is the name of the issuer.

Note: Please refer to the ARE/ARS for the actual holdings, entitlements, Record Date, Issue Price, Closing Date for subscription, list of participating ATM banks and payee name on the Cashier's Order.

3. Declaration


C. DECLARATION

Please read the instructions overleaf and fill in the blanks below accordingly.

i. Total Number of Rights Units Applied:
(Provisionally Allotted Rights Units + Excess Rights Units)

ii. Cashier's Order/Banker's Draft Details:
(Input last 6 digits of CO/ BD)

Signature of Eligible Unitholder(s)

Date

Notes:

(i) If the total number of Rights Units applied exceeds the provisional allotted holdings in your CDP Securities Account as at Closing Date, the remaining application will be put under excess and subjected to the excess allocation basis.

(ii) The total number of Rights Units applied will be based on cash amount stated in your Cashier's Order/Banker's Draft. The total number of Rights Units will be appropriated accordingly if the applied quantity exceeds this amount.

(iii) Please note to submit one Cashier's Order per application form.

4. Sample of a Cashier's Order


CASHIER'S ORDER

DATE

DD / MM / YY

PAY KEP-KBS REIT USD RIGHTS ISSUE ACCOUNT

OR ORDER

UNITED STATES DOLLARS **SEVEN THOUSAND SIX HUNDRED ONLY**

US$ 7,600.00

BANK REF. : 01050B5000052 S1

VALID FOR SIX MONTHS ONLY FROM DATE OF ISSUE

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (the "**Electronic Application Steps**"). Please read carefully the terms and conditions set out in this Offer Information Statement, the Electronic Application Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept Rights Entitlements and (if applicable) apply for Excess Rights Units at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Eligible Unitholders who have subscribed for or purchased Units under the SRS or through a finance company and/or Depository Agent can only accept their Rights Entitlements and (if applicable) apply for Excess Rights Units by instructing the respective approved banks in which they hold their SRS Accounts, finance company and/or Depository Agent to do so on their behalf. ANY APPLICATION MADE BY THE ABOVEMENTIONED ELIGIBLE UNITHOLDERS DIRECTLY THROUGH CDP OR THROUGH ATMS WILL BE REJECTED. Such Eligible Unitholders who have insufficient funds in their SRS Accounts may deposit cash into their SRS Accounts with their approved banks before instructing their respective approved banks to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units.

Such Eligible Unitholders, where applicable, will receive notification letter(s) from their respective approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective approved bank, finance company and/or Depository Agent.

All references to "Rights Issue" and "Rights Application" on the ATM screens of the Participating Banks shall mean the offer of Rights Units under the Rights Issue and the acceptance of Rights Entitlements and (if applicable) the application for Excess Rights Units, respectively. All references to "Document" on the ATM screens of the Participating Banks shall mean this Offer Information Statement.

Any reference to the "Applicant" in the terms and conditions for Electronic Applications and the Electronic Application Steps shall mean the Eligible Unitholder or the Purchaser who accepts his Rights Entitlements and (if applicable) applies for Excess Rights Units through an ATM of a Participating Bank.

An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks.

Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip (the "**Transaction Slip**"), confirming the details of his Electronic Application. The Transaction Slip is for retention by the Applicant and should not be submitted with any ARE and/or ARS.

An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM card issued to him in his own name. Using his own Securities Account number with an ATM card which is not issued to him in his own name will render his acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units liable to be rejected.

Eligible Unitholders making Electronic Applications through ATMs will pay the application monies in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the time of application. Any refund monies will be credited in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the relevant time. The different Participating Bank's

Foreign Exchange Rate at the time of application and at the time of refund of the application monies may result in either a foreign exchange profit or loss to such application monies.

The Electronic Applications shall be made on, and subject to, the terms and conditions of this Offer Information Statement including, but not limited to, the terms and conditions appearing below:

(1) In connection with his Electronic Application, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:

  (a) that he has received a copy of this Offer Information Statement and has read, understood and agreed to all the terms and conditions of acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units under the Rights Issue prior to effecting the Electronic Application and agrees to be bound by the same; and

  (b) that he authorises CDP to give, provide, divulge, disclose or reveal information pertaining to his Securities Account maintained in CDP's record, including, without limitation, his name(s), his NRIC number(s) or passport number(s), Securities Account number(s), address(es), the number of Units standing to the credit of his Securities Account, the number of Rights Entitlements allotted to him, his acceptance and (if applicable) application for Excess Rights Units and any other information (the "**Relevant Particulars**") to the Manager and any other relevant parties (the "**Relevant Parties**") as CDP may deem fit for the purpose of the Rights Issue and his acceptance and (if applicable) application.

  His acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units will not be successfully completed and cannot be recorded as a complete transaction in the ATM unless he presses the "Enter" or "OK" or "Confirm" or "Yes" key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

(2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Entitlements and (if applicable) Excess Rights Units using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank in Singapore dollars based on the respective Participating Bank's Foreign Exchange Rate at the time of application.

(3) The Applicant irrevocably agrees and undertakes to subscribe for and accept up to the aggregate of the number of Rights Entitlements allotted and Excess Rights Units applied for as stated on the Transaction Slip or the number of Rights Units standing to the credit of the "Free Balance" of his Securities Account as at the Closing Date. In the event that the Manager decides to allot any lesser number of Excess Rights Units or not to allot any number of Excess Rights Units to the Applicant, the Applicant agrees to accept the decision as conclusive and binding.

(4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for shall signify and shall be treated as his acceptance of the number of Rights Units that may be allotted to him and (if applicable) his application for Excess Rights Units.

(5) In the event that the Applicant accepts the Rights Entitlements both by way of the ARE and/or the ARS (as the case may be) through CDP and/or by way of Electronic Application through the ATM of a Participating Bank, the Manager and/or CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Rights Entitlements which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept the lesser of the number of Rights Entitlements which are standing to the

credit of the "Free Balance" of his Securities Account as at the Closing Date, and the aggregate number of Rights Entitlements which have been accepted by the Applicant by way of the ARE and/or the ARS (as the case may be) and by Electronic Application through an ATM of a Participating Bank, and the Manager and/or CDP, in determining the number of Rights Entitlements which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Entitlements, whether by way of Cashier's Order or Banker's Draft in US currency drawn on a bank in Singapore accompanying the ARE and/or the ARS or by way of the acceptance through the Electronic Application through the ATM of a Participating Bank at the Participating Bank's Foreign Exchange Rate indicated by the Participating Bank at the time of acceptance, which the Applicant has authorised or deemed to have authorised to be applied towards the payment in respect of the Applicant's application.

(6) If applicable, in the event that the Applicant applies for Excess Rights Units both by way of ARE through CDP and by Electronic Application through the ATM of a Participating Bank, the Manager and/or CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Excess Rights Units which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of Excess Rights Units not exceeding the aggregate number of Excess Rights Units for which he has applied by way of Electronic Application through the ATM of a Participating Bank and by way of ARE through CDP. The Manager and/or CDP, in determining the number of Excess Rights Units which the Applicant has given valid instructions for the application, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application of Excess Rights Units, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE or by way of Electronic Application through an ATM of a Participating Bank, which the Applicant has authorised or deemed to have authorised to be applied towards the payment in respect of the Applicant's application.

(7) The Applicant irrevocably requests and authorises the Manager to:

(a) register, or procure the registration of the Rights Units allotted to the Applicant in the name of CDP for deposit into his Securities Account; and

(b) return or refund (without interest or any share of revenue or other benefit arising therefrom) the full amount or, as the case may be, the balance of the acceptance and/or application monies, should his Electronic Application in respect of the Rights Entitlements accepted and (if applicable) Excess Rights Units applied for, as the case may be, not be accepted or, as the case may be, be accepted in part only by or on behalf of the Manager for any reason, by automatically crediting the Applicant's bank account with the relevant Participating Bank at the Participating Bank's Foreign Exchange Rate at the relevant time with the relevant amount within 5 business days after commencement of trading of the Rights Units.

(8) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING THE RIGHTS ENTITLEMENTS OR APPLYING FOR EXCESS RIGHTS UNITS AS A NOMINEE OF ANY OTHER PERSON.**

(9) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, the Joint Lead Managers, the Joint Underwriters and/or the Manager) and any events whatsoever beyond the control of CDP, the Participating Banks, the Joint Lead Managers, the Joint Underwriters and/or the Manager and if, in any such event, CDP, the Participating Banks, the Joint Lead Managers, the Joint Underwriters and/or the Manager do not record or receive the Applicant's Electronic Application by 9.30 p.m. on 19 November 2018, or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against

CDP, the Participating Banks, the Joint Lead Managers, the Joint Underwriters and/or the Manager for any purported acceptance of the Rights Entitlements and (if applicable) application for Excess Rights Units, or for any compensation, loss or damage in connection therewith or in relation thereto.

(10) Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays (excluding public holidays) between **7.00 a.m. and 9.30 p.m.**

(11) Electronic Applications shall close at **9.30 p.m. on 19 November 2018** or such other time as the Manager (in consultation with the Joint Lead Managers and the Joint Underwriters) may, in its absolute discretion, deem fit in the interests of Keppel-KBS US REIT.

(12) All particulars of the Applicant in the records of the relevant Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify the relevant Participating Bank.

(13) The Applicant must have sufficient funds in his bank account(s) with the relevant Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.

(14) Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance and/or application monies will be refunded in Singapore dollars at the Participating Bank's Foreign Exchange Rate at the relevant time (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within 5 business days after the commencement of trading of the Rights Units. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance and/or application monies will be refunded on the same terms.

(15) In consideration of the Manager arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 19 November 2018** or such other time or date as the Manager may (in consultation with the Joint Lead Managers and the Joint Underwriters), in its absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:

(a) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document is lodged with the Authority);

(b) his Electronic Application, the acceptance thereof by the Manager and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the non-exclusive jurisdiction of the Singapore courts;

(c) none of the Manager, the Joint Lead Managers, the Joint Underwriters, CDP or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Manager or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective control;

(d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units;

(e) in respect of the Rights Entitlements and (if applicable) the Excess Rights Units for which his Electronic Application has been successfully completed and not rejected, acceptance of the

Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager; and

(f) unless expressly provided to the contrary in this Offer Information Statement or the Electronic Application, a person who is not party to any contracts made pursuant to this Offer Information Statement or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained in this Offer Information Statement or the Electronic Application, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

(16) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondences will be sent to his address last registered with CDP.

(17) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Manager will reject any application by any person acting as nominee.

(18) In the event that the Applicant accepts the Rights Entitlements, by way of the ARE, the ARS, and/or by way of Electronic Application through ATMs of Participating Banks, the Rights Units and/or Excess Rights Units will be allotted in such manner as the Manager and/or CDP may, in their/its absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within 5 business days after the Closing Date by any one or a combination of the following:

(a) by means of a crossed cheque or demand draft in US currency sent by **ORDINARY POST AT HIS OWN RISK** to his mailing address as maintained with CDP or in such other manner as he may have agreed with CDP for the payment of any cash distributions if he accepts and (if applicable) applies through CDP; and

(b) by crediting the Applicant's bank account with the Participating Bank at the Participating Bank's Foreign Exchange Rate at the relevant time at his own risk if he accepts and (if applicable) applies through an ATM of that Participating Bank, the receipt by such bank a good discharge to the Manager and CDP of their obligations, if any, thereunder.

(19) The Applicant hereby acknowledges that, in determining the total number of Rights Entitlements which the Applicant can validly accept, the Manager and CDP are entitled and the Applicant hereby authorises the Manager and CDP to take into consideration:

(a) the total number of Rights Entitlements which the Applicant has validly accepted, whether by way of an ARE, ARS or any other form of application (including an Electronic Application) for the Rights Units; and

(b) the total number of Rights Entitlements allotted to the Applicant and standing to the credit of the "Free Balance" of his Securities Account which is available for acceptance.

The Applicant hereby acknowledges that CDP's and the Manager's determination shall be conclusive and binding on him.

(20) The Applicant irrevocably requests and authorises CDP to accept instructions from the relevant Participating Bank through whom the Electronic Application is made in respect of the Rights

Entitlements accepted by the Applicant and (if applicable) the Excess Rights Units which the Applicant has applied for, and such instructions shall be binding and conclusive on the Applicant.

(21) With regard to any acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue, or which does not comply with the instructions for Electronic Application, or where the "Free Balance" of the Applicant's Securities Account is credited with less than the relevant number of Rights Units subscribed for as at the Closing Date, or in the case of an application by the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Manager and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such application and payment or otherwise process all remittances at any time after receipt in such manner as it deems fit.

(22) The Manager and CDP shall be entitled to process each application submitted for the acceptance of Rights Entitlements and (if applicable) application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application on its own, without regard to any other application and payment that may be submitted by the Applicant. For the avoidance of doubt, insufficient payment for an application submitted for the acceptance of the Rights Entitlements and (if applicable) application for Excess Rights Units may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application submitted for the acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units.

LIST OF PARTICIPATING BANKS

- DBS Bank Ltd. (including POSB);
- Oversea-Chinese Banking Corporation Limited; and
- United Overseas Bank Limited.

PROCEDURES FOR THE SUBMISSION OF US TAX FORMS

In order for Keppel-KBS US REIT to comply with FATCA, the Singapore IGA Legislation and other US withholding requirements, Unitholders that are not US Persons ("**Non-US Unitholders**") must establish their status for FATCA purposes and their eligibility for the portfolio interest exemption by providing a properly completed and duly exercised applicable IRS Form W-8 ("**Form W-8**") and the certifications below. Unitholders that are US Persons ("**US Unitholders**") must provide a properly completed and duly exercised IRS Form W-9 ("**Form W-9**" and collectively with Form W-8 and the certifications below, "**US Tax Forms**").

Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of Keppel-KBS US REIT, will dispatch US Tax Forms and certifications to each Unitholder that does not have valid documentation on file prior to Keppel-KBS US REIT making any distributions to Unitholders. See Note 7 below regarding validity and resubmission of US Tax Forms.

US Tax Forms may also be obtained from Keppel-KBS US REIT's website at http://www.kepkbsusreit.com or from the US Internal Revenue Service website at http://www.irs.gov.

Please read the following important notes carefully before completion of a US Tax Form and the certifications below:

(1) No US tax will be deducted or withheld from distributions made out of Keppel-KBS US REIT's taxable income to Non-US Unitholders that have provided a properly completed and duly executed applicable US Tax Form and the certifications set forth below unless:

  (a) the Unitholder's investment in the Units is effectively connected with its conduct of a trade or business in the United States, or

  (b) the Unitholder actually or constructively holds 10% or more of all outstanding Units.

(2) For distributions made to Unitholders that have not provided proper certifications or that fall within one of the categories described in Note 1:

  (a) US withholding at a rate of 30% (or lower applicable treaty rate) may be imposed on any distribution to the extent attributable to interest payments from the Parent US REIT to the BLP; and/or

  (b) US withholding under FATCA at a rate 30% may be imposed on the gross amount of any "withholdable payments".

(3) If the amount of any US withholding exceeds the amount of US federal income tax owed by a Unitholder, such Unitholder generally may request a refund of such excess amount by filing a US federal income tax return (generally IRS Form 1040-NR in the case of an Unitholder that is an individual or IRS Form 1120-F in the case of a Unitholder that is taxable as a corporation) and attaching a copy of IRS Form 1042-S (provided by Keppel-KBS US REIT, CDP, or a CDP depository agent, as applicable) that shows the amount of income and the amount of US tax withheld. If a Unitholder is not otherwise subject to US tax and is eligible for the US Portfolio Interest Exemption, the amount of US withholding will generally exceed the amount of US federal income tax owed by 100%, and thus the Unitholder will generally be eligible for a refund provided that the applicable withholding agent has properly deposited the withheld tax with the IRS.

    The relevant forms and instructions may be found on the IRS website at http://www.irs.gov. Unitholders are encouraged to consult with their own tax advisors regarding their eligibility to file for a refund and how to do so.

(4) Non-US Unitholders should use the following chart to determine which Form W-8 to provide:

If a Non-US Unitholder is:	Then:
A natural person whose investment in Units is not effectively connected with its conduct of a trade or business in the United States	The Unitholder must provide an IRS Form W-8BEN
An entity that is disregarded as separate from a natural person for US federal income tax purposes and for which its investment in Units is not effectively connected with its or its sole-owner's conduct of a trade or business in the United States	The sole owner of the Unitholder must provide an IRS Form W-8BEN
An entity that is not a foreign intermediary for US federal income tax purposes and for which its investment in the Units is not effectively connected with its conduct of a trade or business in the United States	The Unitholder must provide an IRS Form W-8BEN-E
An entity that is disregarded as separate from an entity that is not a foreign intermediary for US federal income tax purposes and for which its investment in the Units is not effectively connected with its conduct of a trade or business in the United States	The sole owner of the Unitholder must provide an IRS Form W-8BEN-E
A foreign government, international organisation, foreign central bank of issue, foreign tax-exempt organisation, foreign private foundation, or government of a US possession that is claiming the applicability of Section(s) 115(2), 501(c), 892, 895, or 1443(b) (unless claiming treaty benefits)	The Unitholder must provide an IRS Form W-8EXP
Any person described above except that its investment in the Units is effectively connected with its conduct of a trade or business in the United States	The Unitholder (or the sole owner of the Unitholder in the case of a disregarded entity) must provide an IRS Form W-8ECI
Acting as a foreign intermediary (that is, acting not for its own account, but for the account of others as an agent, nominee, or custodian)	The Unitholder must provide an IRS Form W-8IMY that contains all applicable attachments

Unitholders that are US persons or that are entities disregarded as separate from a US person for US federal income tax purposes must provide a Form W-9.

(5) Instructions to the US Tax Forms may be obtained from Keppel-KBS US REIT's website at http://www.kepkbsusreit.com or from the US Internal Revenue Service website at http://www.irs.gov; submission instructions for US Tax Forms will be provided to Unitholders by the Unit Registrar. It is the responsibility of Unitholders to return the relevant US Tax Forms to the Unit Registrar within the time stipulated by the Unit Registrar. If a Unitholder fails to return the relevant US Tax Form to the Unit Registrar or any US Tax Form previously returned by the Unitholder to the Unit Registrar has ceased to remain valid, the Trustee and Manager will be obliged to withhold tax as described in Note 2, above. The Trustee and Manager will not be

obliged to assist such Unitholder with obtaining a refund for the amounts deducted or withheld by the IRS, the IRAS or other applicable tax or regulatory authorities.

(6) Prior to submitting a Form W-8 and the certifications below, please make certain that the information given and the certifications made are true and correct. Each Form W-8 must be signed under penalties of perjury.

(7) A Form W-8 will generally remain valid from the date signed until the last day of the third succeeding calendar year. For example, a form signed on 31 December 2015 will remain valid through 31 December 2018. All US Tax Forms cease to be valid upon any change in circumstance that renders a previously submitted US Tax Form inaccurate. A Unitholder must submit a new properly completed and duly executed US Tax Form if its previously submitted US Tax Form becomes invalid or if Manager or the Unit Registrar otherwise requests within the time stipulated by Manager or the Unit Registrar.

US TAX COMPLIANCE CERTIFICATE

In connection with the acquisition of Units of Keppel-KBS US REIT, the undersigned hereby certifies that:

(i) it is the sole record and beneficial owner of the Units in respect of which it is providing this certificate;

(ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code;

(iii) it is not a ten percent shareholder of the Issuer within the meaning of Section 871(h)(3)(B) of the Code; and

(iv) it is not a controlled foreign corporation related to the Issuer as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished Keppel-KBS US REIT with a certificate of its non-US Person status on an applicable US Internal Revenue Service Form W-8.

By: ______________________________ Date: ______________________

Name:

Title:

In relation to this Offer Information Statement

Dated 30 October 2018

Directors of Keppel-KBS US REIT Management Pte. Ltd.

(as manager of Keppel-KBS US REIT)

Mr Peter McMillan III
Chairman, Non-Executive &
Non-Independent Director

Mr Soong Hee Sang
Non-Executive & Independent Director

Mr John J. Ahn
Non-Executive & Independent Director

Mr Kenneth Tan Jhu Hwa
Non-Executive & Independent Director

Mr Paul Tham
Non-Executive & Non-Independent Director